

LARGE FILING SEPARATOR SHEET

CASE NUMBER: 12-1685-GA-AIR,
12-1686-GA-ATA, 12-1687-GA-ALT
12-1688-GA-AAM

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APPLICATION

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Gas Rates.)	Case No. 12-1685-GA-AIR
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.)	Case No. 12-1686-GA-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Alternative Rate Plan for Gas Distribution Service.)	Case No. 12-1687-GA-ALT
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 12-1688-GA-AAM
)	

VOLUME 3

SCHEDULE (S-4.2)

PART 2 OF 2

July 9, 2012

Duke Energy Ohio, Inc.
Case No. 12-1685-GA-AIR, et al.
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**DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION*
SCHEDULE S-4.2**

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Retail Customer Products & Services	O
Large Business Customers	P

*MPP as of July 1, 2012

** Provided in response to PUCO Staff letter Dated June 20, 2012

DUKE ENERGY CORP.
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
STRATEGY, PLANNING & RATES DEPARTMENT

I. Policy and Goal Setting

The Vice President of the Regulatory Strategy, Planning and Rates Department (Department) has the primary responsibility for establishing department goals which are developed in concert with the goals of the Strategy, Rates, Wholesale, Commodities and Analytics Department. Goal achievement is the responsibility of the Department's management team, which includes the Vice President, General Manager and Managers. Department goals are developed to support the Strategy, Rates, Wholesale, Commodities and Analytics Department's objectives as they pertain to the Duke Energy Corporation's (Duke Energy) strategy and 2012 objectives that were communicated by the Duke Energy Chairman and Chief Executive Officer.

Strategy, Planning and Rates Department establishes the policy by which the rates for Duke Energy's regulated utility subsidiaries are implemented and administered. Corporate workplace policies, which are established by Duke Energy's Executive Management, are communicated to each member of the Strategy, Planning and Rates Department in the Working Environment Policy Manual and are supported by department directives, practices and procedures.

II. Strategic Planning

The Strategy, Planning and Rates Department's goals are developed to support Duke Energy's five-year business plan. The timing and necessity of rate case filings are driven in part by the in-service date (timing) of new facilities, the erosion of regulatory earnings, and changes in legislation. For this reason, the Strategy, Planning and Rates Department participates in committee meetings with senior executives, to plan and organize regulatory initiatives. These committees are also a means to discuss and monitor ongoing processes and projects that affect the achievement of the corporate strategic goals. In addition, the Strategy, Planning and Rates Department must address customers' needs in rate design and present rate options to best meet those needs. As an example, the Strategy, Planning and Rates Department has received customer feedback through the Customer Market Analysis and Business Relations and Development Groups. Through the use of this feedback the Strategy, Planning and Rates Department is able to design and propose rate options to serve the needs of customers. By monitoring and participating in the regulatory and legislative arenas, the Department is able to be aware of current trends and address any political concerns.

III. Organizational Structure

The department consists primarily of exempt level employees with varied educational backgrounds and experience in the fields of accounting, finance, economics, and engineering. The Managers in the Strategy, Planning and Rates Department report directly to the General Manager Strategy, Planning and Rates. The General Manager of Strategy, Planning and Rates reports directly to the Vice President of Strategy, Planning and Rates. The Department's management team leads employees in carrying out the responsibilities associated with revenue requirements, cost of service, pricing, and the administration of various cost recovery mechanisms.

The Vice President of Strategy, Planning and Rates reports directly to the Group Executive and Senior Vice President of Strategy Rates Wholesale Commodities and Analytics. The responsibilities of the Strategy, Planning and Rates Department are divided into the jurisdictional groups, pricing, and regulatory accounting. The General Manager and Managers are responsible for the rate activities of the Duke Energy's operating companies of Duke Energy Carolinas, Inc., Duke Energy Indiana, Inc., Duke Energy Ohio, Inc., and Duke Energy Kentucky, Inc.

An organization chart depicting the Strategy, Planning and Rates Department is attached as Exhibit RD-1.

IV. Responsibilities

The primary objective of the Strategy, Planning and Rates Department is to assist Duke Energy in meeting the corporate objective of earning a fair rate of return on its assets used in rendering safe and reliable natural gas and electric service, thereby maintaining financial health. The Strategy, Planning and Rates Department is responsible for monitoring the rates of return on Duke Energy's regulated operations and the regulatory issues that could impact the authorized rates of returns. To achieve its objective, the Strategy, Planning and Rates Department prepares and timely files base rate case and cost recovery tracking mechanism applications in accordance with the standard filing requirements of Midwest Independent System Operator, Inc. ("MISO") PJM Interconnection LLC ("PJM") and state and Federal regulatory commissions. These requirements may be either by statute or in compliance with prior commission orders. In conjunction with filing regulatory applications, responsibilities include developing cost of service studies and presenting expert testimony that supports revisions to rates and rate structures and the administration thereof. In addition, the Strategy, Planning and Rates Department prepares applications for changes in accounting methodology either separately or in conjunction with base rate applications. In summary, the Strategy, Planning and Rates Department fulfills its corporate responsibility by:

- Developing revenue requirements for regulated operations;
- Developing cost of service requirements and allocating costs equitably among customer classes;

- Developing rates that provide sufficient revenues to recover the full cost of providing gas and electric service; and
- Preparing required rate and accounting applications presented to regulatory commissions.

The Strategy, Planning and Rates Department provides a variety of services crucial to the overall success of its internal customers within Duke Energy. More specifically, the Department has the following responsibilities:

- Recommend to the Group Executive and Chief Strategy, Policy and Regulatory Officer the need to adjust current rates when the objectives of those rates are not currently being met;
- Direct the preparation of rate applications and coordinate all aspects of rate proceedings in conjunction with the Legal Department before state and federal regulatory agencies;
- Coordinate and distribute changes to natural gas and electric tariff schedules;
- Maintain service regulations to reflect current safety and operating requirements;
- Provide administrative and technical support to assure the accurate implementation of commissions' rules and regulations and authorized rates;
- Develop revenue requirements, cost allocations and rates for Federal Energy Regulatory Commission wholesale and coordination agreements including support for annual changes to the Open Access Transmission Tariff of the MISO and PJM.;
- Prepare the fuel cost recovery filings and reports, including the gas cost recovery (GCR) in Ohio, coordinate the periodic management audits, and participate in the subsequent related public hearings;
- Provide regulatory reporting of emission allowance costing and inventory;
- Develop monthly billing and annual studies for the joint ownership of generation and transmission facilities for Duke Energy Indiana;
- Participate in load management rate initiatives such as the Real Time Pricing, PowerShare®, and Economic Development;
- Develop special contract rates to meet specific customer requirements;
- Maintain open lines of communications with departments that provide for appropriate ratemaking decisions and between Duke Energy and regulatory agencies; and
- Participate in regulatory agency rulemakings and proposed state and federal legislation.

V. Practices and Procedures

Principal duties of the Strategy, Planning and Rates Department are to:

- Remain informed on local and national utility pricing and regulatory issues. Evaluate their effect on Duke Energy's business and recommend

solutions through study and association with other utility personnel, industry groups, and committees;

- Calculate, as required, new or revised rate structures, including rates, service regulations, and purchased natural gas and electric fuel cost recovery mechanisms;
- Analyze results of operations, trends, and deviations as they pertain to or affect rate structures.

The Strategy, Planning and Rates Department personnel utilize a wide variety of sophisticated software, as well as the corporate mainframe system to collect data, perform economic studies, and produce various reports required by regulatory agencies. These personnel generally have free access to Company records and reports necessary in carrying out their responsibilities.

VI. Decision Making and Control

Daily operational decisions are made in a participative manner by the managers of the affected areas. Decisions affecting corporate profits or establishing policies are reviewed and discussed with the Senior Vice President of Strategy, Planning and Rates, who will obtain input from the Group Executive and Chief Strategy, Policy and Regulatory Officer when necessary.

The Vice Presidents provide weekly reports of current activities to the Vice President of Strategy, Planning and Rates of current activities. The Senior Vice President of Strategy, Planning and Rates participates in staff meetings held by the Group Executive and Chief Strategy, Policy and Regulatory Officer in order to discuss top management's plans and current issues within Duke Energy.

VII. Internal and External Communication

The rate-making process is an extensive ongoing process that requires open lines of communication throughout Duke Energy. As a result, the Strategy, Planning and Rates Department works closely with the Office of General Counsel and the various accounting and financial departments to obtain the necessary accounting and financial data to accurately complete the various regulatory applications in a timely fashion. Information and data exchange is conducted via face-to-face meetings, e-mail, teleconferences, and facsimile machines.

The Strategy, Planning and Rates Department interacts with the Customer Service and Call Centers Department, the Revenue Cycle Services Team, and other shared services groups throughout Duke Energy to implement and convey changes in gas and electric rates, as well as other rate and regulatory policy matters. This communication is done in part through periodic meetings of the Rate Implementation Team and the monthly issuances of the Gas Cost Summary Schedule, which is sent via e-mail. Duke Energy News, as part of the Duke Energy

Portal, is also a source used to communicate the results of regulatory activities to every Duke Energy employee.

An electric and natural gas rates web page has been developed. This website can be accessed internally by employees through Duke Energy's intranet. Current and prospective customers can also access the web site externally through Duke Energy's Corporate Website at www.duke-energy.com. This web page includes up-to-date rate and regulatory information for all of Duke Energy's regulated companies.

Internally, department meetings are convened weekly in order to provide a forum for open communication to all department personnel. Each team meets as needed to evaluate newly assigned projects, plan and assign work activities, to discuss the status or results of current projects, discuss any problems with regard to the team's assigned tasks, and provide training to the members of the team as needs require. Communications between the Strategy, Planning and Rates Department employees in North Carolina, Indiana, and Ohio occur frequently through the use of telephone communication, fax, and e-mail. All of these tools are useful in the coordination of required efforts.

VIII. Goal Attainment Quantification

Timeliness, communication, and accuracy are important performance standards for the Strategy, Planning and Rates Department. To best meet these performance standards, the Department is organized to support the utility operating companies, Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Kentucky, and Duke Energy Indiana. Although the Department staff is located in Charlotte, North Carolina, Plainfield, Indiana, and in Cincinnati, Ohio, it is managed as a single team. A flexible work force enables the department management team to realign job responsibilities to meet the stated goals and objectives for each operating company. The streamlining of the data collection and analysis processes has enabled the Department to produce highly accurate and timely reports. As an example, the revenue requirements and cost of service studies models for the respective operating companies have been streamlined and modified for uniformity.

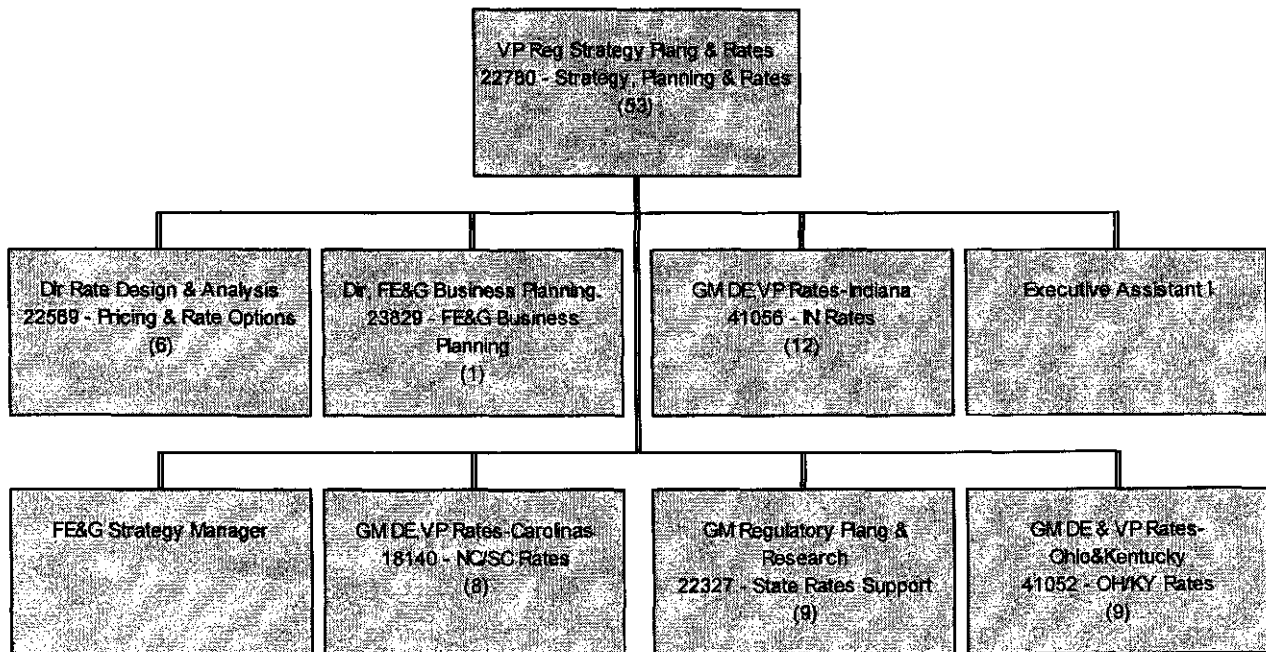
The standards of performance utilized to meet stated goals and objectives are established by the specific requirements of job duties and projects. For example, Duke Energy Ohio, Inc., GCR rates are computed according to regulatory standards and filed in a timely fashion so as to be applied to bills rendered for the first billing cycle of each month. Rate case preparation is driven by the time frame constraints established by the regulatory agencies.

Measurements of performance are established and monitored by the team leaders. These measures include:

- Accurate completion of regulatory reporting requirements as scheduled;

- Gas cost recovery (GCR) rates computed accurately and according to regulations, and timeliness with respect to the billing system requirements;
- Accurate completion of Accelerated Gas Main Replacement Program guidelines established by The Public Utilities Commission of Ohio (Commission);
- Results of independent audits performed in conjunction with the GCR public hearings and the Commission Staff Report of Investigation issued in Ohio rate proceedings;
- Typical bill comparisons, which rank the operating companies with other utilities;
- Revenue requirements and control of the rate application process are measured by the results of the rate filings. Such measurements include an analysis of whether the filings were completed in a timely manner and contain necessary data to comply with the Commission's Standard Filing Requirements. The completeness and accuracy of responses to the various intervenors' requests for information in the rate cases provide a further measure of performance. The ultimate measurement of success of this process, however, is in the Commissions' Orders and the effective balancing of ratepayer and shareholder interests; and
- Individual employee annual performance reviews are conducted to evaluate the achievement of their pre-established key performance goals.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES & ORGANIZATION
FEDERAL ENERGY POLICY DEPARTMENT

I. Policy and Goal Setting

The Federal Energy Policy Department (Department) has general charge of the formulation and advocacy of all Duke Energy's policy positions that fall under the jurisdiction of the Federal Energy Regulatory Commission (FERC). It also is responsible for internally managing issues and rulemakings that the FERC is addressing, as well as maintaining relationships with the FERC Commissioners and their staffs. Department continually reviews orders and issuances, filings, comments, and proposals from various parties and leads the development of corporate policies, positions and filings. In addition, Department is responsible for keeping executive management engaged and informed on the federal regulatory landscape and specific issues that could impact Duke.

The Department supports the corporate policies and objectives through Department FERC policy formulation, directives, procedures, and practices. Policies that are established at the departmental level relate to activities involving the implementation of corporate level policies.

It is the objective of the Department to use participative management techniques in establishing both department policy and goals. In doing so, the Department involves those areas affected by the policies or goals and provides the opportunity for them to contribute to the discussions and review the work product during the development process. Final approval of the goals and policies rests with senior management, and it is understood that successful implementation of any policy or goal can be assured only through the support of those involved.

The Department involves all department personnel, and solicits input from internal stakeholders when establishing goals within its area of responsibility. These goals will meet the objectives established by Duke Energy and the Department. The decisions necessary to implement this plan will effectively be executed by those that are carrying out the plan.

Individual and team goals are set annually through a process that identifies weighted key success factors and measures at the beginning of the year, combines these substantive goals with behavioral and corporate financial goals, culminating in an achievement evaluation at the end of the year.

II. Strategic Planning

Departmental strategic planning in the Department is coordinated between the members of the Department and the various businesses whose interests we are charged with representing. The Department personnel have each been designated as a point of contact for different executives and are charged with ensuring that the executives are kept abreast of current FERC issues, as well as ensuring that the business interests of the executives' organizations are harmonized into Duke Energy's federal energy policy positions. In conjunction with the development of annual individual and team goals, resources are directed toward the overall corporate goals as developed by executive management. A participative process is used to identify major internal and external issues and to develop response mechanisms. All department personnel are involved in planning and review sessions. In addition, previous programs are reviewed and resources are allocated to meet those needs that remain a priority.

III. Organizational Structure

The Department consists of seven employees:

- Vice President (1);
- Team Secretary (1);
- Directors (4); and
- Federal Policy Senior Analyst (1).

The Department's organizational chart is attached as Exhibit FEP-1.

IV. Responsibilities

The Department's responsibilities are:

- Establishing, maintaining, and strengthening communications between the Duke Energy and federal regulators, while following all legal requirements governing these relationships;
- Monitoring and tracking the actions and initiatives taken by FERC that could impact the regulatory landscape and policy, as well as Duke Energy operations;
- Analyzing actions taken by federal regulators, and when relevant to Duke, providing executives summaries of relevant federal regulatory orders and Duke's proposed action;
- Leading Duke Energy's participation in FERC matters such as: attending technical conferences and working with internal stakeholders to develop comments and reply comments as well as requests for rehearing and complaints; and
- Harmonizing business interests of the different internal stakeholders into a cohesive Duke Energy policy position through a collaborative process.

V. Practices and Procedures

Departmental personnel maintain close working relationships with nearly all areas of the Duke Energy, and work with appropriate Duke Energy personnel to develop regulatory positions.

VI. Decision Making and Control

Departmental decision-making and control are based on department goals and input from other departments. The department is involved in both proactive and reactive issues and consults frequently with management and expert technical personnel from other departments to determine appropriate responses. Major decisions are reviewed with senior management for input and concurrence. Budget requests and variances are approved by senior management.

VII. Internal and External Communication

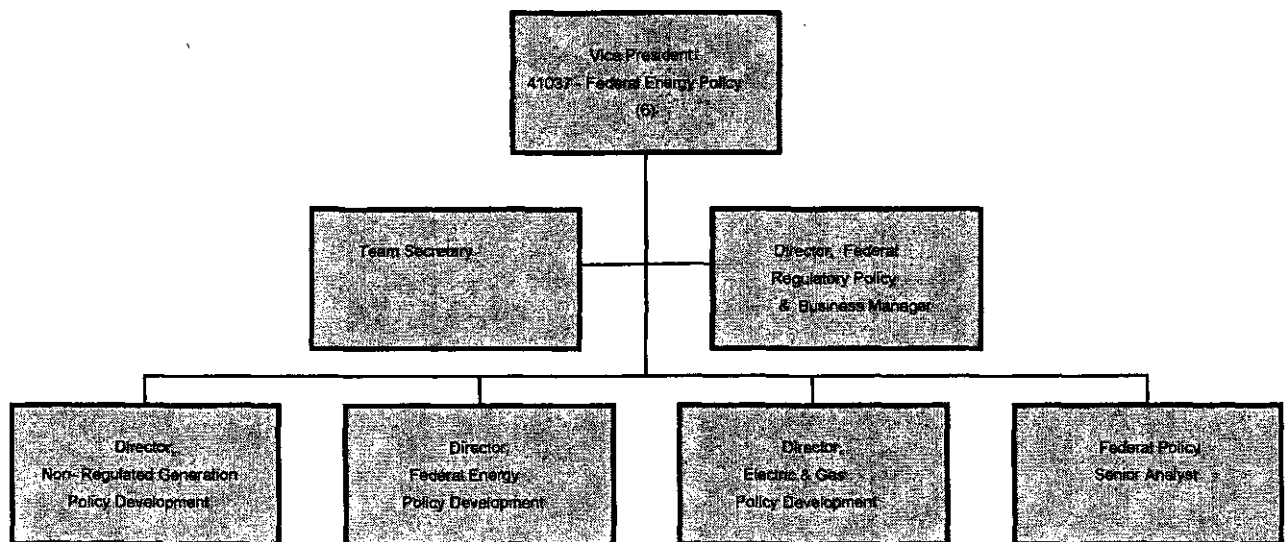
The Department is the communication conduit of the Duke Energy for external federal and regulatory developments that need to be interpreted and communicated internally, and for Duke Energy positions which need to be relayed to appropriate regulatory bodies. Timekeeping requirements and periodic education on restrictions such as *ex parte* communications, and reporting requirements assure compliance with all applicable rules and regulations regarding external communications with lawmakers and regulatory bodies.

Corporate activities and issues are relayed from the Vice President to the Department employees at regular staff meetings and information is exchanged about emerging issues internally and externally.

VIII. Goal Attainment and Qualification

Annual individual and team goals, set at the beginning of each calendar year, are reviewed mid-year and at year-end to determine achievement levels and to make any revisions that may be appropriate, given changed circumstances. Evaluations include the level of difficulty and effort exerted to achieve each goal, the achievement level itself, and whether each goal was pursued in a manner that benefited the Duke Energy's image and that exhibited individual behavioral traits valued by the Duke Energy, such as honesty, respect, and a high degree of professionalism.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION
FEDERAL GOVERNMENT AFFAIRS DEPARTMENT

I. Policy and Goal Setting

The Federal Government Affairs Department (Department) is a shared business service of Duke Energy Corporation (Duke Energy) and is part of the U.S. Franchised Electric & Gas Business Unit. The Department has the general charge of federal government relations and maintains liaisons with elected and appointed federal policy makers on activities related to the Duke Energy and its operations, informs the Duke Energy of federal regulatory and legislative issues and coordinates advocacy of Duke Energy policies and positions on these issues at the federal level. FGA has a broad scope of goals based on the changing regulatory and competitive landscape in which the Duke Energy operates and is responsible for

- Identifying key federal policy issues that affect the Duke Energy;
- Advancing corporate positions at the federal level through pro-active policy development and strategic communications; and
- Ensuring federal policy makers are educated on corporate positions.

The annual goals and objectives of FGA are designed to support the achievement of the strategic and operational initiatives of the corporate business plan. These goals and objectives are developed with input from all the Department personnel and are approved by the Vice President.

II. Strategic Planning

Strategic planning for the Department is coordinated between the Vice President and Directors, Federal Government Affairs and involves structured input and feedback from all the Department personnel. Regular staff meetings are held to discuss pending issues and decide what items require attention and the appropriate time frame for issues to be addressed. In conjunction with the development of annual individual and team goals, resources are directed toward the overall corporate goals as developed by executive management. A collaborative process is used to identify major internal and external issues and to develop appropriate response strategies. All FGA personnel are involved in planning and review sessions. In addition, previous programs are reviewed and, if necessary, budget resources are reallocated to meet the needs for items that have been identified as having priority.

III. Operational Structure

The Vice President of Federal Government Affairs reports to the Senior Vice President for Federal Government and Regulatory Affairs.

The organizational chart is attached as exhibit FGA-1

IV. Responsibilities

The Department has the general charge of federal governmental relations. It maintains liaisons with elected and appointed federal policy makers on activities related to the Duke Energy and its operations, informs the Duke Energy of federal regulatory and legislative issues, and assists in the development of Duke Energy policies and positions on these issues.

Federal Government Affairs Department's responsibilities include:

- Establishing, maintaining, and strengthening communications between the Duke Energy and its legislative, political, and regulatory constituents;
- Providing timely and relevant information about the Duke Energy to its legislative, political, and regulatory constituents;
- Increasing legislative, political, and regulatory understanding and confidence regarding Duke Energy operations;
- Drafting, reviewing, negotiating, and promoting legislative initiatives at the federal level;
- Drafting position statements and reviewing, analyzing and responding to legislative and regulatory initiatives at the federal level.
- Informing Duke Energy personnel of important legislative, political and regulatory developments at the federal level and aiding in the analysis of these developments as they relate to the Duke Energy's business interests; and
- Administering the Duke Energy's Political Action Committee and its Grassroots network.

V. Practices and Procedures

The Department maintains a close working relationship with nearly all of the Duke Energy's various business units, and works with appropriate Duke Energy personnel to develop legislative and regulatory policy positions to be used at the federal level. Prior to representing the Duke Energy on any federal issue, the Department receives guidance and clearance from senior leadership and executive management.

VI. Decision Making and Control

Day-to-day decision making within the Department is generally delegated to the directors, with major decisions rolling up to the Vice President. Corporate legal

counsel is consulted on an as-needed basis. In addition to staff meetings, informal discussions are held frequently with all the Department personnel.

The level at which decisions are made and the amount of control exercised depends on the potential effect of the decision. All the Department personnel are apprised of their responsibilities and authority and are expected to make decisions within the parameters of that authority and report their actions to the next level of supervision as appropriate.

Decision-making and control is based on overall the Department goals and input from other departments. The Department is involved in both proactive and reactive issues and consults frequently with management and expert technical personnel from throughout the Duke Energy to determine appropriate responses. Major decisions are reviewed with senior management for input, advice, and concurrence. Budget requests and variances are approved by senior management.

VII. Internal and External Communication

The Department facilitates internal communication and interpretation of federal legislative and regulatory developments, and externally communicates Duke Energy positions to appropriate federal policy makers. External communications focus on elected federal officials, Administration officials, their respective staffs, various trade associations of which the Duke Energy is a member, and other stakeholder groups including, but not limited to, national environmental groups, labor unions, other utilities, political parties and organizations, etc.

Timekeeping requirements and periodic education on restrictions, such as lobbying and ethics laws and reporting requirements, assure compliance with all applicable rules and regulations regarding external communications with lawmakers and regulatory bodies.

The Department holds regular staff meetings for all of its personnel, on at least a monthly basis, under the direction of Vice President, Federal Government Affairs. The purpose of these staff meetings is to communicate policies and decisions of management, discuss work assignments and issues, and provide an informal forum to discuss problems, suggestions, and concerns of FGA personnel.

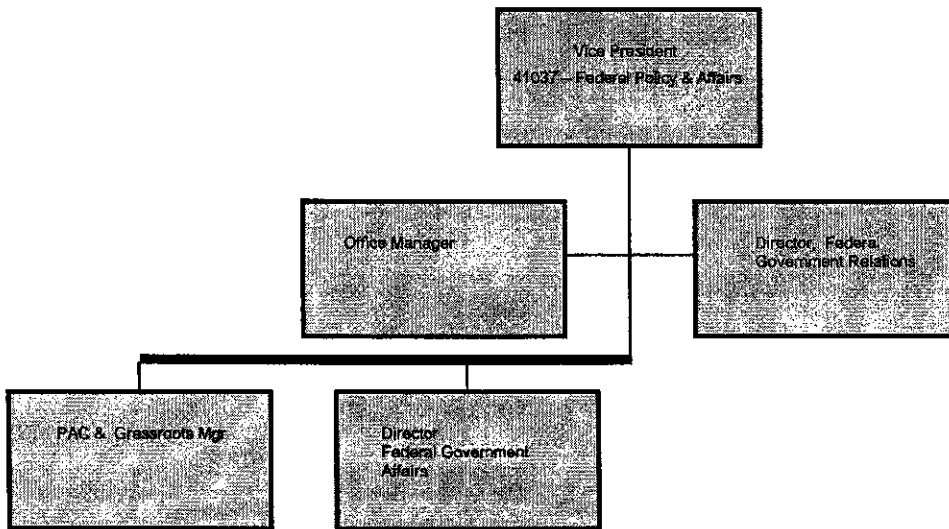
Daily interaction is maintained between the Department Vice President, Directors and other Department personnel. Frequent formal and informal lines of communication are also maintained with other personnel throughout the Duke Energy. Meetings are held with all the Department personnel to share ideas, disseminate information on Duke Energy activities, address various administrative needs, enhance creativity and productivity, and foster a positive working environment.

For all the Department personnel, internal communication is encouraged with personnel from throughout the Duke Energy whose departments are impacted by the various federal legislative and regulatory policies and proposals that are being analyzed. Teams are utilized as needed to facilitate inter-departmental communication. Most Department activities will impact more than one segment of the Duke Energy, so continual and timely communication with the appropriate personnel throughout the Duke Energy is essential.

VIII. Goal Attainment and Qualification

Annual individual and team goals are established at the beginning of each calendar year and are reviewed periodically throughout the year to determine if any change in circumstance requires revisions. Evaluations include the level of difficulty, effort exerted to achieve each goal, the achievement level itself, if externalities inhibit success, and whether each goal was pursued in a manner which benefited the Duke Energy's image and which exhibited individual behavioral traits valued by the Duke Energy, such as honesty, integrity, respect, and a high degree of professionalism. Because much of the Department mission is subjective and difficult to measure in absolute numbers, performance reviews for individual personnel tend to emphasize completion of tasks at various levels. Successful completion of tasks within specified timeframes and meeting certain criteria for success is one way to measure goal attainment. The Department does try, however, to obtain internal feedback from personnel throughout the Duke Energy to identify satisfaction and/or dissatisfaction with any assistance that the Department provided on specific projects or activities.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION
ENERGY AND ENVIRONMENTAL POLICY DEPARTMENT

I. Policy and Goal Setting

The Energy and Environmental Policy Department (Department) has a broad scope of goals, based on the changing regulatory and competitive landscape in which Duke Energy Corporation (Duke Energy) operates. The Department's strategic goals primarily support public environmental policy analysis and development:

- Identify and analyze key federal energy and environmental issues that affect Duke Energy's value and liability;
- Reduce cost and corporate risk related to these issues and identify preferred alternative approaches;
- Promote corporate reputation for environmental stewardship through both policy formation and actions;
- Enhance corporate positions through pro-active policy development and strategic communications;
- Assist other departments in expediting cost-effective capital project construction; and
- Ensure access to federal and other officials.

The annual goals and objectives of the Department are designed to support achievement of the strategic and operational initiatives of Duke Energy. These goals and objectives are developed by all departmental personnel and are approved by the Vice President, Energy and Environmental Policy.

(It should be noted that in the MPP filed in 2007, this department was called the Environmental, Health and Safety Policy Department.)¹

II. Strategic Planning and Long Term Planning

Strategic planning in the department is accomplished through the corporate business plan, which is updated at least annually, but more often as needs dictate. As much of the Department's focus is on analysis of changing laws and regulations, it attempts to forecast the legislative and regulatory climate as part of its planning process.

¹ In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Gas Rates, Case No. 07-589-GA-AIR, *et al.* (July 18, 2007)

III. Organizational Structure

The Department is composed of the Vice President, Energy and Environmental Policy and the following positions: Managing Director of Climate Policy and Economics, Director of Environmental Technology and Fuel Policy, Director of National Stewardship Strategy, Director of Energy and Environmental Policy Integration and Communications, and two Directors of Environmental Policy and Strategy. The Department is supported by one Administrative Coordinator. The Vice President reports to the Senior Vice President for Federal Government and Regulatory Affairs who, in turn, reports to the Chief Executive Officer.

The organizational chart for the Department is attached as exhibit EEP-1.

IV. Responsibilities

The Energy and Environmental Policy Department, under the general direction of the Vice President, provides various services to Duke Energy.

The Department provides analysis and advocacy on federal energy and environmental public policy issues that affect Duke Energy's operations or could impact them in the future. Current areas of focus include proposals affecting emissions from fossil plants, issues surrounding disposal of coal ash, water regulations, renewables, hydraulic fracturing, mining issues and disclosure policies.

The Department's environmental policy focus encompasses a number of specific areas. Climate Policy and Economics is responsible for continuing oversight of the climate issue at both the federal and international levels, working with various internal and external stakeholders and informing Duke Energy as to the impact of proposed Environmental Protection Agency regulations on greenhouse gases. Overall responsibility for quantifying financial and economic impacts of climate change public policy also lies with this function. Environmental Technology and Fuel Policy researches and promotes appropriate new technologies for potentially reducing Duke Energy's emissions. This function has interface with the U.S. Department of Energy's fossil fuel research and development group. National Stewardship Strategy manages Duke Energy's outreach to non-governmental environmental organizations and Duke Energy's support of national stewardship activities. Integration and Communication is responsible for ensuring that department activities are properly aligned with other Company initiatives and communicated internally. Environmental Policy and Strategy Analysis provides technical analysis and support data to help ensure the impacts of public policy proposals are properly quantified.

In support of Duke Energy's commitment to environmental leadership, the Department also represents Duke Energy in some international activities, including the Global Sustainable Electricity Partnership and, in Ohio, the Green Partnership for Greater Cincinnati.

V. Practices and Procedures

As a matter of daily business, the Department is continuously analyzing various legislative and regulatory proposals for their impacts on Company policies and practices, particularly those with environmental implications. This can include financial analysis, engineering and logistical feasibility, community and other stakeholder impacts, and public relations and political implications. Various individuals in the Department specifically work with other departments on policy development activities.

VI. Decision Making and Control

Day-to-day decision making within the Department is generally delegated to the staff, with major decisions rolling up to the Vice President. Legal counsel is consulted on an as-needed basis. In addition to staff meetings, informal discussions are held frequently with all employees.

The level at which decisions are made and the amount of control exercised depends on the potential effect of the decision. All employees are apprised of their responsibilities and authority and are expected to make decisions within the parameters of that authority and report their results to the Vice President, as appropriate.

VII. Internal and External Communication

The Department holds regular staff meetings, usually on a monthly basis, under the direction of the Vice President. The purpose of these staff meetings is to communicate policies and decisions of management, discuss work assignments and issues, and provide an informal forum to discuss problems, suggestions and concerns of the staff.

Daily interaction is maintained between the Vice President and the staff. Frequent formal and informal lines of communication are also maintained with other departments within Duke Energy. For example, the Department holds quarterly meetings with representatives of other departments involved with environmental policy, compliance, and communications on the local, state, and federal level. The Department typically holds annual off-site retreats, to address various administrative needs, enhance creativity and productivity, and encourage a positive working environment.

For all employees, internal communication is encouraged with those departments that are affected by the various legislative and regulatory policies and proposals that are being analyzed. Teams are employed as needed to facilitate inter-departmental communication. Most activities of the Department will affect more than one other

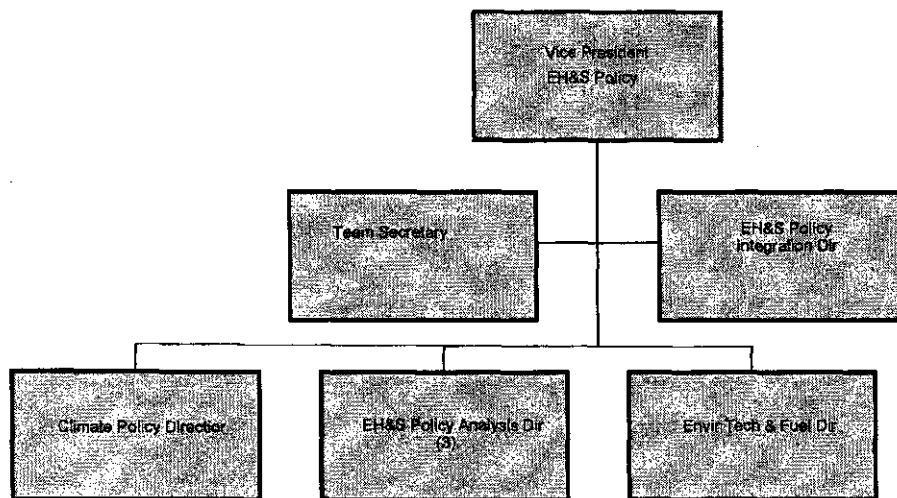
department, so communication with the appropriate parties in an appropriate timeframe is essential.

External communications focus on federal Administration officials and their respective staffs, various trade associations of which Duke Energy is a member, national environmental groups; investment groups which advocate for environmental responsibility; elected officials, when appropriate and in coordination with federal and state legislative affairs personnel; local communities and other stakeholders including political parties and organizations, environmental scientists, other utilities, technology vendors, etc.

VIII. Goal Attainment and Qualification

Staff performance is measured on an individual basis through annual performance reviews. Much of the Department's mission is subjective and difficult to measure in absolute numbers; therefore, employee goals tend to emphasize completion of tasks at various levels as well as attainment of key strategic objectives. The Department also obtains feedback from internal customers about their satisfaction with any assistance the Department provided on projects or activities.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES & ORGANIZATION
GOVERNMENT AND REGULATORY AFFAIRS DEPARTMENT

I. Policy and Goal Setting

The Government and Regulatory Affairs Department (Department) has general charge of state governmental and regulatory relations. It maintains communications with elected and appointed government officials on activities and public policy issues related to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and its operations, informs the Company of regulatory and legislative issues, and coordinates the development of Company policies and positions on these issues.

The Department supports the corporate policies and objectives as described in the Working Environment Policy Manual through Department directives, procedures, and practices.

The Department establishes policies to implement corporate level policies. For example, the basic accounting rules to be followed are determined at the corporate level along with the overall funding that will be made available. Budgeting of these funds and how they are accounted for is done at the departmental level. Similarly, the broad objectives of customer service are set corporately, while the performance standards for internal and external customers are set within the department.

The Department uses participative management techniques in establishing department policies and goals. Those impacted by the policies or goals will have the opportunity to contribute to the discussions and review the work product during the development process. Final approval of the goals and policies rests with the senior management involved, but it is understood that successful implementation of any policy or goal can be assured only through the support of those involved.

Individual and team goals are set annually through a process that identifies weighted key success factors and measures at the beginning of the year, combines these substantive goals with behavioral and corporate financial goals, and includes an evaluation of achievement at the end of the year.

II. Strategic Planning

Departmental strategic planning in Government and Regulatory Affairs is coordinated between the Vice President of Ohio and Kentucky Government and Regulatory Affairs and the legislative, regulatory, and environmental personnel in each state, and involves structured input and feedback from all Department staff members. Regular staff meetings are held to discuss pending issues and decide what items require attention and the time frame under which issues are to be addressed. In conjunction

with the development of annual individual and team goals, resources are directed toward the overall corporate goals as developed by executive management. A participative process is used to identify major internal and external issues and to develop response mechanisms. All department personnel are involved in planning and review sessions. In addition, previous programs are reviewed and budget resources are reallocated to meet those needs for the following year that have been identified as having priority.

III. Organizational Structure

The Vice President of State Government and Regulatory Affairs reports directly to the President of Duke Energy Ohio and Duke Energy Kentucky, Inc.. The Department is divided into four divisions:

- Ohio Government and Regulatory Affairs;
- Kentucky Government and Regulatory Affairs; and
- Ohio and Kentucky Environmental Affairs.

An organizational chart is attached as Exhibit GRA-1.

IV. Responsibilities

This Department has general charge of state and local governmental relations, and also state regulatory and environmental affairs. It maintains liaisons with elected and appointed government officials on activities related to the Company and its operations, informs the Company of regulatory and legislative issues, and coordinates the development of Company policies and positions on these issues.

The Department's responsibilities include:

- Establishing, maintaining, and strengthening communications between the Company and legislative, political, regulatory, and environmental constituents;
- Providing timely and relevant information about the Company;
- Broadening legislative, political, regulatory, and environmental understanding and confidence about Company operations;
- Drafting, reviewing, negotiating, and promoting legislative initiatives with the Ohio and Kentucky General Assemblies;
- Drafting position statements; reviewing, analyzing and responding to various regulatory initiatives; and presenting the Company's position on regulatory policy matters before state regulatory policy making bodies, including but not limited to the Public Utilities Commission of Ohio, the Kentucky Public Service Commission, the Ohio Environmental Protection Agency, and the Kentucky Environmental and Public Protection Cabinet;
- Informing other employees in the Company of important legislative, political, and regulatory developments and aid in the analysis of these developments as they relate to the company's business interests; and
- Assisting in the administration of the Company's Political Action Committee and its Grassroots network.

V. Practices and Procedures

Department personnel maintain close working relationships with nearly all areas of the Company, and work with appropriate Company personnel to develop legislative, regulatory, and environmental positions. Prior to representing the Company on any issue, departmental personnel receive guidance and clearance from the Department Vice President and executive management.

VI. Decision Making and Control

Departmental decision-making and control are based on department goals and input from other departments. The Department is both proactive and reactive on public policy issues and communications with policy makers and consults frequently with management and expert technical personnel from other departments to determine appropriate responses. Major decisions are reviewed with senior management for input and concurrence. Budget requests and variances are approved by senior management.

VII. Internal and External Communication

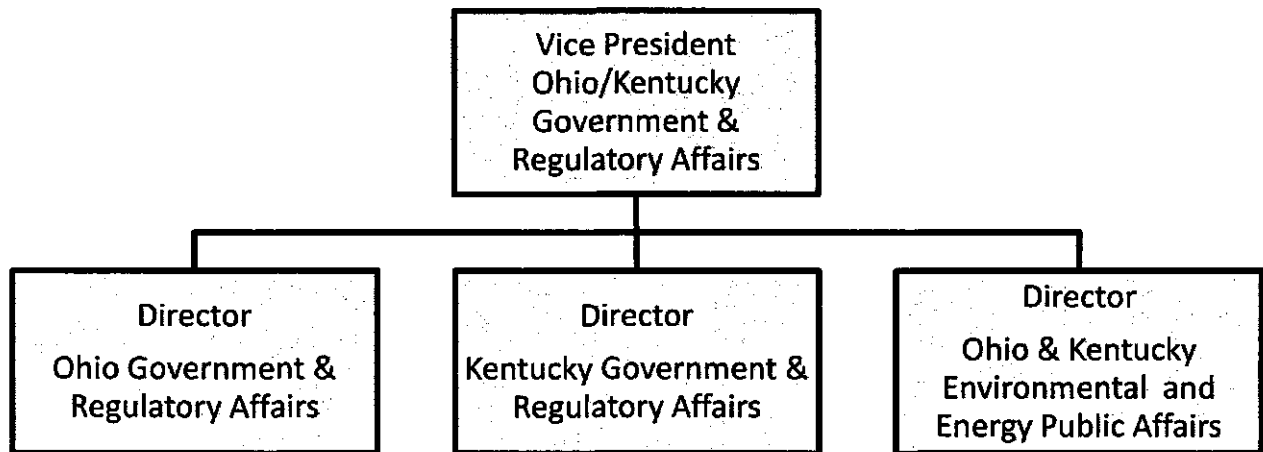
The Department is the primary communication conduit of the Company for legislative, regulatory, and environmental advocacy developments and for Company positions that need to be relayed to appropriate legislative and regulatory bodies. Timekeeping requirements and periodic education on restrictions such as ex parte communications, lobbying laws, and reporting requirements assure compliance with all applicable rules and regulations regarding communications with lawmaking and regulatory bodies.

Corporate activities and issues are relayed from the Vice President, Government and Regulatory Affairs to the Department employees at regular staff meetings and information is exchanged about emerging issues internally and externally.

VIII. Goal Attainment and Qualification

Annual individual and team goals, set at the beginning of each calendar year, are reviewed quarterly and at year-end to determine achievement levels and to make any revisions which may be appropriate, given changed circumstances. Evaluations include the level of difficulty and effort exerted to achieve each goal, the achievement level itself, and whether each goal was pursued in a manner that benefited the company's image and that exhibited individual behavioral traits valued by the Company, such as honesty, respect, and a high degree of professionalism.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES & ORGANIZATION
COMMUNITY RELATIONS DEPARTMENT

I. Policy and Goal Setting

The Community Relations Department (Department) implements plans and strategies that increase customer satisfaction, strengthen relationships, and enhance the Duke Energy Ohio's (Company) image with large business customers, local governmental agencies, and community leaders. Community Relations Directors and Managers leverage a proactive planning process to identify customer and stakeholder needs and coordinate with other departments to deliver cost-effective service and solutions.

Department policies and approval levels align with corporate policies and objectives. All purchases, expenditures, and transactions comply with Duke Energy's Approval of Business Transaction Policy. Compliance with policies, either corporate or departmental, is everyone's responsibility. Compliance is measured in various ways, including cost reports for tracking budget performance. Further, schedules track project milestones and performance appraisals measure performance in meeting goals. In addition, it is the responsibility of management at all levels to audit its operation for compliance.

Department goals support Duke Energy Ohio priorities and align with the broad objectives established at the corporate level. Individual and team goals are set annually through a process that identifies weighted key success factors and measures at the beginning of the year, combines these substantive goals with behavioral goals and corporate financial goals, and includes an evaluation of achievement at the end of the year.

Participative management techniques are used to allow employees affected by Department goals an opportunity to contribute to discussions and review of the goals, measures, and plans. Final approval of the goals and policies rests with the senior management involved, but it is understood that successful implementation of any policy or goal can be assured only through the support of those involved.

II. Strategic Planning

Strategic planning is coordinated between the Vice President, Community Relations and Economic Development, the Managing Director of Business Relations, and the President of Duke Energy Ohio and Duke Energy Kentucky. Planning involves structured input and feedback from senior management and staff members from State Governmental and Regulatory Affairs, Rates, Power Delivery, Gas Operations,

and Energy Efficiency. Regular staff meetings are held to discuss pending issues and decide what items require attention and the time frame under which issues are to be addressed. In conjunction with the development of annual individual and team goals, resources are directed toward the overall corporate goals as developed by executive management. Feedback from customer satisfaction surveys and employees is used to identify major internal and external issues and to develop response mechanisms. In addition, previous programs are reviewed and budget resources are reallocated to meet those needs for the following year that have been identified as having priority.

III. Organizational Structure

The Department is divided into four geographic areas: Ohio North, Ohio Central, Ohio East, and Kentucky. Directors/Managers (Community Relations) are responsible for directing activities within the four geographic areas. The four directors/managers report directly to the Vice President, Community Relations and Economic Development. The director of economic development also reports directly to the Vice President.

An organizational chart is attached as Exhibit CR-1.

IV. Responsibilities

The Community Relations Department responsibilities are:

- To manage, lead, direct, facilitate, coordinate, and represent Duke Energy Corp. presence within assigned geographical areas;
- To provide cost-effective and reliable external/internal customer service to Duke Energy Ohio customers and communities;
- To facilitate and expedite the resolution of local, complex customer issues and problems while maximizing business opportunities;
- To advance Duke Energy's business, environmental, legislative, and regulatory initiatives while growing/maintaining its corporate presence in the communities served;
- To build strategic alliances and sustainable relationships with elected officials, business/community leaders, and governmental/legislative contacts;
- To provide a leadership role in working with economic development organizations and existing businesses to attract and retain jobs/investments and to encourage expansion of existing jobs/investments; and
- To serve as a liaison with customers by building meaningful relationships;
- To collaborate, facilitate and interface regularly with other internal departments to provide key data and information to help achieve operating Company objectives; and
- To interface with local media contacts.

V. Practices and Procedures

Departmental personnel maintain close working relationships with all areas of the Company, and work with appropriate Company personnel to assist strategic customers and communities while resolving issues and needs.

VI. Decision Making and Control

Departmental decision-making and control are based on department goals and input from other departments. The Department is involved in both proactive and reactive issues and consults frequently with management and expert technical personnel from other departments to determine appropriate responses. Major decisions are reviewed with senior management for input and concurrence. Budget requests and variances are approved by senior management.

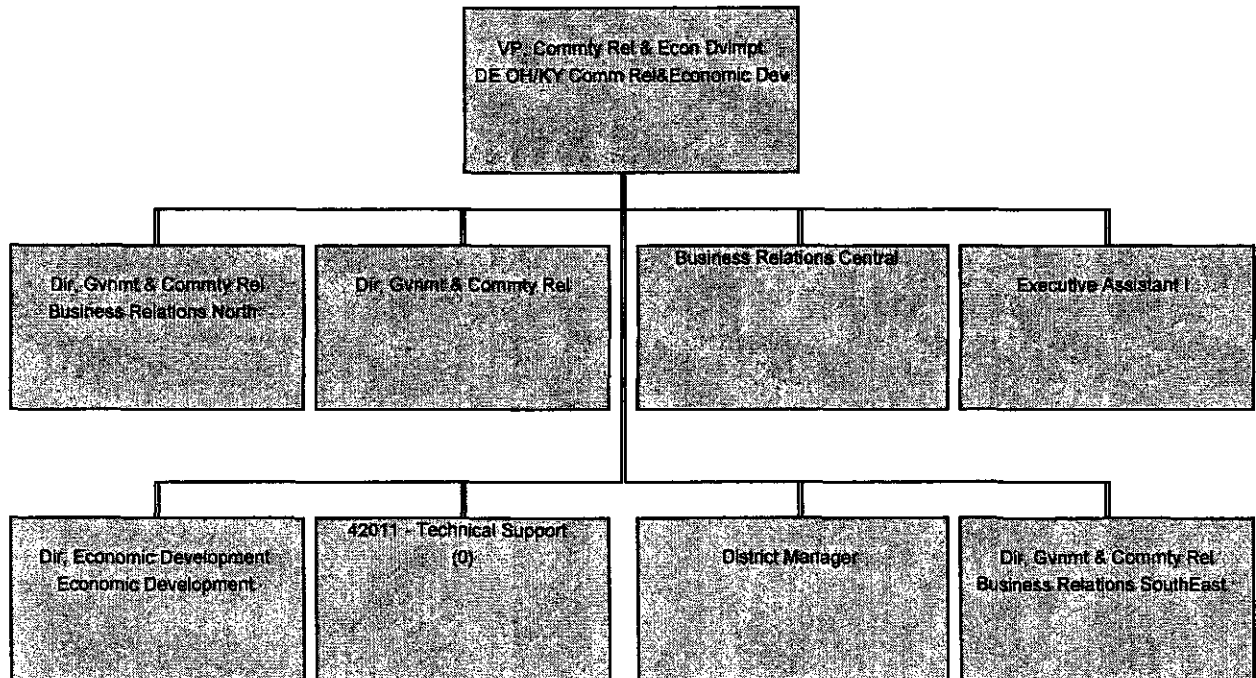
VII. Internal and External Communication

The Department is the communication conduit of the Company for many commercial and industrial customers, local government officials and community related developments that need to be interpreted and communicated internally, and for Company positions that need to be taken.

VIII. Goal Attainment and Qualification

Annual individual and team goals are set at the beginning of each calendar year and reviewed mid-year and at year-end to determine achievement levels. Evaluations include the level of difficulty and effort exerted to achieve each goal, the achievement level itself, and whether each goal was pursued in a manner that benefited the Company's image and that exhibited individual behavioral traits valued by the Company, such as honesty, respect, and a high degree of professionalism.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
ECONOMIC DEVELOPMENT DEPARTMENT

I. Policy and Goal Setting

The Duke Energy Ohio, Inc (Duke Energy Ohio or Company) Economic Development group partners with the State of Ohio, local communities, and local economic development agencies to promote economic growth and sustainable development.

Department policies and approval levels align with corporate policies and objectives. All purchases, expenditures and, transactions comply with Approval of Business Transaction Policy. Compliance with policies, either corporate or departmental, is everyone's responsibility. Compliance is measured in various ways, including cost reports for tracking budget performance. Further, schedules track project milestones and performance appraisals measure performance in meeting goals. In addition, it is the responsibility of management at all levels to audit its operation for compliance.

The goals of the Economic Development group support Duke Energy Ohio priorities and align with the broad objectives established at the corporate level. Individual and team goals are set annually with input from department employees and other key departments including the marketing support organization. The goal setting process identifies weighted key success factors and measures at the beginning of the year, combines these substantive goals with behavioral goals and corporate financial goals, and includes an evaluation of achievement at the end of the year. Final approval of the goals and policies rests with senior management including the Vice President of Community Relations and Economic Development.

II. Strategic Planning

Strategic planning within Economic Development is led by the Vice President of Economic Development in collaboration with the Director of Economic Development and with support from various departments including Business Development and Origination, Market Analytics, Corporate Strategy, Power Delivery, and Governmental and Regulatory Relations. The plan includes evaluation of current regional market conditions and an analysis of where Duke Energy resources can best be leveraged to maximize Duke Energy Ohio assets and improve the economic vitality of the service territory. Planning is approached using the principal that an integrated gas and electric market development effort will result in a more cost-effective method of delivering a portfolio of services to customers.

Final plans are reviewed and approved by senior management including the Vice President of Community Relations and Economic Development, the Managing Director of Business Relations, and the President of Duke Energy Ohio and Duke Energy Kentucky, Inc.

Community Relations and Economic Development Managers determine the activities needed to fulfill their assigned responsibilities and goals and recommend resource requirements needed to perform these activities. From these recommendations, budgets are developed by the director and submitted to senior management for approval.

Progress in developing and implementing the plans and the results obtained are reviewed quarterly and adjustments are made as necessary.

III. Organizational Structure

Economic Development is headed by the Director, Economic Development, who reports to the Vice President of Community Relations and Economic Development for Duke Energy Ohio, who in turn reports directly to the President, Duke Energy Ohio. Four Community Relations Managers work directly with the Director of Economic Development on recruitment, retention, and expansion efforts in Duke Energy Ohio's service territory.

An organizational chart is attached as Exhibit ED-1.

IV. Responsibilities

The responsibilities of the Economic and Community Development Department are as follows:

- Meet with internal stakeholders such as Business Relations and corporate executives of industries considering expanding or relocating their facilities and help demonstrate the advantages of locating, expanding, or remaining in this service area or region;
- Work closely with various chambers of commerce in designing and executing programs for economic improvement in the region;
- Work closely with various state agencies for economic development in the furtherance of their programs and client assistance;
- Work closely with local communities in the planning, zoning, development of land use, infrastructure development, and other measures targeted to maximize economic development potential;
- Investigate, research, and analyze various aspects of industry statistics and demographics in answering questions and concerns of prospective industries;
- Provide prospective customers with information on gas and electric rates and opportunities to obtain the desired service at the most attractive rate;

- Collaboratively work with other state and local economic development agencies to advertise and disseminate information to attract new industry to the region; and
- Serve as a point of contact to coordinate service delivery to new companies recruited to the service area.

The responsibilities of the Business Relations and Account Managers include:

- Coordinating with the Duke Energy Ohio Economic Development department to identify target industries for growth in Ohio;
- Proactively generate growth and expansion leads within the targeted industries; and
- Transition qualified leads to Jobs Ohio or the Ohio Department of Development for follow-up

V. Practices and Procedures

Daily activities for Economic Development personnel include:

- Encouraging new companies to locate within the service territory;
- Promoting the region with various economic development community participants, including site consultants, developers, and real estate professionals;
- Responding to economic development prospect requests;
- Coordinating installation of appropriate gas and electric facilities and delivery of appropriate products and services by the Company in time to meet the customers' needs;
- Serving on state-level policy boards and local economic development in order to influence policy and programs;
- Providing technical assistance to local and regional economic development organizations, chambers of commerce, and others; and
- Supporting local economic development organizations with in-kind services such as community profiles, aerial photography, and other marketing materials.

VI. Decision Making and Control

Departmental decision-making and control within the Economic Development group is dependent upon whether a particular decision affects others outside the organization and the value in terms of resources and impact. Decisions are made at the lowest practical level in the organization and include input from key stakeholders whenever appropriate.

The Economic Development group follows all corporate policies regarding the approval of work and expenditures. Through staff meetings, the Economic Development group director monitors the overall allocation of resources and performance against annual budgets and goals and makes decisions within their

operation. Major decisions are reviewed with senior management for input and concurrence. Budget requests and variances are approved by senior management.

VII. Internal and External Communication

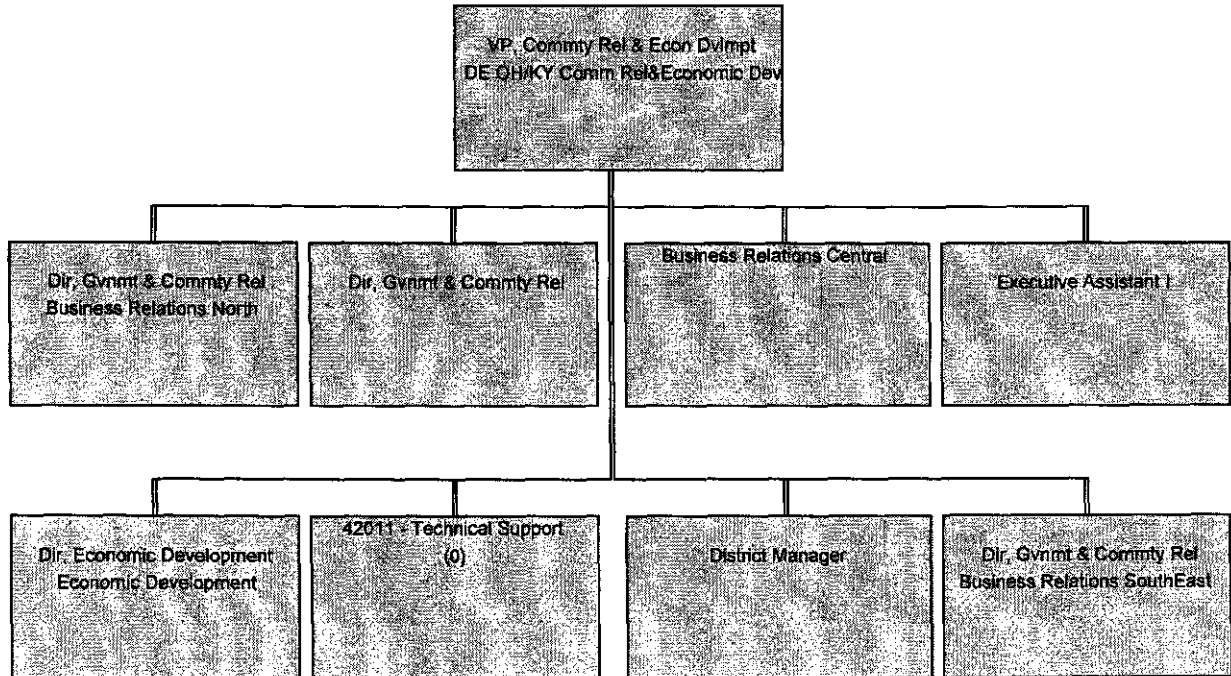
The Economic Development group is the primary communication conduit between the Company and local and regional economic development organizations. External communication channels include direct mail, telephone, e-mail or face-to-face meetings and may be at the request of the customer or on the Company's initiative. Members of the Economic Development group also frequently represent the Company and region at industry seminars and conferences, during national and international recruiting visits, and on economic development boards.

Within Economic Development, openness and two-way communications are encouraged between every level. Information regarding projects, progress toward departmental goals, and changes to corporate policies and plans are also shared during departmental staff meetings. It is the responsibility of the Vice President, Community Relations and Economic Development to communicate additions and revisions of corporate policies to employees as appropriate. Corporate information and industry information is available to employees through the employee portal and monthly reports.

VIII. Goal Attainment and Qualification

Individual and team goals are set at the beginning of each calendar year and reviewed mid-year and at year-end to determine achievement levels. Evaluations include the level of difficulty and effort exerted to achieve each goal, the achievement level itself, and whether each goal was pursued in a manner, that benefited the Company's image and, that exhibited individual behavioral traits valued by the Company, such as honesty, respect, and a higher degree of professionalism.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
OFFICE OF THE GENERAL COUNSEL

I. Policy and Goal Setting

The Office of the General Counsel (OGC) does not set Duke Energy policy for Corporation (Duke Energy). However, it does serve in an advisory capacity to management on pre- and post-policy establishment, interpretation, and administration and it supports the corporate policies found in the Working Environment Policy Manual and the Code of Business Ethics (reference Exhibits CSUM-3 and CSUM-5). In addition, the OGC frequently reviews policies for compliance with state and federal law and agency regulations. Duke Energy policies are communicated to OGC employees in both written and oral fashion and at Departmental staff meetings.

Team goals are developed each year through a process that identifies key initiatives and success factors and then weighs and combines them with desired individual performance objectives and corporate financial goals. At the end of each year, achievements are evaluated and incentives are awarded proportionate to the level of overall achievement.

Departmental policies and procedures are promulgated by the Chief Legal Officer, upon the Chief Legal Officer's own initiative or with input and advice from the attorney staff.

II. Strategic Planning

Duke Energy's executive management of the Company has the primary responsibility for establishing its strategic plan. The OGC's primary function with regard to the strategic plan is to advise management with respect to compliance with state and federal laws and agency regulations and otherwise to provide material legal assistance in achieving the strategic plan. In addition, goals and programs are established within the OGC to support Duke Energy's strategic plan.

III. Organizational Structure

The OGC is divided into fourteen functional sections, each headed by an executive with substantial experience in their respective area (an executive may head multiple sections). These sections are: (1) Corporate Audit Services; (2) Ethics & Compliance; (3) Corporate Secretary, Books & Records; (4) Securities, Finance and Mergers & Acquisitions; (5) U.S. Franchised Electric & Gas; (6) Corporate Legal Services; (7) Executive Compensation & Benefits; (8) Labor & Employment; (9) Commercial Businesses; (10) Generation; (11) Real Estate Services; (12) Travel & Support Services;

(13) Information Technology; and (14) Office of General Counsel Business Operations. These section heads report directly to the Chief Legal Officer.

The legal function of the OGC is centralized, with approximately sixty attorneys in the United States providing a range of legal services across Duke Energy. Timekeeping requirements have been implemented in order to allocate time and costs accurately.

The legal function of the OGC includes attorneys, paralegals, contract administrators, legal administrative assistants, contractors and legal and administrative support personnel. OGC also employs summer law clerks from time to time. All OGC personnel are executive, managerial, supervisory, administrative, or professional employees. The Chief Legal Officer has responsibility for the management and activities of the OGC. The Chief Legal Officer, who is also an officer of Duke Energy, reports directly to the President and Chief Executive Officer of Duke Energy.

The organizational chart for the Office of General Counsel is attached hereto.

IV. Responsibilities

The legal functions within the OGC serve as counsel and provide legal services for the Board of Directors, officers, and employees when they are acting on behalf of Duke Energy during the course of their performance of job-related duties. Such services include, but are not limited to:

- Providing general legal research and advice on matters which may arise in the course of Duke Energy's business;
- Reviewing the legal aspects Duke Energy operations for compliance with federal, state and local statutes and regulations, including those of the New York Stock Exchange;
- Promptly notifying appropriate personnel of any changes necessitated by administrative or judicial decisions or by the enactment or adoption of new, or revisions to existing, statutes or regulations;
- Developing and implementing preventive law programs and written policies of Duke Energy and/or OGC in areas such as antitrust compliance, employment, securities regulation, Sarbanes-Oxley (SOX) compliance, Occupational Safety and Health Administration (OSHA) and in other areas where appropriate;
- Initiating or responding to inquiries regarding review of or recommendations concerning Duke Energy's policies and procedures;
- Assisting Duke Energy officers and personnel in due diligence with respect to, and the preparation, negotiation, and finalization of preliminary and definitive agreements for, mergers and acquisition transactions and joint ventures and other major transactions, as well as assisting in the preparation, negotiation, and finalization of contracts encompassing the various functional areas of the Duke Energy's business;
- Assisting Duke Energy officers and personnel in protecting valuable intellectual property of Duke Energy;

- Drafting documents and providing legal support for transactions for Duke Energy;
- Reviewing and advising on contractual obligations of Duke Energy; and
- Representing Duke Energy in regulatory and judicial proceedings by acting as counsel or by monitoring and directing outside counsel engaged for such purpose.

Generally, each functional section has specific areas of responsibility as follows:

Corporate Audit Services

Corporate Audit Services provides an independent assurance function for the purpose of advising and assisting all levels of management and the Audit Committee of the Board of Directors with objective evaluations, appraisals, and recommendations concerning the organization's activities and internal control structure. Corporate Audit Services provides these services through audits, reviews, other assurance projects and investigations for Duke Energy Corporation and its majority-owned subsidiaries and affiliates.

Enterprise Protective Services

Enterprise Protective Services is responsible for providing both physical and access control security services to the entire Duke Energy Enterprise (Enterprise), as well as the management of compliance services such as security risk management and document services management. The Enterprise Protective Services function services include, but are not limited to, the following:

- Management of and/or liaison between regional security services such as investigations, implementation of physical security programs and responding to security calls for service across the Duke Energy domestic footprint;
- Management of critical infrastructure program, industry outreach, intelligence sharing, and interaction/interface with government agencies to ensure security compliance with regulatory agencies;
- Management of business continuity services, emergency preparedness programs, and storm logistics response across the Enterprise;
- Management of access control programs, physical security systems and technology, executive and key personnel employee protection program and uniformed guard services for the Enterprise;
- Management of records management program to ensure records retention compliance with federal, local, and state agencies for the Enterprise;
- Management of physical records centers both in house and management of outsourced records storage services for the Enterprise;
- Management of company library, research and archival services for the Enterprise;

Note: Services below are only directed to Travel & Support Services, Real Estate Services and Enterprise Protective Services versus the entire Enterprise as services noted above:

- Management and development of annual budgeting process;
- Management of special projects to support customer business needs such as implementation of new financial systems, supporting aviation proxy, supporting financial needs for the build out of new properties, supporting aerial patrol market reviews, management of cost saving initiatives, etc;
- Management and development of incentive program for customers;
- Management of process and performance metrics;
- Management of process efforts such as documentation, redesign and streamlining;
- Management of financial services such as actual to variance reporting, journal entries, accruals, allocations and forecasting;
- Management of labor programs such as timesheets, headcount, payroll suspense and labor distribution; and
- Management of SOX compliance.

Corporate Secretary, Books & Records Section

The Corporate Secretarial section performs corporate secretarial functions on behalf of Duke Energy and its subsidiaries. These functions include coordinating annual meeting of shareholders, assisting in execution of required filing with the New York Stock Exchange, planning and coordinating board meetings, drafting and maintaining board of director meeting minutes, drafting and maintaining board resolutions, maintaining corporate structure charts, and coordinating the naming of officers and directors of Duke Energy and its subsidiaries as well as complete annual filings for each company. The Corporate Secretarial Section also assists in execution of corporate transactions, including entity formation and dissolution, mergers, conversions and sales. The section head of this section reports directly to the Group Executive and Chief Legal Officer of Duke Energy.

Securities, Finance and Mergers & Acquisitions Section

The Securities, Finance and Mergers & Acquisitions Section provides legal services for the Board of Directors, officers, and employees when they are acting on behalf of Duke Energy during the course of their performance of job-related duties. Such services include, but are not limited to:

- Advice on and compliance with the federal securities laws;
- Advice and assistance with periodic and current reports, proxy statements, information statements, and other SEC filings;
- Support with respect to meetings of shareholders;
- Advice and support with respect to the responsibilities of the Board of Directors;
- Advice on and compliance with the Sarbanes-Oxley Act of 2002;

- Advice on and compliance with the New York Stock Exchange regulations;
- Assistance in financing transactions, including sales of registered and unregistered securities, bank borrowings, issuances of guarantees, lease transactions and other financing transactions;
- Assistance in compliance and ethics matters, including investigations of potential improprieties; and
- Legal support for the Treasury, Controller, Corporate Secretary, Investor Relations, Corporate Communications and other Company departments.

Regulatory, Litigation and Environmental Health & Safety

Counsel in the OGC's Regulatory, Litigation and Environmental Health & Safety (EH&S) provide regulatory legal services to Duke Energy's U.S. Franchised Electric and Gas (USFE&G) business and litigation and EH&S legal services to the entire corporation. USFE&G manages the Duke Energy's regulated operations and utility operating companies, including Duke Energy Ohio, Inc. (Duke Energy Ohio), Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc. and Duke Energy Carolinas, LLC. The regulatory counsel represent these utilities before all state and federal regulatory bodies in proceedings determining the rates and tariffs applicable to regulated gas and electric service. Duties in rate cases involve the entire gamut of case preparation and development and of case strategy in conjunction with Rates and Regulatory Accounting Department personnel. This section also functions as trial counsel. Its responsibilities also include territorial matters, customer relations, and demand-side management issues. Counsel are also involved in integrated resource planning, regulatory licensing and permitting of utility facilities, and in the negotiation and review of special contracts. Counsel in this section are also responsible for representing Duke Energy in rulemakings, roundtables, and other policy-setting initiatives of the respective state regulatory agencies, the Public Utilities Commission of Ohio, the Kentucky Public Service Commission, the Indiana Utility Regulatory Commission, the North Carolina Utilities Commission, the Public Service Commission of South Carolina, the Federal Energy Regulatory Commission, (FERC) and the Federal Communications Commission.

Additionally, counsel support gas procurement, including negotiation of contracts with interstate pipeline suppliers and with producers of natural gas, representation of the Company before the FERC in proceedings involving pipeline suppliers, and advising senior management on policy development and implementation in accordance with applicable federal and state statutes and regulations.

The continually evolving nature of this area of law requires constant monitoring of all regulatory agencies in the states in which Duke Energy's utility operating companies do business.

Counsel in this section also address environmental health and safety, litigation and discontinued operations matters on behalf of Duke Energy. Litigation counsel represent Duke Energy in actions involving commercial transactions, personal injury, property damage, and alleged statutory or regulatory violations (except alleged violations under the jurisdiction of the various state utility commissions and the FERC). They are responsible for the disposition of each claim brought against Duke Energy, whether by denial, acknowledgment, settlement, or trial, through their personal efforts or by selecting and supervising outside counsel to conduct the case. They coordinate investigative efforts, witness interviews, testimony, and exhibit preparation, and formulation of strategy in every case. They also train Duke Energy personnel in investigative techniques and counsel management and employees involved in claims actions.

Counsel in this section also handle the areas of credit and regulations, with primary responsibility for representing Duke Energy in all credit-and collection-related matters including bankruptcy cases, and preparation of testimony and exhibits for trial. This section also deals with revenue recovery, theft of energy, and security issues, preparing and overseeing implementation of all security procedures.

Counsel for environmental matters has responsibility for all environment-related issues, primarily compliance with the myriad federal and state laws and regulations. Counsel also advises on licensing and the siting of utility facilities. This entails representation of Duke Energy before federal and state agencies and courts, when necessary, filing required documentation and pleadings, and directing outside counsel assisting Duke Energy in these matters.

Counsel in this Section also provide advice on laws relating to Safety and Health, including, but not limited, to advising management on compliance with OSHA and relating laws, representing or overseeing the representation of Duke Energy before OSHA, in workers' compensation proceedings, and in court.

Executive Compensation & Benefits Section

Duke Energy's Executive Compensation and Employee Benefits attorneys provide legal services to Duke Energy to ensure compliance with applicable laws relating to executive compensation and employee benefits, including advice relating to the design and operation of Duke Energy's retirement and welfare plans and executive compensation programs and its compensation and benefits strategy. This section also supports the Compensation Committee of the Company's Board of Directors.

Labor & Employment Section

Employment and labor law counsel provide legal services to Company management to ensure compliance with federal, state, and local labor and employment laws. They are responsible for preparing necessary documentation, advising management proactively on compliance with labor and employment laws, providing preventive law training, and when necessary, assisting in the defense of Duke Energy in litigation and administrative proceedings for labor and employment disputes. Employment and labor law counsel also provides primary responsibility for the following functional areas:

- Labor Law, including but not limited to advising Labor Relations and management, representing Duke Energy in labor arbitrations, and before the National Labor Relations Board;
- Employment Law, including but not limited to the Title VII of the 1964 Rights Act, the Fair Labor Standards Act, the Americans with Disabilities Act, the Family Medical Leave Act, the Age Discrimination in Employment Act, the Health Insurance Portability and Accountability Act, the Uniformed Servicepersons Employment and Reemployment Rights Act and similar federal and state laws, as well as representation before the Equal Employment Opportunity Commission (EEOC), Department of Labor, and other such agencies;
- Employment Immigration;
- Workplace Violence and related preventive security matters; and
- Corporate Transactions support through due diligence assistance and documentation preparation relating to labor and employment law matters.

Commercial Businesses Section

Counsel in the Commercial Businesses section provides legal services to Duke Energy's Commercial Businesses organizations and international businesses. Counsel in this section provide legal services to support the Duke Energy Ohio's fleet of generating facilities, including wholesale electric energy, coal, emission allowance and natural gas purchase, sale, trading and origination business. These services include contract preparation, negotiation support, contract interpretation, and deal support for proposed and existing transactions within Duke Energy Ohio's wholesale energy business. Other services include coordinating transactional and other legal services (*e.g.* regulatory, environmental, etc.) in connection with (i) Duke Energy Ohio's generating facilities and (ii) Duke Energy Generation Services, Inc., which engages in a cogeneration and nonutility development and acquisition business. International services include coordinating transactional and other legal services (*i.e.* regulatory, environmental, etc.) in respect of Duke Energy International generating assets located in Latin America, Central America, Greece, and Saudi Arabia. Mergers & acquisitions services include coordinating and managing legal services regarding commercial transactions

involving mergers, dispositions, acquisitions or other business combinations for Duke Energy.

Counsel for Commercial Operations have responsibility for all commercial contract and transactional work involving the Company that is not a merger or an acquisition of an entire company (as opposed to individual assets). They are responsible for drafting, reviewing, and negotiating commercial contracts related to all aspects of the company including, construction, engineering services, procurement of coal, gas, nuclear fuel, limestone and lime, rail and barge transportation, software licensing, long; and short-term power purchases or sales, and capital expenditures at the generating stations. In addition, the Commercial Operations group is involved in negotiating agreements to acquire or dispose of Duke Energy assets such as acquiring new generation or selling existing generation. They also assist Duke Energy personnel with resolving contract disputes with and nonperformance by third-party suppliers. Finally, they handle all real estate matters for Duke Energy, including easements and right of ways related to transmission or gas lines and buying and selling real property.

Generation Services and Nuclear Generation Section

The Generation Services team lead is responsible for coordinating the delivery of legal services to the Generation Department from the functional areas across the OGC. The primary focus of the Nuclear Generation legal support team is providing nuclear regulatory legal advice to the nuclear sites and oversight and support functions regarding regulatory compliance, licensing, internal and external investigations, rule-making proceedings, and legislative proposals. The section is responsible for providing proactive and preventative counseling and training and, as necessary, litigation preparation and representation in adjudicatory proceedings. This section also supports the Nuclear Oversight Committee of the Company's Board of Directors.

Following are some of the areas supported by the Nuclear Generation legal support team:

- Nuclear Regulatory Matters – including compliance, safety conscious work environment, retaliation and discrimination, license amendment requests, staff and vendor qualifications, security issues, fitness for duty, access authorization, decommissioning and decommissioning funding;
- Nuclear Waste and Spent Fuel issues;
- Nuclear Insurance and Liability issues; and
- Nuclear Development – including siting, licensing, permitting, joint development efforts, document management, discovery, and hearing preparation.

Real Estate Services Section

Real Estate Services provides real estate expertise when business units need assistance with property acquisition and disposition, facilities management, leases, and other real estate services.

Real Estate Services provides real estate consulting services, transaction management, design and construction management, surveying and mapping, lease administration, move services, space planning, real estate records management, and facilities management services to various Duke Energy business units and corporate groups. Real Estate Services provides overall management and coordination of service providers for the various areas.

Real Estate Services provides the following specific services to Duke Energy Ohio:

- Portfolio Management;
- Workplace Optimization;
- Business Case Evaluations;
- Lease Administration;
- Real Estate Records Management;
- Right of Way Acquisition and Disposition;
- Plant and Substation Site Property Acquisition;
- Property Acquisition and Disposition;
- Surveying and Mapping;
- Timber Management;
- Cell Tower Acquisition and Leasing;
- Sustainability Program for Real Estate Assets;
- Facilities Management;
- Move Services;
- Furniture Design & Procurement;
- Building Acquisition and Leasing;
- Project Management;
- Space Planning;
- Interior Design;
- Architectural Services; and
- Engineering Services.

Travel & Support Section

The Travel and Support Services department provides centralized office management, aviation management and contract management services to the Enterprise. The services are centralized to improve efficiency and effectiveness of services to Duke Energy executives, officers and employees. The function is also responsible for managing customer relationships and

ensuring that services level commitments are met while managing within the financial boundaries of the department. The function manages relationships with various vendors and utilizes outsourced turnkey services and contingent workers to meet service level demands.

The Travel and Support Services function services include, but are not limited to, the following:

- Corporate Aviation to include policy for corporate aircraft utilization, executive spacing, and safe and secure travel for executives, directors and other Duke Energy employees, and aviation fleet management;
- Management and execution of Power Line Helicopter Patrol Operations;
- Commercial travel policy, travel contract management and oversight of all business travel requirements and travel expense management;
- Print services for the Enterprise including copy centers, print devices across the enterprise and external print needs;
- Document Control and imaging in support of business operations;
- Event Management Services including event planning, meeting room management and audio visual and video conferencing support;
- Video production and photography services; and
- Enterprise apparel and logo goods contract management.

Information Technology Section

The Duke Energy IT function is a centralized department led by the Senior Vice President and Chief Information Officer (CIO). The Senior Vice President and CIO reports to the Group Executive and Chief Legal Officer, who in turn reports to the Chairman, President, and Chief Executive Officer.

The divisions of the IT Department include:

- Enterprise Application and Vendor Management Office;
- Data Management and Architecture;
- Information Technology PMO and Resource Management;
- DEI (Duke Energy International) Information Technology;
- Operations and Infrastructure;
- Operations Applications;
- Generation Information Technology; and
- Performance and Project Management.

Office of General Counsel Business Operations

The Business Operations group provides administrative and operational support to the OGC. Its main functions include, but are not limited to, the following:

- Manage the budget for the OGC;
- Report variances on a monthly basis and conduct related analyses;

- Maintain all financial records;
- Pay and process outside counsel invoices for the OGC;
- Maintain relationship with outside counsel firms through engagement letters and contracts;
- Manage timekeeping of legal department staff;
- Manage support personnel including paralegals, administrative assistants and contract labor;
- Coordinate legal facilities requirements;
- Monitor and ensure department compliance with SOX requirements;
- Manage the planning, acquisition, testing, implementation, maintenance, user training and support of department technology;
- Manage implementation of performance metrics for Legal Department; and
- Provide support to the OGC Budget Committee, Technology, Committee and Personnel Committee.

Responsibilities of other legal functions within the OGC are as follows:

Paralegals

The paralegals each have specific assignments within one or more of the functional sections. They are organized geographically and, for administrative purposes, report to a single supervisor; however they are directly responsible to the section head and the attorneys in each section for their substantive workload and for assignment of day-to-day activities. Activities include performing research, both manual and computerized, preparing pleading and document filings, and completing any other tasks assigned by the attorneys.

Legal Administrative Assistants

The legal administrative assistants are assigned to two or more attorneys and a paralegal or law clerk. Their activities include, among other things, performing secretarial duties, such as typing, scheduling and organizing for the attorneys, paralegals and law clerks.

Legal and Administrative Support Personnel

The legal and administrative support personnel provide document and administrative support for the Legal Department. Designated individuals also assist with timekeeping, bill processing, budgeting, and computer training for the department.

Contractors

The OGC employs contractors as necessary to address peak workload situations and to help manage permanent employee levels. Contractors can include, from time to time, auditors, lawyers, paralegals and administrative support personnel.

V. Practices and Procedures

The Chief Legal Officer maintains responsibility for the assignment of major cases or projects, budgeting and personnel decisions, and the overall management of the department. The Chief Legal Officer is also responsible for giving performance reviews for those staff members under the Chief Legal Officer's direct supervision, and reviewing the appraisals performed by the heads of each of the functional sections.

The attorneys and other employees within each section work independently or in collaboration, as appropriate, on matters assigned to them within their areas of expertise and responsibility. To maintain continuous service to all departments, counsel within each section back-up each other to provide assistance when necessary and all counsel are encouraged to coordinate with and work closely with attorneys in other sections, when appropriate. Regularly scheduled weekly meetings between the Chief Legal Officer and the Chief Legal Officer's direct reports are forums for reviewing current projects, resolving issues, addressing administrative support, and updating each other on recent developments and news affecting the department or Duke Energy as a whole. Regular meetings are also held within each section for similar purposes. Other meetings are called when necessary to address particular issues, problems or concerns, which may then be assigned for study, resolution or recommendation of an appropriate course of action.

Access to computerized research databases, such as Lexis and Practical Law contributes to the productivity of the attorneys. All professional staff members make every effort to keep current with developments in their areas of expertise and responsibility by reading the publications to which the department subscribes, and through participation in seminars and workshops conducted by nationally recognized and accredited organizations and associations. Continuing Legal Education (CLE) requirements are closely monitored, and all attorneys are expected to fulfill all requirements each year.

Outside counsel is carefully selected based upon, among other factors, need, expertise, reputation, cost, and diversity. They are required to provide billing details for scrutiny and are evaluated periodically for performance, cost, and diversity. Invoices for legal counsel procured by OGC are reviewed by the Legal Department for accuracy and to validate the level, quality, and efficiency of the work being performed.

VI. Decision Making and Control

The responsibilities for decision making rest with the organizational level that has:

- The information to effectively implement the decision;
- The necessary facts to apply sound judgment based on Duke Energy policies, procedures, and directives; and
- The authority to take effective action.

The Legal Department acts in an advisory capacity to other departments, but the decision to use inside or outside counsel is made by the Legal Department. If outside counsel is obtained, the Legal Department manages their work.

In addition, the Legal Department manages Duke Energy's activities in judicial and administrative proceedings.

VII. Internal and External Communication

The Legal department maintains open channels of communication for exchange of information and ideas through several media. In addition to regular section head meetings, full staff meetings are held periodically and periodic meetings are conducted with the administrative staff. In addition, meetings are held as appropriate to communicate to the entire department special issues that cannot be timely addressed in staff meetings.

These methods are designed to disseminate information to all members of the department.

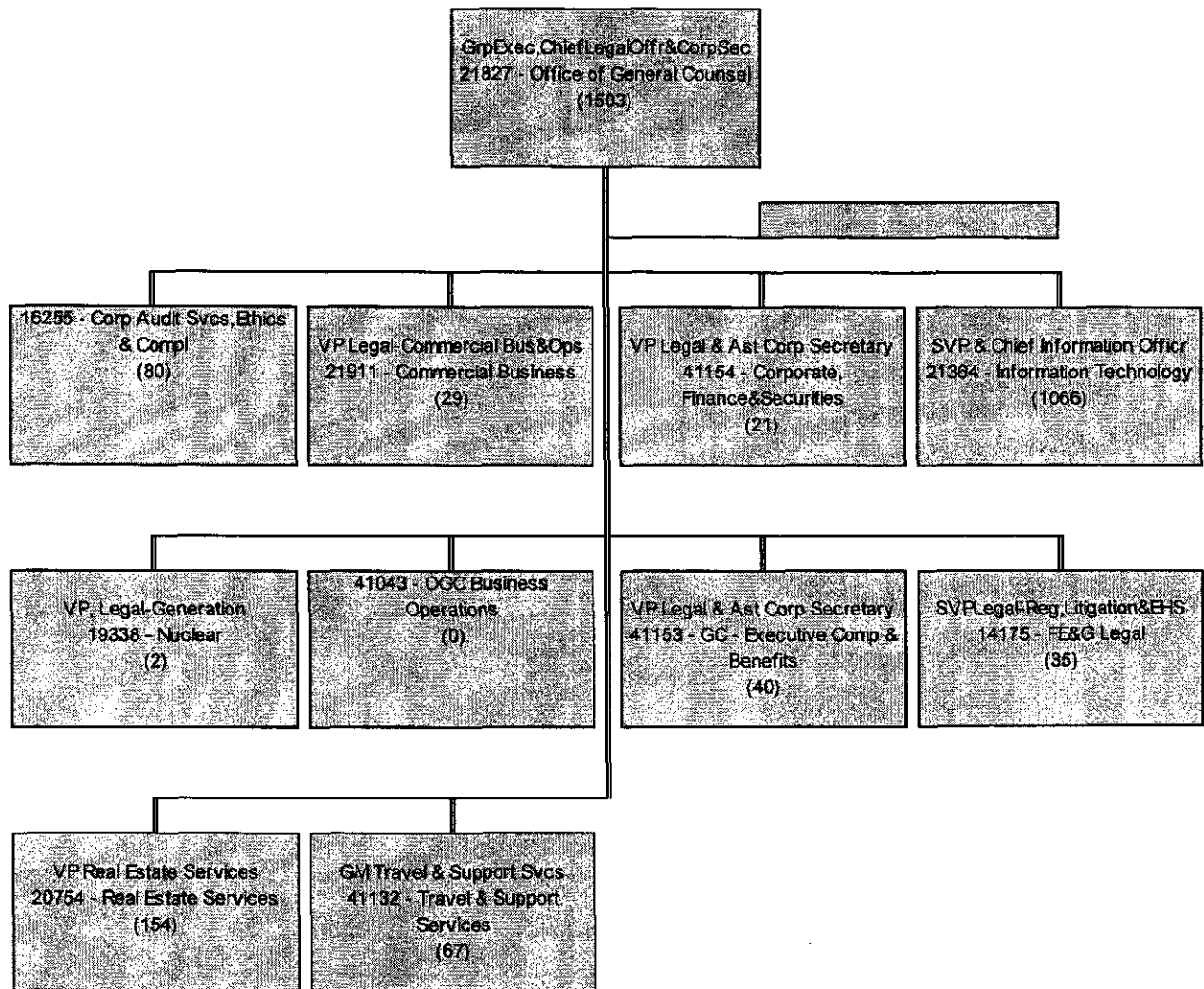
The Legal Department staff participates in interdepartmental meetings and also meets with non-company representatives (entities outside Duke Energy) on an ongoing basis, as necessary. If a legal matter comes to the attention of someone in another department, the Legal Department staff make themselves available to advise on such matters. Communications and legal opinion may be communicated orally or in writing, depending on the particular situation.

VIII. Goal Attainment and Qualification

Due to the individualized and independent nature of attorneys' work, readily quantifiable means of measuring performance are difficult to construct. The effectiveness of the attorneys is reflected in the successful conclusion of an assignment and in the positive feedback from Duke Energy departments and outside firms with whom they work.

All attorneys, law clerks, paralegals, secretaries, and all other support staff are given performance reviews each year, which indicate individual achievements of the past year and set goals for the following year. Although working in individual capacities, each member of this department strives to assist the department as a whole in its efforts to reach the goals and objectives outlined in Section I above, and to provide the highest quality legal counsel and services to Duke Energy.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
INTERNAL AUDIT SERVICES

I. Policy and Goal Setting

Duke Energy Corporation (Duke Energy) has an internal audit function - Corporate Audit Services - with approximately forty in-house personnel. Corporate Audit Services engages external professional services firms for expertise and supplemental resources, as required.

The overall goal of Corporate Audit Services, as outlined in the Policy, is to provide an independent, objective assessment of Duke Energy's activities and internal control structure to all levels of management and the Audit Committee of the Board of Directors.

II. Strategic Planning

Corporate Audit Services conducts a risk planning process to create an annual audit plan. Input into the audit plan includes interviews with management, Duke Energy initiatives, systems, and process changes and industry trends and developments. The plan is updated, as required, based on developments within Duke Energy. The audit plan is formally approved by the Audit Committee of the Board of Directors.

III. Organizational Structure

Corporate Audit Services is led by the Senior Vice President of Audit Services and Chief Ethics and Compliance Officer, who reports functionally to the Audit Committee and administratively to the Group Executive and Chief Legal Officer. Directors and managers reporting to the Senior Vice President are generally aligned with individual business units or corporate areas; however, staff persons are pooled and are not aligned to individual business units or corporate areas.

The Audit Committee reviews the experience and qualifications of Corporate Audit Services' personnel annually.

The organizational chart for Corporate Audit Services is presented as Exhibit IA-1.

IV. Responsibilities

IV. Responsibilities

The objective of the Corporate Audit Services Department is to determine whether the organization's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning properly. To accomplish this objective, the Corporate Audit Services Department will:

- Examine and evaluate the adequacy of design, documentation, and effectiveness of the system of internal control throughout Duke Energy and the quality of performance in carrying out assigned control responsibilities;
- Assist management in the assessment of business risks and in the identification of cost beneficial modifications of internal controls to mitigate risks, including potential fraud, to acceptable levels;
- Assist management in providing reasonable assurance that Duke Energy's objectives and goals will be met efficiently and economically;
- Interact with various Duke Energy governance groups as required;
- Evaluate the means of safeguarding assets and, as appropriate, verify their existence;
- Review compliance with established laws, regulations, policies and procedures, as appropriate;
- Conduct selected special audits and consulting projects at the request of management, as appropriate, or the Audit Committee;
- Communicate opportunities for improving management control, profitability, and the organization's image to the appropriate level of management and to the Audit Committee; and
- Follow-up on outstanding audit matters and significant deficiencies or material weaknesses to validate that these issues are being resolved appropriately and timely.

The specific responsibilities of the Corporate Audit Services Department are to:

- Develop an annual audit plan using an appropriate risk-based methodology, incorporating significant risks or control concerns identified by management, and communicate the plan to the Audit Committee. This plan may be modified, as appropriate, for changing or emerging business risks or issues. Modifications that significantly alter the nature of collective audit and risk coverage provided under the plan must be reviewed and approved by the Audit Committee;
- Implement the annual audit plan, as approved, including any requested special audits or projects as appropriate;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and relevant professional certifications to perform its responsibilities;
- Work collaboratively with Duke Energy's external auditors to ensure appropriate risk coverage;
- Report the results of its work to management in a timely manner;
- Assist in the investigation of significant suspected fraudulent activities within the organization and report the results to management and the Audit Committee;

- Maintain and administer a rigorous follow-up process to ensure that committed management actions to address audit issues are properly and timely executed or that Senior Management has accepted the risk of not taking action;
- Perform their work in conformance with the Code of Ethics, the definition of internal audit, and Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors; and
- Discharge these responsibilities in a manner consistent with the purpose and objectives set forth in the Policy, the Duke Energy Code of Business Ethics, and the Duke Energy Vision and Mission.

In accordance with the Policy, Corporate Audit Services will not perform any activities that conflict with the internal audit function's authorized responsibilities or impair the function's independence and objectivity.

V. Practices and Procedures

Corporate Audit Services executes its audits and other reviews of financial, operational, information technology, and environmental, health, and safety management system areas using its methodology that prescribes guidelines for audit planning, execution, reporting, and follow-up.

Corporate Audit Services also performs Design Effectiveness Reviews (DERs) of certain projects to identify and address key control issues prior to implementation. Guidelines for DERs have also been established.

VI. Decision Making and Control

Roles and responsibilities with regard to audit projects are defined by Corporate Audit Services' methodology. Generally, the manager provides overall management for the audit projects, including audit scope, objectives, issue resolution, and communications (including reporting). The in-charge auditor and other team members support the manager throughout the project. Significant observations are communicated to the directors and to the Senior Vice President. Final reports are reviewed by the appropriate manager, director, and Senior Vice President.

As noted above, the Audit Committee reviews and approves the annual audit plan and receives periodic updates on the audit plan status, significant audit conditions, progress on the remediation of significant open conditions, and the overall Corporate Audit Services' performance (annual only).

Administrative matters are addressed by the Senior Vice President, in conjunction with the Chief Legal Officer (administrative report) and the Senior Vice President's leadership team, as appropriate.

VII. Internal and External Communication

Corporate Audit Services personnel, in the performance of their duties and responsibilities, interface frequently with personnel within Duke Energy.

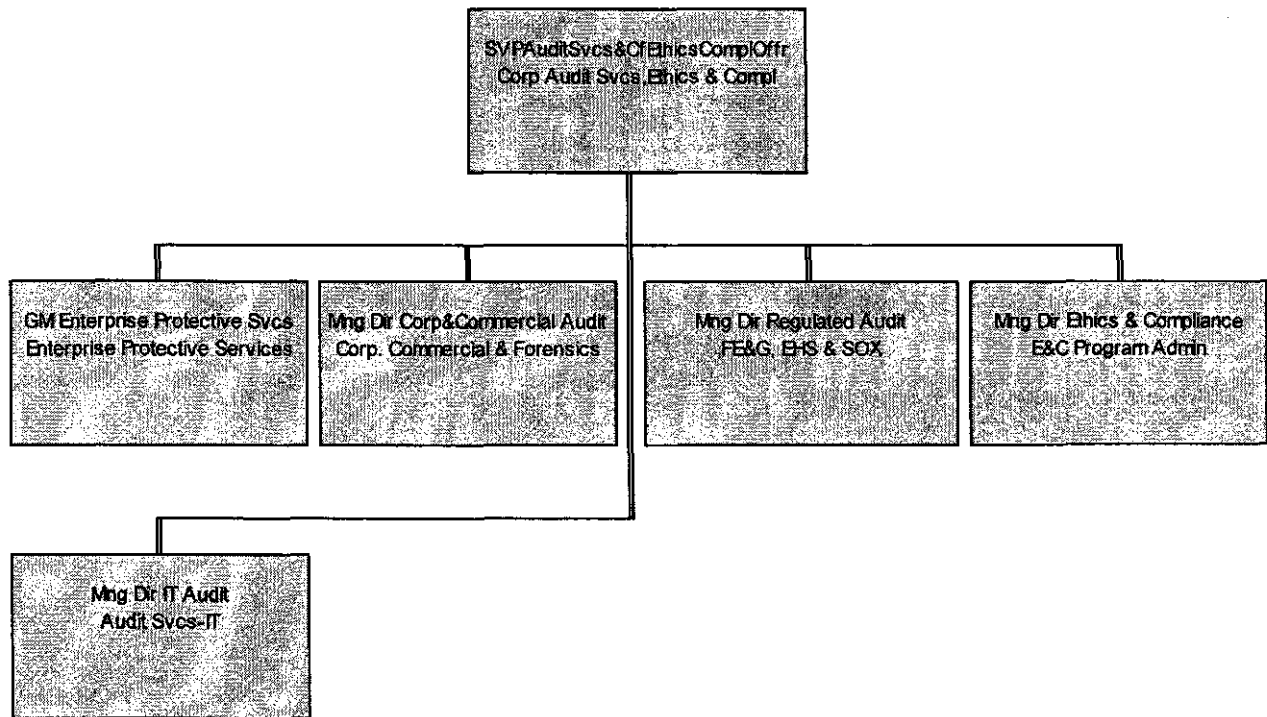
Corporate Audit Services reports the results of its audits and other projects using standard templates or memoranda (depending upon the nature of the project). The reports include the conditions and their prioritization, management responses, and planned remediation dates. The reports are addressed to the appropriate process owners, and the report distribution includes the Chief Legal Officer, the Chief Financial Officer, the Corporate Controller, the Director Accounting Internal Controls, the Chief Information Officer (if technology-related) and management of the process owner up to and including the Chief Executive Officer.

Corporate Audit Services provides periodic updates to the Audit Committee as noted above.

VIII. Goal Attainment and Qualification

Performance is measured by the successful completion of the annual audit plan (amended as required), by the timely resolution of open audit conditions, and the results of annual surveys to management that gauge overall performance. Corporate Audit Services may also periodically review timeliness of report issuance and departmental financial results as performance indicators.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
ETHICS AND COMPLIANCE

I. Policy and Goal Setting

The objectives of the Ethics and Compliance Department are to provide services and expertise to support Duke Energy Corporation's (Duke Energy) values and to enable its compliance mechanisms and governance processes to function properly. To accomplish this objective, the Ethics and Compliance Department will:

- Examine and evaluate the adequacy of the design, documentation, and effectiveness of Duke Energy's ethics and compliance risk mitigation efforts throughout the organization;
- Assist management in the assessment of ethics matters, compliance issues and related business risks and in the identification of cost beneficial actions to mitigate risks, including potential fraud, to acceptable levels;
- Assist management in evaluating whether Duke Energy's strategy, objectives and goals will be met efficiently and effectively;
- Interact with various Duke Energy governance groups as required;
- Review and evaluate compliance with established laws, regulations, policies and procedures, as appropriate;
- Conduct selected special investigations, reviews, and consulting projects at the request of management, as appropriate, or the Audit Committee;
- Ensure that Duke Energy promptly reports crimes and legal and regulatory violations to appropriate governmental authorities as required;
- Communicate opportunities for improving management control and the organization's reputation to the appropriate level of management and to the Audit Committee of the Board of Directors;
- Follow-up on outstanding management actions and significant issues to validate that these matters are being resolved appropriately and timely; and
- Take reasonable steps to respond to inappropriate conduct and to prevent further similar misconduct, including making any necessary modifications to Duke Energy's ethics and compliance program.

Individual and team goals are established through a process that identifies the group's key objectives to be accomplished for the year, prioritizes them and aligns them with corporate goals. The goals for the Ethics and Compliance Department, which generally address effective training programs and operational effectiveness, are subject to the review and approval of the Chief Ethics and Compliance Officer and the Chief Legal Officer. At the end of each year, the performance of the team as a whole and of individual team members is evaluated and incentives are awarded proportionate to the level of overall achievement.

II. Strategic Planning

The strategic plan for the Ethics and Compliance Department, which supports the overall strategic direction of Duke Energy, is reviewed and approved by the Chief Ethics and Compliance Officer. An ethics and compliance risk assessment informs the strategic plan.

III. Organizational Structure

The Ethics and Compliance Department is led by the Chief Ethics and Compliance Officer, who reports functionally to the Audit Committee of the Board of Directors and administratively to the Group Executive and Chief Legal Officer. This reporting relationship is designed to provide sufficient authority to promote independence and to ensure effective coverage and appropriate action and communication regarding ethics and compliance matters. A Managing Director Ethics and Compliance has day-to-day operational responsibility for the ethics and compliance program.

The organizational chart for The Ethics and Compliance Department is presented as Exhibit E&C-1.

IV. Responsibilities

The Ethics and Compliance Department is responsible for ensuring that the organization is in compliance with corporate policies as well as regulations from federal and state regulatory agencies based on the framework provided by the U.S. Federal Sentencing Guidelines for Organizations. Responsibilities include but are not limited to:

- Review and assess emerging ethics and compliance risks, using an appropriate risk-based methodology, incorporating significant risks or control concerns identified by management, and communicate the results of this assessment along with any related mitigation activities to the Audit Committee. This assessment may be modified, as appropriate, for changing or emerging business risks or issues;
- Maintain a professional staff with sufficient knowledge, skills, and experience to perform its responsibilities;
- Report the results of its work to management and the Audit Committee in a timely manner, including providing a report on overall program implementation and effectiveness to the Audit Committee at least annually;
- Assist in the investigation of suspected fraudulent activities within Duke Energy and report the results to management and the Audit Committee
- Maintain and administer a rigorous follow-up process to ensure that committed management actions to address issues are properly and timely executed;
- Communicate instances where management has chosen to accept certain risks;

- Administer the anonymous hotline program in an efficient and effective fashion and in full compliance with applicable laws, requirements, and standards;
- Foster an appropriate level of ethics and compliance awareness throughout the organization and with vendors, customers and other key stakeholders as appropriate;
- Develop and administer effective training programs associated with ethics and compliance issues or matters;
- Help foster a culture of fraud awareness and assist in the development and implementation of anti-fraud programs as appropriate;
- Periodically evaluate the design, implementation and effectiveness of Duke Energy's ethics and compliance program; and
- Discharge these responsibilities in a manner consistent with the purpose and objectives set forth in the Ethics and Compliance Charter and the Duke Energy Code of Business Ethics and Duke Energy Vision and Mission.

V. Practices and Procedures

Assess Risk

Identify and maintain an understanding of the letter and intent of the relevant laws, rules, and regulations as applied to Duke Energy's underlying activity and business environment. Periodically assess the risk of non-compliance and take appropriate steps to design, implement, or modify the Ethics and Compliance Program to reduce the risk of non-compliance identified through this process.

Establish Expectations

Establish policies and procedures to prevent and detect non-compliance. Policies and procedures establish rules to ensure compliance with relevant laws, rules, and regulations; protect Duke Energy assets, both tangible and intangible; and protect Duke Energy's reputation.

Communicate

Periodically communicate Duke Energy's policies and procedures, and other aspects of the compliance and ethics program, through effective training programs and other awareness appropriate to the respective roles and responsibilities.

Monitor

Identify potentially non-compliant activity as soon as possible from the execution of the act so as to respond to it with corrective action prior to the activity becoming a pattern of non-compliant behavior including administration of a system that includes mechanisms that allow for anonymity or confidentiality, whereby the organization's employees and agents may report or seek guidance regarding potential or actual non-compliance without fear of retaliation.

Enforcement

Duke Energy's Ethics and Compliance Program is enforced consistently throughout the organization through:

- appropriate incentives to perform in accordance with the laws, regulations, and policies; and
- appropriate disciplinary measures for engaging in non-compliant conduct or for failing to take reasonable steps to prevent or detect non-compliance.

Review

After non-compliant conduct has been detected, Duke Energy takes reasonable steps to respond appropriately to the misconduct and to prevent further similar misconduct, including making any necessary modifications to Duke Energy's Ethics and Compliance Program.

VI. Decision Making and Control

Decision-making authority flows up through the Chief Ethics and Compliance Officer to the Chief Legal Officer and through the Chief Executive Officer to the Board of Directors, as necessary.

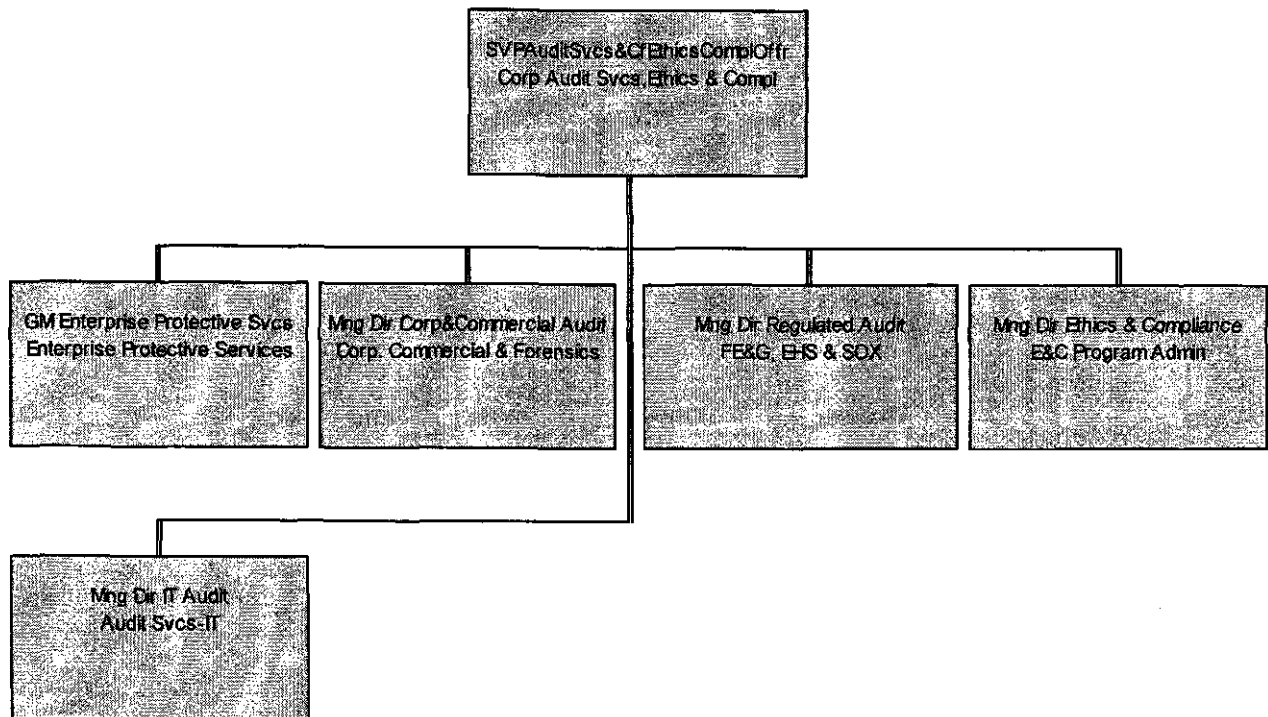
VII. Internal and External Communication

Ethics and Compliance personnel, in the performance of their duties and responsibilities, interface frequently with personnel within Duke Energy. Monthly management reports describing hotline activity are sent to Group Executives responsible for the various business units. Periodic updates are provided to the Audit Committee, including an annual assessment of the implementation and effectiveness of the Ethics and Compliance Program.

VIII. Goal Attainment and Qualification

Departmental goals are set at the beginning of the year. The goals cascade down from those set for the Chief Ethics and Compliance Officer. All employees have individual performance reviews every year. Employees are evaluated based on their achievements for the past year with respect to departmental goals and targets.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
DUKE ENERGY FOUNDATION

I. Policy and Goal Setting

The Duke Energy Foundation (the Foundation), the philanthropic arm of Duke Energy Corporation and its subsidiaries including, but not limited to, Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Duke Energy Carolinas, LLC and Duke Energy Indiana, Inc. (collectively, Duke Energy or the Company), does not issue policy statements for the corporation per se; however it does establish Foundation policies as approved by the Foundation Board of Trustees (the Trustees).

As background, the Foundation was established in 1984 as a separate, independent, private foundation to support the communities served by Duke Energy. As an integral component of Duke Energy's Sustainability Plan, the Foundation supports the Company's efforts to build strong communities by providing direct funding to non-profit organizations across the Company's service territories. In addition, the Foundation develops, administers and supports programs that enable employee and retiree community engagement.

Giving Approach

The Foundation focuses on four areas:

- * Environment & Energy Efficiency - Conservation and Training
- * Economic Development –Workforce Development
- * Education
- * Community Vitality – Human Services, Arts & Culture, Public Safety and Community Leadership/Capacity Building

Although the Foundation governance process is centralized through oversight by the Foundation Trustees, it also provides philanthropy at the local community level. The Foundation has developed a strong partnership with the subsidiary presidents' (the State President's) organizations in each of the states the Company serves in order to assess local needs and assist in the review of funding requests. Regional Contributions Councils have been developed in each state where the Company operates, which include representatives from key areas in the business, to support the work of the State Presidents' organizations and ensure that our Foundation gifts align with the Company's strategic business initiatives.

The Duke Energy Foundation Giving Guidelines provide a strong framework and structure to guide to the philanthropy decisions within the local communities.

II. Strategic Planning

Strategic planning for the Foundation begins with a review and understanding of relevant community needs as well as Company strategic plans, including the business plan, which is updated at least annually, but more often as needed. Foundation plans are also informed by best practice research, workshops, and conferences and benchmarking information. Additionally, external sources are monitored for emerging issues that could impact our charitable giving decisions.

Foundation staff meetings, and meetings with the key sponsors and internal subject matter experts, are held on a regular basis to discuss pending issues and to decide what items require attention and the timeframes under which the issues are to be addressed. The Foundation Trustees review and approve strategic areas of focus, policies and the overall contributions budget on a regular basis. Meetings with the Foundation Trustees are held approximately four times a year and periodic updates are given, as needed.

III. Organizational Structure

The Foundation maintains an independent governance process through its Board of Trustees. The leadership structure consists of President, Vice President, Treasurer, Secretary, Assistant Secretary and Manager. The Foundation Manager reviews all grants and attends the Trustee meetings. The Treasurer is assigned from the Treasury Department, and the Legal Department provides legal and corporate governance support. The Tax Department prepares and files the Foundation tax returns.

The organization chart for the Duke Energy Foundation is attached as Exhibit DEF-1.

IV. Responsibilities

The Duke Energy Foundation is an independent, 501(c)(3) organization. Funded by Duke Energy Corporation, it seeks to help fulfill the Company's commitment to be a leading corporate citizen, while supporting business objectives through strategic philanthropy.

The Foundation staff has general charge of the governance, strategy, controls and systems related to philanthropic giving. This includes the processing of grants for charitable not-for-profit organizations and for programs to stimulate employee volunteerism and giving.

Governance

The Foundation is governed by Foundation Trustees who are appointed by the Company's Chief Executive Officer from executive leadership. They:

- √ Establish overall Foundation policies and areas of focus
- √ Establish annual giving level
- √ Review / approves major gifts:
 - All grant requests over \$100K and
 - Multi-year commitments of any amount

The Duke Energy Foundation Officers:

- √ Recommend and manage Foundation policies / programs
- √ Ensure strong governance and control processes
- √ Central resource for giving records / budget to date
- √ Back office to all contributions
- √ Member of all Regional Contributions Councils
- √ Manage Corporate allocation of annual giving budget
- √ Serve as expert resource in negotiation with non-profits to extract greatest value and build / protect our brand
- √ Serve as staff to Trustees / Executive Leadership on contributions requests
- √ Meet at least three times / year and can approve major grant requests via e-mail ("electronic vote")

Regional Contributions Councils, composed of the local State President and business and community relations leaders named by the State President, operate in Ohio/Kentucky, Indiana, and Carolinas service territories. They:

- Establish regional giving plan and allocation (including United Way)
- Evaluate local grant requests. Approve minor grants. Seek Trustee approval of major grants
- Meet at least quarterly and as needed
- Consult with the Foundation on comparables and ways to leverage opportunities
- Maintain strong governance / record keeping
- Coordinate/communicate with other Regional Contributions Councils on grant decisions

V. Practices and Procedures

The Foundation supports projects and programs of organizations that qualify as charitable, not-for-profit, 501(c)(3), tax-exempt organizations, under the Internal Revenue Code guidelines. Grants are for specific projects or designated programs that encourage initiative, creativity and collaboration by contributing to the total well-being of the community in four areas: (1) Environment and Energy Efficiency, (2) Economic Development (3) Education, and (4) Community

Vitality. Diversity and inclusion along with employee volunteerism underpin all areas of focus.

Requests are made online at: www.duke-energy.com. The requests are received into the electronic system. The requests are routed to the appropriate internal reviewer for consideration (e.g. Customer/Business Relations Manager, Area/District Field Manager and/or Generating Station Manager), who, will recommend for approval or decline the request. Grants recommended for approval are then routed in the system for subsequent review based on the established delegation of authority, and ultimately are reviewed and approved by Duke Energy Foundation officers and/or Trustees. Organizations receive either award or decline letters via e-mail, and the actual checks are usually hand-delivered by local Duke Energy personnel.

- All grants include an internal Duke Energy “sponsor”, a clear reason for making the contribution that relates to the areas of focus, and regular reports on the measurable results of the project.
- Employees that are active in an organization or serve the organization in a leadership capacity are precluded from approving/voting on a grant request for the related non-profit organization per the Foundation’s Conflict of Interest Policy.
- Internal procedures are followed as required by the Internal Auditing Department to audit bank statements and fund appropriations to ensure that the Foundation funds are being properly disbursed.
- All Foundation policies, procedures and controls are subject to regular review by the Company’s Internal Audit Department.

VI. Decision Making and Control

Final grant decisions are made by the Foundation officers and/or Trustees. Representatives from the State President’s organizations, working closely with the Region Contributions Council, determine the grants that best meet needs within the local service territory communities. Delegations of authority have been established to govern approval authority. All multi-year grants and any grant request over \$100,000 are reviewed and approved by the Foundation Trustees.

Duke Energy Foundation control processes include:

- Contributions Conflict of Interest Policy
- Detailed grant requests / “Memorandum of Understanding” (MOU) for all requests \$100K and above
- MOU management and payment tracking process
- Internal sponsorship of grant requests
- Required entry of grant request and relevant tax status documents by 501c3 (nonprofit agency)
- Minimum of two levels of review for all grant requests

- Segregation of duties between Trustees/Regional Councils/Foundation in approving grant requests; clear delegation of authority
- Check printing and distribution performed by independent contractor
- Monthly review of all disbursements by Foundation Manager
- Outstanding check process review by Foundation staff
- End of year budget reconciliation by Foundation staff
- Investment of Foundation assets by Treasury Department
- Foundation bank reconciliation by Corporate Accounting and Foundation staff
- Performance metrics and service level agreement with independent vendor
- Reinforced system checks to mitigate risks related to the potential association with political organizations and “benefits” being received by the company
- Internal Audit of Foundation
- Ongoing legal advice and counsel, in particular with significant grant requests

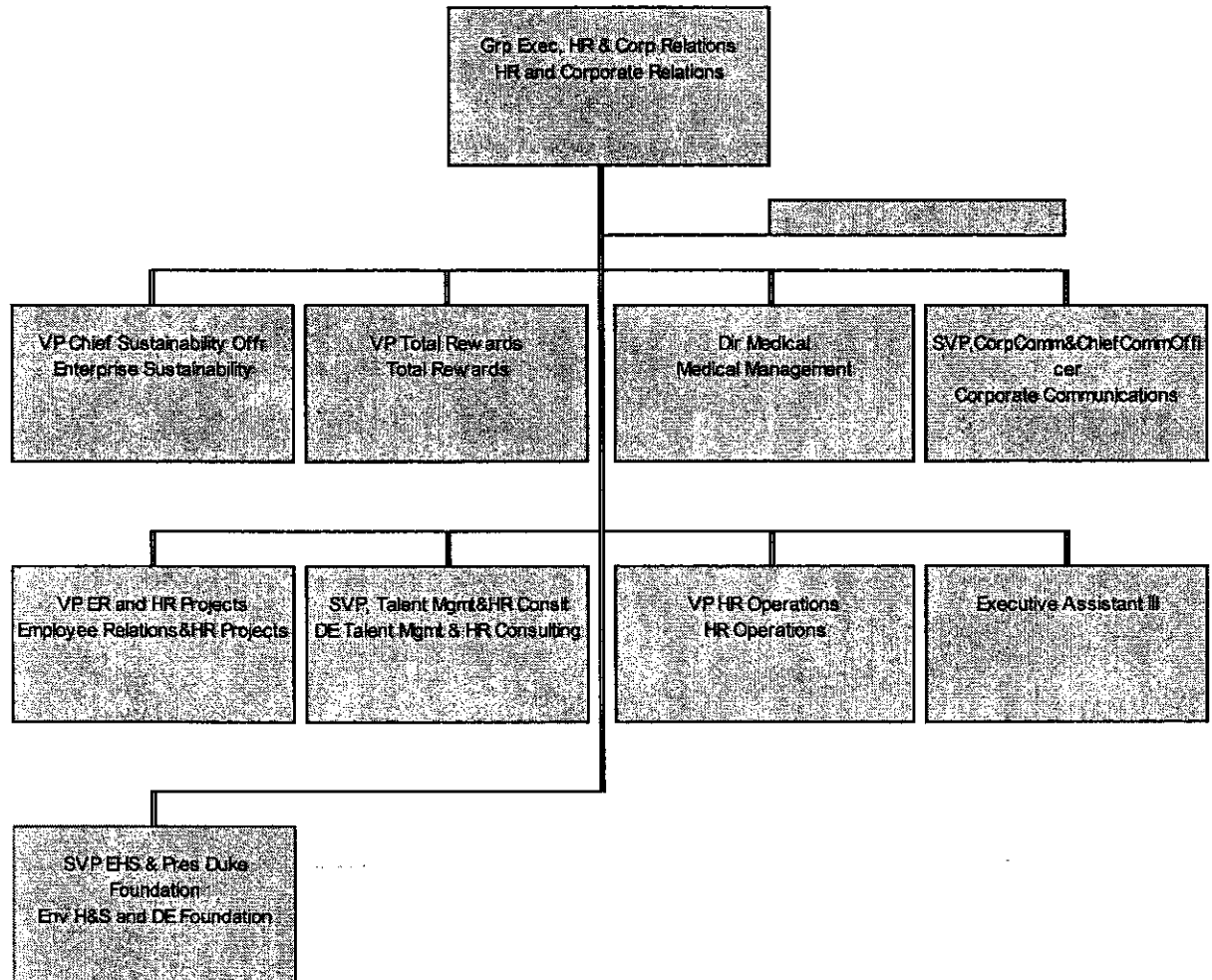
VII. Internal and External Communication

The Foundation maintains a website on www.duke-energy.com. Through this website, the Foundation publicizes its policies and guidelines for grant requests. Additional information on Duke Energy philanthropic programs and community initiatives is also included.

VIII. Goal Attainment and Qualification

Goal attainment and qualification is subjective. The goal of the Foundation is to use corporate contributions wisely to support the company’s objective of being an engaged corporate citizen in the communities served by the company.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
INFORMATION TECHNOLOGY DEPARTMENT
IN RESPONSE TO STAFF LETTER DATED JUNE 20, 2012

I. Policy and Goal Setting

The purpose of the Duke Energy Corporation's (Duke Energy) Information Technology Department is to manage the optimum delivery of IT services in a manner that is transparent, scalable, and cost effective while developing IT leadership and maintaining access to a skilled workforce. The IT Department partners with the business to achieve organizational and financial objectives.

IT goals are established annually by the Senior Vice President and Chief Information Officer (CIO). These goals are created in support of corporate business objectives and include:

- Deliver value to the business;
- Ensure a sustainable workforce;
- Establish standard, scalable processes; and
- Manage IT risks.

Specific incentive goals vary year to year but are always designed to support corporate and business objectives. Departmental IT Key Performance Indicators are established to measure performance against planned objectives. CIO staff divisions establish goals unique for their areas. Individual incentive plans include some combination of corporate, department, and individual goals.

IT policy is established and approved by the Senior Vice President and CIO. Policies are statements of management's commitment and expectations, and created to manage risks.

Formal policies exist for:

- IT Governance
 - Addresses management oversight, IT structure and functional areas, Exhibit IT-1.
- IT Asset Management
 - Addresses use and handling of Duke Energy information, hardware and software, Exhibit IT-2.
- Electronic Communications

- Addresses governance for use of electronic technologies such as Email and instant messaging, Exhibit IT-3.
- Enterprise Architecture
 - Addresses a consistent approach for developing IT architecture, Exhibit IT-4.
- IT Service Management
 - Addresses processes and controls for change management and problem resolution, Exhibit IT-5.
- IT Security
 - Governs the protection of information assets and ensures the confidentiality, integrity, and availability of Duke Energy information, Exhibit IT-6.
- Supervisory Control and Data Acquisition Cyber Security
 - Governs the protection of information, applications, and systems used to operate, control, and monitor the industrial control systems, n Exhibit IT-7.
- IT Program and Project Management
 - Addresses implementing a consistent approach to project management practices, Exhibit IT-8.

Duke Energy Ohio, along with its sister utility operating companies, participate in decision making processes for IT projects. Information technology initiatives are developed in collaboration with Duke Energy leadership across all jurisdictions. This process will not be affected by the merger with Progress Energy. Project proposals are sponsored by individuals and groups with customer service responsibilities to ensure alignment with regulatory, customer satisfaction, and/or efficiency objectives. Value and benefit is defined based on customer feedback and needs, with input from the state presidents, customer services, and transmission & distribution functions.

The prioritization of information technology initiatives, in general, is based on need, cost, and risk, among other factors. Response to regulatory orders and operational efficiency are primary drivers. Duke Energy, current and post merger, is committed to serve the needs of all customers, as economically as possible, regardless of jurisdiction.

IT policies and procedures are designed to optimize the delivery of IT services in measurable ways such as reliability, scalability, and cost effectiveness. Practices are evaluated periodically to ensure we are keeping pace with evolving business needs. The Chief Information Officer (CIO) reviews all IT policies with the IT Governance Council (ITGC), an advisory group of business peers. The IT Governance Working Team (ITGWT) focuses on strategy, standards, compliance and oversight. Post merger, membership of both these groups will be evaluated to ensure appropriate representation. IT policy and decision making is centered on serving the enterprise and delivering enterprise value. As specific jurisdictional needs are identified, project proposals will be developed, consistent with how they are currently developed, and assessed accordingly.

These IT-specific policies are an integral part of Duke Energy's corporate policies.

II. Strategic Planning & Long Range Planning

IT conducts planning on several levels. Strategic Planning is conducted annually to refine IT vision, strategy, and major initiatives for a three to five year horizon. Business Unit Technology Plans are revised at least annually and aggregated into an Enterprise Technology Plan reflecting specific business need and technology requirements for the next three to five years.

Annual IT Business Planning is conducted to identify focus areas, initiatives and projects to be undertaken during the next twelve months in support of enterprise technology plans and IT department goals. IT Financial planning is conducted on an annual cycle as directed by Corporate Finance. Utilizing guidance from Corporate Finance, a department budget is compiled with input from all levels of management within IT and the Investment Management working team.

Following is a summary of overall planning processes and timeline:

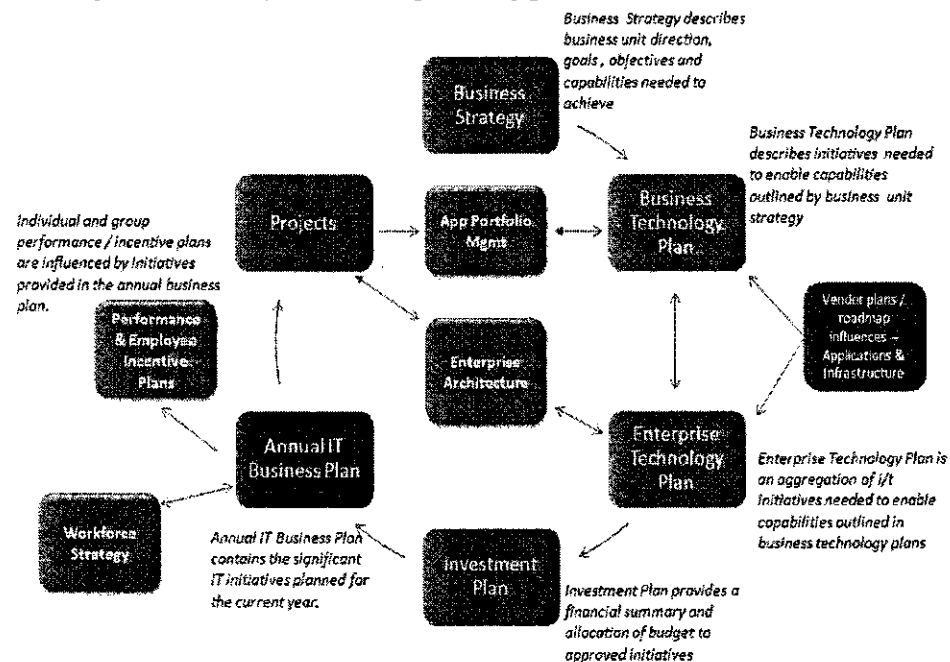


Figure 1. depicts overall planning process.

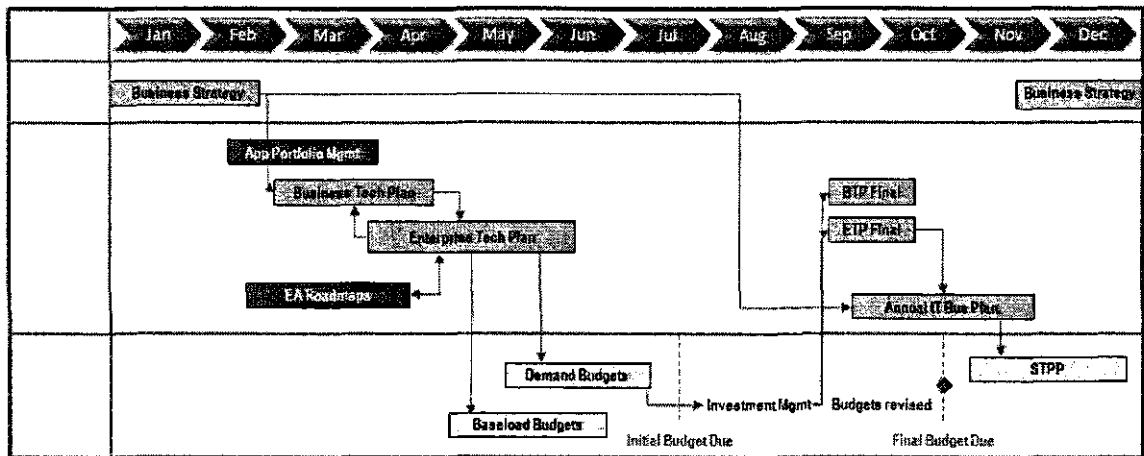


Figure 2 depicts overall planning timeline.

Business area planners and IT Department leaders participate in the overall IT planning processes.

III. Organizational Structure

The Duke Energy IT function is a centralized department led by the Senior Vice President and CIO. The Senior Vice President and CIO reports to the Group Executive and Chief Legal Officer, who in turn reports to the Chairman, President and Chief Executive Officer.

The divisions of the IT Department include:

- Enterprise Application and Vendor Management Office;
- Data Management and Architecture;
- IT Project Management Office (PMO) and Resource Management;
- Duke Energy International Information Technology;
- Operations and Infrastructure;
- Operations Applications;
- Generation IT; and
- Performance and Project Management.

The organizational structure for the Information Technology Department is attached as exhibit IT-9.

IV. Responsibilities

IT enables business processes to safely and securely meet business needs, comply with regulatory requirements, create new capabilities, enhance operational efficiency, and optimize business operating costs. IT groups design, develop, and support numerous

applications and data management systems. Examples of these include Duke Energy Ohio's Customer Management System (CMS), Revenue Manager, and the Enterprise PeopleSoft financial management system. Various hardware, software, and systems are operated and maintained by IT personnel including workstations, servers, data centers, and telecommunication networks. End user support is provided through a centrally managed Enterprise Help Desk. The IT Security function provides user provisioning, event monitoring, and vulnerability management.

V. Practices and Procedures

Although policy is approved by the CIO, practices and supporting procedures are established IT Management. The operating model is based on a comprehensive Solution Delivery Life Cycle (SDLC). It is supported by time reporting and project management processes. Figure 3 illustrates these processes and related deliverables.

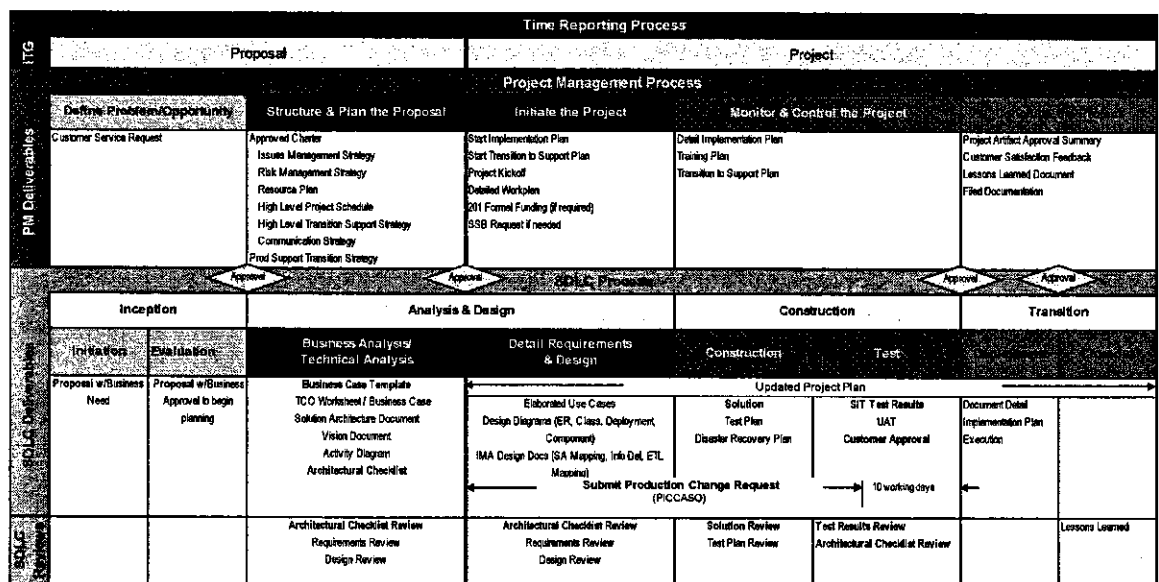


Figure 3 – SDLC and Project Management Processes

Project spending requests exceeding five year Total Cost of Ownership of \$100,000 or creating increased ongoing operations & maintenance (O&M) are subject to the Business Case Review Process. The following characteristics apply: Baseload and Customer Demand; O&M and Capital; Budgeted or un-budgeted. All project and scheduled work is tracked through the time reporting process.

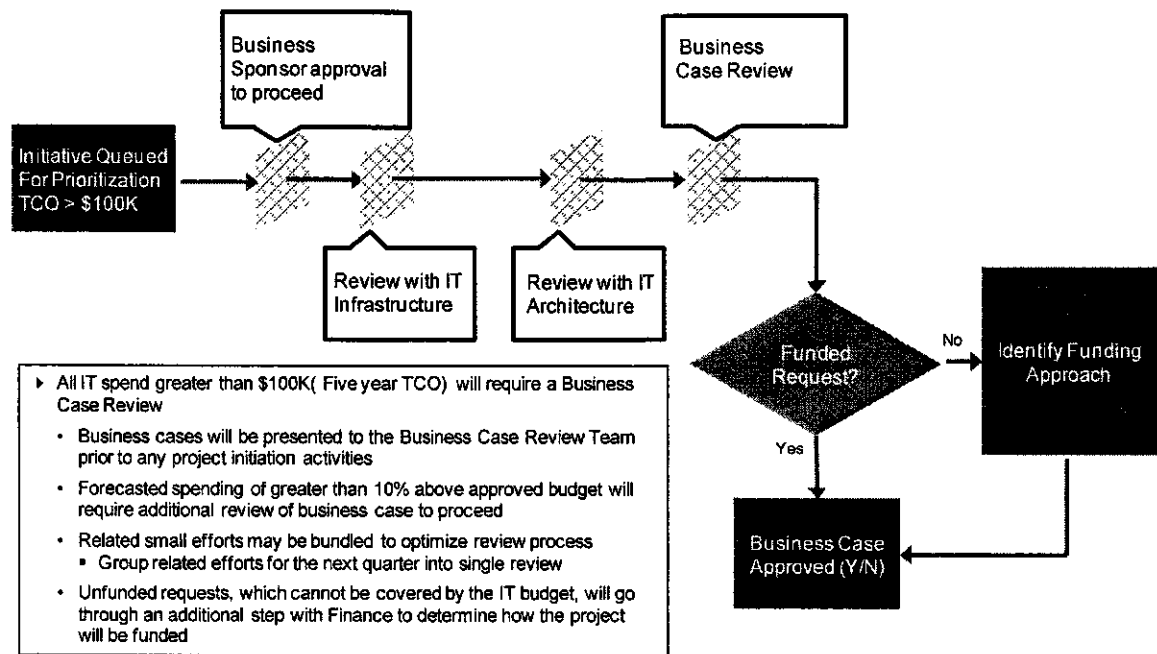


Figure 4 – PMO Business Case Process Flow

All changes to the IT production environment, including changes resulting from Solution Delivery Life Cycle work incident, and service requests are controlled through common change, configuration, asset, and problem management processes. A configuration management database (CMDB) maintains configurations of all IT assets and is central to these processes.

Incidents reflect issues in the production environment and usually originate from the Enterprise Help Desk. Service requests and SDLC work may initiate change requests as entry points to these processes. Other scheduled IT work uses the same work management and change control systems to comply with change management processes. Figure 5 shows the dependencies across the processes described in this section.

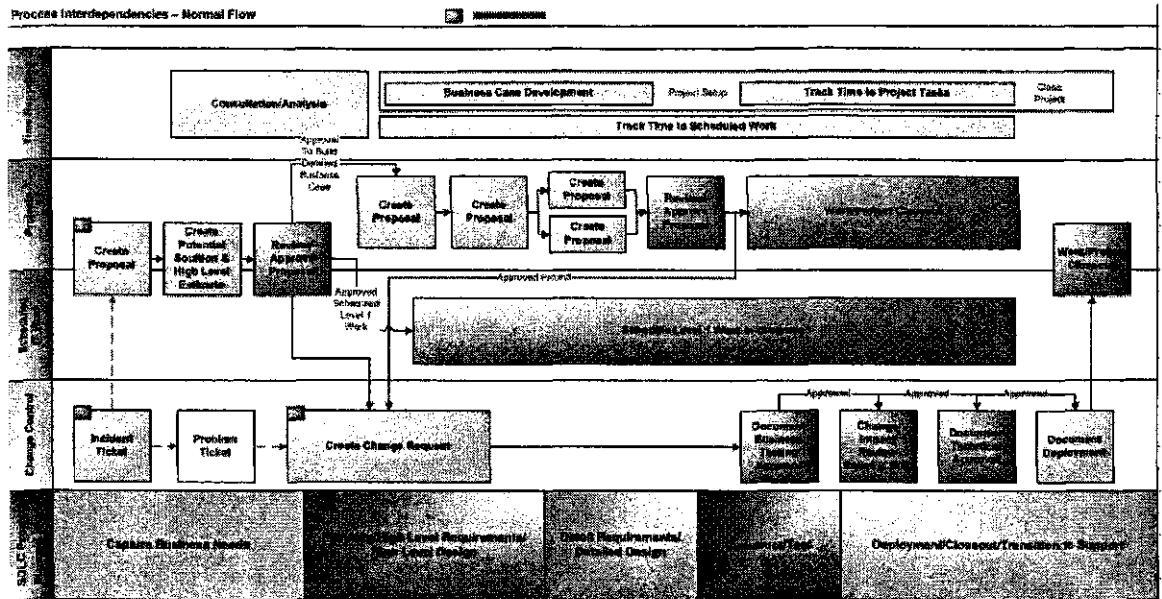


Figure 5 – Process Inter-dependencies

VI. Decision-Making and Control

The CIO is accountable for the oversight and operations necessary to provide information technology services to the organization. The CIO is supported by multiple groups to ensure a broad perspective in achieving business alignment and cost transparency. The IT Governance Council (ITGC) is an advisory group that meets five to six times annually, typically on alternate months. This group, chaired by the CIO, is comprised of selected business executives from key areas of Duke Energy. Membership varies over time, but the mission of this committee is to review and provide input on information technology strategy, services, and key initiatives. This group also facilitates communication and change management as needed within their respective business areas.

The CIO Staff actively participates in the development and execution of policy and standards related to oversight and compliance. In this capacity, the CIO Staff meets monthly and is facilitated by the IT Architecture team to address governance matters.

CIO Staff is responsible for the management required to deliver IT services to the organization. Financial responsibility exists at this level and the Staff is accountable for day to day operations, including staffing and sourcing. CIO Staff meets weekly as a group. The CIO also meets regularly with Staff on an individual basis to ensure focused management and oversight of functional divisions within the IT Department. IT Performance and Program Management (PPM) and IT PMO work jointly to facilitate business case, architecture, and security reviews. Funding and execution are coordinated with requesting business units and Finance Department to ensure performance transparency.

IT Architecture, IT Security, and other work teams originate and recommend standards to the CIO Staff as appropriate. These teams are led by subject matter experts within IT divisions.

IT PPM and PMO teams are a control function for project work. Various compliance activities and audits are conducted by the compliance function within IT, the internal audit department, and by various third-party auditors (for example, annual SOX and Payment Card certification).

VII. Internal and External Communication

Internal Communication

Internal communications are accomplished through a wide variety of departmental meetings and other communications mechanisms.

All levels of management within the IT Department conduct regular staff meetings that serve as the primary means to collect and disseminate information within the department. From time to time, the CIO will issue department wide communications discussing major initiatives or events. Broad management meetings are sometimes conducted to discuss topics appropriate for IT leadership.

Within the Duke Energy, the IT function periodically publishes articles of general interest on the organizations internal portal. Items concerning IT security that affect the workforce are a good example of this type of communication. Relationships exist between the application divisions and the various functional business areas they support. Within the IT Operations division, an Enterprise Help Desk and a Local IT Client Services function provide assistance to the workforce for IT-related matters.

The portal includes an IT Home page that serves as a reference library for the IT Department on governance, strategy and policy and service information. The IT Standards page provides technology architecture and standards information to IT practitioners and end-users. The IT Security page provides information related to policy, standards, best practices, processes, key contacts, and other useful information.

External Communication

The IT Department communicates externally primarily through relationships with suppliers of IT products and services. These include responding to solicitations, issuing Requests for Information, Quotes, Proposals or other communication related to the execution of work under various contracts for products and services.

Contingent workers comprise a portion of the IT workforce and occasionally receive communications concerning health and safety, or other workforce related topics. As required, communications are coordinated through the respective staffing partners.

Personnel in the IT department participate in various community programs such as Duke Energy's annual Global Services Event, local Chamber of Commerce activities, and educational programs.

VIII. Goal Attainment and Qualification

Department employees participate in a Short-Term Performance Plan (STPP) administered by Corporate Human Resources. These plans are developed annually and consist of a combination of corporate measures, departmental goals, and individual performance. Goals within a plan have levels of attainment that include minimum, target, and maximum payout levels.

Financial measures are certified by Corporate Finance and approved by the Compensation Committee of the Board of Directors. Documentation of results, recommendations, and approved achievement are collected and recorded by Corporate Human Resources which also ensures approval by appropriate management. Payout results are input to the payroll process and become auditable business records.

IT 100 – Information Technology Governance Policy

Applicability:	Applies to the IT Organization
Originator:	VP Data Management & Architecture
Approval:	Chief Information Officer
Approval Date:	1/15/2012
Revision Date:	4/18/2012
Revision No:	1.0

Statement of Purpose and Philosophy:

The IT 100 Information Technology (IT) Governance Policy is Duke Energy's statement of commitment to the management of the corporate IT Organization, and oversight of the department's performance to ensure the Company's information and related technologies support Company objectives. The IT 100 Policy, including the supporting Standards, Processes and Procedures, shall be the governing documents to define the minimum requirements regarding governance practices.

The IT Organization implements and manages information technology-based solutions that enable business processes to meet operational requirements, comply with legal and regulatory requirements, create new capabilities, enhance operational efficiency and optimize operating costs. The following core principles are the foundation for this policy:

Strategic Alignment – The IT Organization partners with the Business to ensure goals and objectives are aligned with the Company's strategy and vision.

Risk Management – The IT Organization leverages a risk management framework to evaluate regulatory, financial and operational risks. Once identified, risks are addressed through mitigation and corrective actions.

Resource Management – The IT Organization establishes and deploys enabling IT capabilities, such as workforce, technologies and processes, to meet the Company's needs.

Performance Measurement – The IT Organization establishes management practices for assessing financial, operational and process activities.

1. Policy Expectations

- 1.1. Policies, standards, processes and procedures will be established to manage the IT Organization.
- 1.2. The IT Organization will operate in accordance with IT Governance principles. IT functions, such as strategy, risk management, architecture, compliance and cyber security, are integrated to support a strong control environment.
- 1.3. IT strategic and business technology plans will be developed and communicated.
- 1.4. An IT policy exception process will be established to evaluate situations when IT policy requirements are unable to be met. Documented approval by the appropriate level of management will be obtained to justify the level of risk being incurred.



IT 100 – Information Technology Governance Policy

2. Roles and Responsibilities

2.1. Chief Information Officer

The Chief Information Officer (CIO) is accountable for ensuring the lifecycle management of all IT policies as defined by the IT Policy Management Standard. The CIO will designate individuals to sponsor necessary committees and establish working teams as appropriate to effectively govern the IT Organization.

2.2. Business Leaders

Business Leaders will work in close collaboration with respective IT leaders to establish key processes, such as technology investment governance, IT strategy and business technology planning.

2.3. Information Technology Leaders

IT Leaders are responsible for establishing a capable workforce, supporting IT policies, standards, processes and controls, and implementing and operating systems to enable business processes.

2.4. Working Teams

Working Teams will be established as necessary to review and recommend IT policies, procedures, standards, architecture, processes and controls.

2.5. IT Compliance

IT Compliance will work in conjunction with Corporate Compliance to ensure the IT organization adheres to company, legal and regulatory requirements.

3. Monitoring and Compliance

- 3.1. Persons who implement or use Duke Energy information and information technology assets are subject to monitoring to ensure compliance with this policy. Persons who violate this policy should be reported to management for appropriate corrective action.



IT 200 – Information Technology Asset Management Policy

Applicability:	Applies to the Enterprise
Originator:	VP Data Management & Architecture
Approver:	Chief Information Officer
Approval Date:	12/31/2021
Revision Date:	4/15/2012
Revision No:	2.0

Statement of Purpose and Philosophy:

The IT 200 Information Technology Asset Management Policy is Duke Energy's statement of commitment to the management of Company information and technology assets (i.e., IT hardware, software and data), including any data produced, consumed, stored or transmitted. The intent of this policy is to establish governance for the acquisition, use and management of these assets.

The IT 200 Policy, including the supporting Standards, Processes and Procedures, and any related policies shall be the governing documents to define the minimum requirements regarding the acquisition, use and management of information and information technology assets.

Duke Energy recognizes information and information technologies are essential and valuable corporate assets that are deeply embedded in our Business values of integrity, stewardship and accountability. The following principles provide the foundation for this policy:

Accountability – Information and information technology assets are considered corporate assets. Ownership responsibilities for the assets and the supporting processes will be assigned.

Appropriate Use – Expectations for the use of information and information technology assets will be determined based on business needs.

Centralized Acquisition – Acquisition of information technology assets will be centrally managed within the corporate IT Organization.

Standardization – Standard information technology products will be defined for use throughout the Company.

Lifecycle Management – Management practices will be established that span the asset lifecycle.

I. Policy Expectations

1.1. All Company information and information technology assets are provided to the workforce for use in conducting Company business. Use of Company information and information technology assets must comply with the Duke Energy Code of Business Ethics, related policies, standards and procedures, and applicable federal, state, local and industry regulations.

1.2. Ownership and accountability for information and information technology assets will be established and managed throughout the assets lifecycle.



IT 200 – Information Technology Asset Management Policy

- 1.3. All information and information technology assets will be managed through a lifecycle methodology, ensuring the asset is properly considered, acquired, inventoried, classified, maintained, supported and retired.
- 1.4. All information technology assets and any external information technology related services (i.e., third party service providers) must be acquired through the corporate IT Organization.
- 1.5. Information technology assets must be consistent with the standard products and services authorized by the corporate IT Organization.
- 1.6. Total cost of ownership, including procurement, implementation, ongoing support and retirement costs will be factored into decisions to acquire information technology assets.
- 1.7. Only authorized software is allowed on Duke Energy equipment. All computer software copyrights and licenses must be adhered to. This applies to any software, including shareware, freeware and open source software, residing on Company information technology hardware assets.
- 1.8. Information will be retained in accordance with the standards established by the Duke Energy Records Management Policy.
2. **Roles and Responsibilities**
 - 2.1. **Senior Management**
Senior management is responsible for the stewardship of information and information technology assets within their business units, ensuring relevant roles and responsibilities have been assigned. Select senior managers will be designated as Data Sponsors.
 - 2.2. **Chief Information Officer**
The Chief Information Officer (CIO) is accountable for ensuring the lifecycle management of this policy as defined by the IT Policy Management Standard. The CIO is responsible for ensuring programs and processes are in place for effective information asset management.
 - 2.3. All members of the Duke Energy workforce are to understand and comply with this policy.
 - 2.4. Managers and supervisors are responsible for ensuring the workforce is aware of this policy.
3. **Monitoring and Compliance**
 - 3.1. Persons who use Duke Energy information or information technology assets are subject to monitoring for appropriate use and compliance with software license agreements, copyright laws and this policy. Violations of this policy should be reported to management for appropriate disciplinary action.
 - 3.2. Persons who violate this policy are subject to corrective action, up to and including termination of employment.



IT 300 – Electronic Communications Policy

Applicability:	Applies to the Enterprise
Originator:	VP Corporate Applications
Approval:	Chief Information Officer
Approval Date:	05/15/2008
Revision Date:	4/18/2012
Revision No:	2.0

Statement of Purpose and Philosophy:

The IT 300 Electronic Communications Policy is Duke Energy's statement of commitment to the management of electronic communications (i.e., email, video, instant messaging, etc.). The intent of this policy is to establish governance for the use of these technologies, as well as, the information exchanged during their use. The IT 300 Policy, including the supporting Standards, Processes and Procedures, and any related policies shall be the governing documents for the use of electronic communications.

Electronic communications is recognized as a vital communications medium, yet it carries the potential for rapid and unmanaged distribution. The following principle provides the foundation for this policy:

Stewardship – The content delivered, accessed and stored by electronic communications technologies must reflect the best interest of the Company, whether the content is communicated on private or public networks.

1. Policy Expectations

- 1.1. All electronic communications, both internal and external, must be created, transmitted and retained in accordance with the Duke Energy Code of Business Ethics; related policies, standards and procedures; and applicable federal, state, local and industry regulations.
- 1.2. All Company electronic communications systems and related messages, content and attachments are the property of Duke Energy.
- 1.3. Individuals are prohibited from using electronic communications to communicate or engage in the use or propagation of offensive or illegal materials.

2. Roles and Responsibilities Chief Information Officer

The Chief Information Officer (CIO) is accountable for ensuring the lifecycle management of this policy as defined by the IT Policy Management Standard.

- 2.1. All members of the Duke Energy workforce are to understand and comply with this policy.
- 2.2. Managers and supervisors are responsible for ensuring the workforce is aware of this policy.



IT 300 – Electronic Communications Policy

3. Monitoring and Compliance

- 3.1. Electronic communications, including but not limited to email, instant messaging and Internet activity, generated or received on Duke Energy systems are considered Duke Energy property and are subject to monitoring. Violations of this policy should be reported to management.
- 3.2. Persons who violate this policy are subject to corrective action, up to and including termination of employment.

4. Key Terms and Definitions

Electronic Communications – Technologies used to transmit electronic information or digital content between individuals or systems. These include, but are not limited to email, video, pictures, text messages, instant messages, blogs, discussion boards, wikis, electronic documents posted for publication and other material exchanged.



IT 400 – Enterprise Architecture Policy

Applicability:	Applies to the IT Organization
Originator:	VP Data Management & Architecture
Approval:	Chief Information Officer
Approval Date:	1/15/2012
Revision Date:	4/18/2012
Revision No:	1.0

Statement of Purpose and Philosophy:

The IT 400 Enterprise Architecture Policy is Duke Energy's statement of commitment to maintaining a scalable, flexible and cost effective information technology (IT) environment. The intent of this policy is to ensure a systematic approach for developing IT architectures that are aligned with Duke Energy's business needs. The IT 400 Policy, including the supporting Standards, Processes and Procedures, shall be the governing documents to define the minimum requirements regarding enterprise architecture.

An enterprise architecture program provides the means to effectively manage the total cost to deliver and maintain information technology-based solutions, to accelerate the delivery cycle, and to ensure quality of products and services. The following principle provides the foundation for this policy:

Partnership – A collaborative approach between business and IT will be used for a successful convergence of business needs and processes, enabling information technologies, solution delivery and support.

1. Policy Expectations

- 1.1. Company IT investments will be assessed to ensure alignment with enterprise architecture practices and standards.
- 1.2. An Enterprise Architecture framework and planning process will be used to align business and IT strategies.
- 1.3. Implementation of enterprise architecture-related programs (i.e., application portfolio management) necessary to maximize value from IT products and services.
- 1.4. Business units and IT teams will collaborate to ensure business technology plans are developed to guide information technology investments and solution delivery.

2. Roles and Responsibilities

2.1. Chief Information Officer

The Chief Information Officer (CIO) is accountable for ensuring the lifecycle management of this policy as defined by the IT Policy Management Standard. The CIO is responsible for ensuring programs and processes are in place for an effective enterprise architecture program.

2.2. Enterprise Architects

Enterprise Architects are responsible for defining strategies, architectures, standards, processes, and standard products to ensure consistent implementation across the Company. Enterprise Architects maintain a cross functional view of the IT portfolio and identify opportunities for improvement, enhancement and standardization. Enterprise Architects engage in solution delivery to ensure compliance with enterprise architecture standards and practices.



IT 400 – Enterprise Architecture Policy

2.3. System Architects

System Architects are responsible for the IT architecture of one or more functional or technical portfolios (i.e., Finance systems, HR systems, workstations and data networks). Within their respective portfolios, System Architects will assure systems and infrastructures conform to standards and coordinate the work of Solution Architects.

2.4. Solution Architects

Solution Architects are responsible for the IT architecture of a specific solution within a single functional area (i.e., Finance systems, HR systems, workstations and data networks). Within their specific solution, Solution Architects will assure systems and infrastructures conform to standards.

2.5. IT professionals are expected to follow and apply IT architecture practices and standards in their day-to-day activities.

3. Monitoring and Compliance

- 3.1. Persons who implement or use Duke Energy IT assets are subject to monitoring for compliance with this policy. Violations of this policy should be reported to management for appropriate corrective action.



IT 600 – Information Technology Service Management Policy

Applicability:	Applies to the IT Organization
Originator:	VP IT Operations and Infrastructure
Approval:	Chief Information Officer
Approval Date:	9/13/2007
Revision Date:	4/18/2012
Revision No:	2.0

Statement of Purpose and Philosophy:

The IT 600 Information Technology (IT) Service Management Policy is Duke Energy's statement of commitment to the management of the Company's IT resources and the delivery of IT services. The intent of this policy is to establish the disciplines, practices and controls to manage and deliver Duke Energy IT services and resources (i.e., hardware, software and support). The IT 600 Policy, including the supporting Standards, Processes and Procedures, shall be the governing documents for the IT Service Management functions.

IT Service Management ensures business efficiency and customer satisfaction in relation to IT service management and delivery. The following principle provides the foundation for this policy:

Service Management – The IT Organization manages and delivers essential services to the Business and utilizes an IT Service Management framework to provide responsive customer service while maintaining the availability and integrity of the IT environment.

1. Policy Expectations

- 1.1. An IT Service Management framework will be used to manage and deliver customer services, such as change requests, problem resolutions, incident management and asset management.
- 1.2. An IT Service Management framework will be used to manage IT resources from acquisition to disposal.
- 1.3. An IT Service Management framework will be used to ensure service availability and integrity of the IT environment.

2. Roles and Responsibilities

2.1. Chief Information Officer

The Chief Information Officer (CIO) is accountable for ensuring the lifecycle management of Duke Energy's IT Service Management program as defined by the IT Policy Management Standard.

- 2.2. IT professionals are expected to follow and apply IT service management standards and procedures in their day-to-day activities.



IT 600 – Information Technology Service Management Policy

3. Monitoring and Compliance

- 3.1. Persons who implement or use Duke Energy IT resources are subject to monitoring for compliance with this policy. Violations of this policy should be reported to management for appropriate corrective action.

4. Key Terms and Definitions

IT Service Management (ITSM) Framework – An ITSM Framework provides the strategy, design, transition, operation and continuous improvement of IT services. It includes the coordination and control of various functions, processes and systems necessary to manage the full lifecycle of IT services. A key objective of this framework is to manage and deliver IT services based on the customer's view of IT's value to the Business.



IT 5000 – Enterprise Information Security Policy

IT 5000 – Enterprise Information Security Policy

Applicability: Enterprise
 Originator: Corporate IT Strategy and Compliance
 Approval: Governance Working Team (GWT)

Approval Date: 5/10/2011
 Revision Date: 5/10/2011
 Revision No: 2.7

Statement of Purpose

Information and the associated information technologies are one of Duke Energy Corporation's (Duke Energy) most valuable assets and are essential for maintaining and improving Duke Energy's competitive position. The IT 5000 Policy is Executive Management's "Statement of Commitment" to protecting Duke Energy's information assets, and serves as the official, authorized governing policy for Enterprise IT Security. The purpose of this policy, and the supporting standards and procedures, collectively known as the IT 5000 Series, is to state the Enterprise requirements for the protection of information assets, and to ensure the confidentiality, integrity, and availability of company information.

Policy Expectation

This policy applies to all employees, contractors, vendors, agents, third parties, or any other person(s) who have access to Duke Energy information assets or facilities housing information assets. It is expected that they will understand and comply with the policies, standards, and procedures addressed herein, and further that it is the responsibility of all users to protect company information assets at all times. Information assets remain the property of Duke Energy, regardless of location, point of access, or mode of transfer from one point to another, and are subject to the security policies defined in the IT 5000 Series.

IT 5000.1 Information Security Policy

- a) The IT 5000 Policy, Standards, and Procedures define the minimally acceptable requirements for the protection of Duke Energy information assets.
- b) Corporate IT Strategy and Compliance is responsible for Duke Energy's IT Security Program. In this role they are responsible for the IT 5000 Series and for maintaining a consistent enterprise-wide approach to information protection.
- c) Each Business Unit is responsible for implementation of the security requirements defined in the IT 5000 Series documents and to provide support to Corporate IT Strategy and Compliance.
- d) Access to information assets by individuals or information systems will only be granted in support of specific business needs and will be controlled through the IT 5000 Series documents. All information assets will be assigned a security classification of "internal general", unless otherwise stated.
- e) In protecting its information assets, Duke Energy will comply with applicable laws and regulations; provided, however, that Duke Energy may require a higher level of security.
- f) Persons who use Duke Energy information assets are subject to monitoring. Persons who violate Duke Energy policy are subject to disciplinary action, up to and including, termination.
- g) Enforcement of IT Security policy, or lack of enforcement by Corporate IT Strategy and Compliance or other governing bodies, is not an indication of acceptance of a non-compliant practice.



Duke Energy Policy Statement

IT 5000 – Enterprise Information Security Policy

IT 5000.2 Review of the Information Security Policy

To ensure consistent and current alignment with enterprise goals, legal and regulatory compliance, and maintenance of an effective enterprise security posture, Corporate IT Strategy and Compliance is responsible for measuring enterprise compliance with, and the effectiveness of, the IT 5000 Series documents through an enterprise compliance program. The IT 5000 Series documents will be reviewed to ensure they provide relevant guidance for the security of Duke Energy's information assets.



SCADA Cyber Security Policy – IT6000

Applicability: Enterprise
 Originator: Data Management & Architecture
 Approval: IT Governance Working Team (GWT)

Effective Date: 03/25/2011

Revision Date: 03/25/2011

Reissue Date: 03/25/2011

Revision No: 1.0

Statement of Purpose

This policy establishes standards for protecting information, applications, and systems used, operated, or maintained by Duke Energy that are subject to or related to supervisory, control, and data acquisition (SCADA), process control, or other operational processes that include real-time or similar systems involved in the operation, control, or monitoring of physical assets. These systems will generically be referred to as "SCADA" or "SCADA systems".

Policy Expectation

The SCADA Cyber Security Policy applies to the entire Duke Energy workforce, including but not limited to, employees, joint ventures, partnerships, subsidiaries, contractors, vendors, agents, and third parties who maintain or operate SCADA assets which fall under Duke Energy's responsibility. Every Duke Energy subsidiary and business unit shall manage security risks locally and maintain the security of enterprise SCADA systems.

This policy applies to all current operational systems and must be applied as part of system requirements to newly purchased or developed systems. All SCADA systems must comply with one of the following set of security standards:

- SCADA systems regulated by the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) reliability standards shall comply with the NERC CIP 003 Cyber Security Policy for Critical Cyber Assets.
- SCADA systems regulated by the Nuclear Regulatory Commission (NRC) regulation described in the Title 10 Code of Federal Regulations (CFR) §73.54 "Protection of digital computer and communication systems and networks" shall comply with the Duke Energy Nuclear Generation Department Cyber Security Plan (10 CFR 73.54)
- All remaining SCADA systems at Duke Energy shall comply with the IT6000 SCADA Security Risk Assessment and Standards.

Supervisory Control and Data Acquisition (SCADA)

SCADA (Supervisory, Control, and Data Acquisition) systems are digital systems used to manage industrial production, transmission, or distribution processes. SCADA systems are used, for example, to supervise a reactor functioning in a nuclear power plant, to monitor electricity distribution through a high voltage transmission grid, and to control natural gas flow through a pipeline.

General SCADA Requirements

General SCADA requirements follow:



SCADA Cyber Security Policy – IT6000

- All Company employees, joint ventures, partnerships, and subsidiaries, as well as contractors, vendors, agents, and third parties shall protect SCADA systems as outlined in this policy.
- Unless otherwise stated in a Duke Energy privacy statement or policy, or unless otherwise prohibited by local law, the Company reserves the right to access, view, copy, change, delete and disclose any information a SCADA system monitors or stores.
- Access to SCADA systems shall be determined by business need.
- Access to SCADA data shall be determined on a "need-to-know" basis.
- The confidentiality, integrity, and availability of all Company SCADA systems shall be maintained through the application of appropriate security, monitoring, quality and access controls, legal and retention requirements, and recovery processes as outlined in Company security standards.
- Legislative, regulatory requirements or other legal obligations shall supersede any SCADA cyber security policy, and subsequent standards and procedures, except in cases where Company policy, standards, or procedures require a higher level of security.



IT 700 – Information Technology Program and Project Management Policy

Applicability:	Applies to the IT Organization
Originator:	Director IT PMO / Resource Management
Approval:	Chief Information Officer
Approval Date:	1/15/2012
Revision Date:	4/18/2012
Revision No:	1.0

Statement of Purpose and Philosophy:

The IT 700 Information Technology (IT) Program and Project Management Policy represents Duke Energy's commitment to achieve excellence in the management of IT programs and projects. The intent of this policy is to provide a consistent approach to program and project management that is compliant with the Enterprise Project Management Center of Excellence practices. The IT 700 Policy, including the supporting Standards, Processes and Procedures, shall be the governing documents to define the minimum requirements regarding IT program and project management.

Program and project management is essential for the successful delivery of IT services. The following principle provides the foundation for this policy:

Project Delivery – The IT Organization will follow a structured program and project management approach to set and deliver on customer expectations while achieving project efficiencies and reporting transparency.

1. Policy Expectations

- 1.1. An IT PPM framework will be used to manage the execution of IT programs and projects.
- 1.2. All programs and projects must show existence of the mandatory artifacts in accordance with project level requirements.
- 1.3. This policy applies to all IT programs and projects within Duke Energy.

2. Roles and Responsibilities

2.1. Chief Information Officer

The Chief Information Officer (CIO) is accountable for ensuring the lifecycle management of this policy as defined by the IT Policy Management Standard. In addition, the CIO is responsible for ensuring programs and processes are in place for effective IT project management.

2.2. IT Program and Project Management Function

The IT Program and Project Management function periodically monitors compliance and assesses the effectiveness of the PPM framework. In addition, this function will provide training, assistance and procedural updates.



IT 700 – Information Technology Program and Project Management Policy

Manager provides feedback to the IT Program and Project Management function on process improvements.

2.4. IT Project Manager

The IT Project Manager plans, executes, monitors, closes, reports, communicates and consults in a manner consistent with the expectations defined by the PPM framework. In addition, the IT Project Manager provides feedback to the IT Program and Project Management function on process improvements.

2.5. IT Project Sponsor

The Project Sponsor provides project governance, oversight and support.

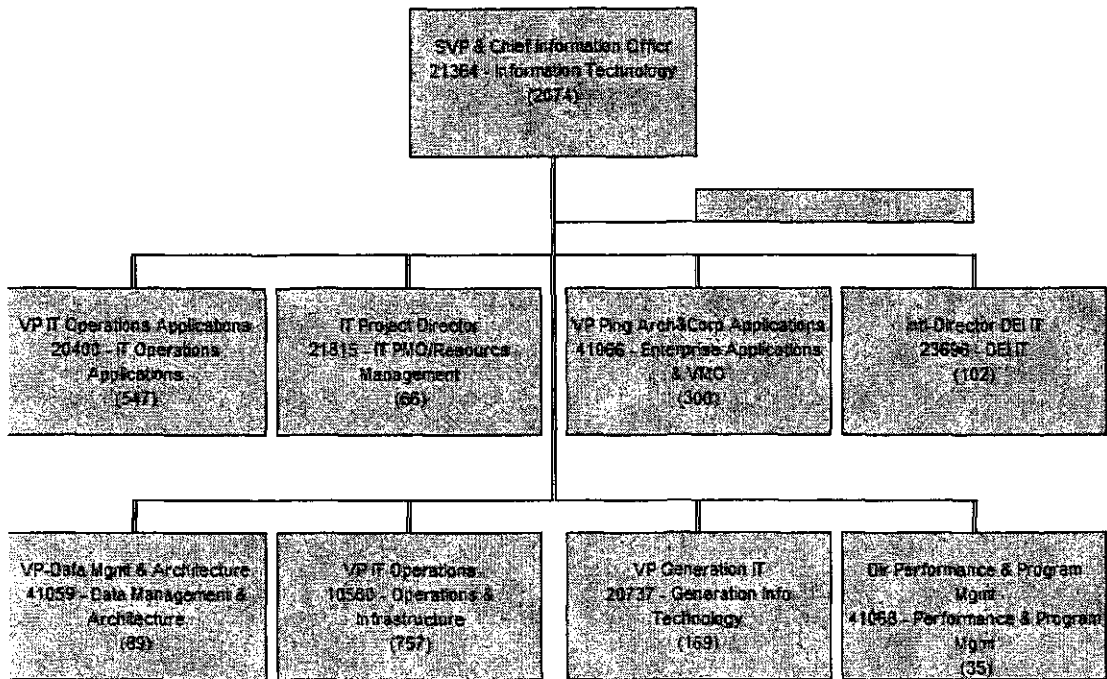
2.6. IT Functional Manager

The Functional Manager ensures employees and contingent workers comply with these requirements as applicable to their areas of responsibility.

3. Monitoring and Compliance

- 3.1. Persons participating in IT program or IT project management initiatives are subject to monitoring for compliance with this policy. Violations of this policy should be reported to management for appropriate corrective action.

DUKE ENERGY CORPORATION INFORMATION TECHNOLOGY STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY, INC. SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND
ORGANIZATION
HUMAN RESOURCE DEPARTMENT

I. Policy and Goal Setting

The Human Resources and Corporate Relations Department (Department) assists the Company in achieving its business goals by planning for and facilitating the acquisition, development and maintenance of an efficient and productive workforce.

The Department supports the corporate goals and objectives by developing policies, as described in the Policies section of the Employee Portal. These policies describe the Company's position on key Human Resources (HR) and Management principles and are further supported by the Duke Energy procedures and practices, also documented on the Employee Portal.

The Group Executive and Department who has overall responsibility for Human Resources with input from the HR executive team participates in strategic planning meetings with corporate senior management. As a result of these meetings, the HR executive team develops goals and objectives for the Department in support of the overall business plans of the Corporation and individual business units. The goals are developed in partnership with and reviewed with Duke Energy Corporation (Duke Energy) officers to ensure alignment with Duke Energy goals.

The HR leadership group then develops goals and objectives that support those developed in partnership with Duke Energy senior management. Departmental and individual goals are evaluated and reviewed annually as a part of the performance management process, which is used to determine annual salary adjustments.

The HR department's sub-departments also engage in policy and goal-setting, as follows:

Staffing and Recruiting- It is the policy of Staffing and Recruiting to select and employ the best qualified available candidate to meet the specific competency requirements of a particular job vacancy and Duke Energy's general qualifications, while operating within a balanced workforce initiative and company compensation guidelines, as well as the legal requirements of local, state and federal agencies. Methods for selection and placement of employees (i.e., qualifications and assessment methods) are set by involving line department management. This group also analyzes workforce trends and develops workforce staffing strategies to address workforce issues.

Organizational Development- It is the policy of Organizational Development to consult with executive management and line departments to facilitate Leadership Succession Planning and work with Duke Energy executive management to develop strategies to address any gaps in the plan. Additionally, it is the policy of this department to facilitate the implementation of Performance Management and Career Development processes in departments and assist individuals in identifying personal career development plans

Learning and Development- It is the policy of Learning and Development to consult with Duke Energy executive management and line departments to design and develop non-technical training and organizational interventions which enhance the competencies of the individuals and teams within Duke Energy.

Labor Relations- It is the policy of Labor Relations to foster positive relationships with all unions without eroding Duke Energy's ability to manage. It is the Department's goal to promote and improve the relations between Duke Energy and its union-represented employees by honoring the spirit, as well as the terms and conditions, of the individual collective bargaining agreements, while supporting Duke Energy management's need to adapt to changes.

Employee Relations and HR Risk Management- It is the policy of Employee Relations and HR Risk Management to provide consultation services to Duke Energy management and supervision to facilitate the development, retention, and consistent administration of a quality and engaged workforce for current and future workforce needs of Duke Energy. This includes supporting strategies and processes that ensure a corporate environment that is free of bias, auditing employment practices and associated programs to ensure fair application, and investigating Equal Employment Opportunity complaints. This group coordinates our Affirmative Action Planning activities and compiles and submits information in response to government and regulatory agency requirements and requests. In times of downsizing and restructuring, this group is responsible for developing and administering severance plans to assist employees in transitioning to employment outside the company.

Total Rewards- It is the policy of Total Rewards to maintain an equitable wage and salary administration program which provides payment of fair wages and salaries competitive with those paid for similar positions in other companies and within the industry in order to retain qualified employees and attract competent applicants. The salary structure for management employees is reviewed on an annual basis, with the review being guided by economic conditions, wage/salary trends, and market data. Wage rate schedules for classifications represented by collective bargaining units are made the subject of negotiations, with such negotiations being guided by these same economic conditions and trends.

It is also the policy of this group to design and maintain benefits programs that are competitive with the industry in order to attract and retain the employees necessary to provide safe, reliable energy to our customers.

Diversity and Inclusion Strategies- It is the policy of Diversity and Inclusion Strategies to develop, implement and/or monitor programs, procedures and practices in the area of diversity and work/life to support a respectful, inclusive and bias-free workplace.

II. Strategic Planning

The Human Resources group is involved in three categories of planning activities: strategic, operations and budgeting. The Corporate HR business plan is developed by HR executive management, which includes the Group Executive and HR Vice Presidents reporting to the Group Executive. The HR business plan is developed to support the Corporate and Business Unit plans. The HR Vice Presidents and their direct reports develop operational plans that support and enable the HR business plan. Programs which support the HR business plan and departmental plans and goals are translated into resource requirements during the budgeting process conducted annually during the fall.

Functional leaders within HR are responsible for developing long and short range plans that support and facilitate the overall corporate objectives. Daily operational decisions on functional matters are routinely made by functional leaders. Goals and objectives which affect corporate policy or multiple departments are reviewed and discussed with the Group Executive, with input from senior corporate management as needed.

The Group Executive attends the CEO's staff meetings. Departmental and division staff meetings are also held to communicate Human Resource employees' progress toward company and department goals and objectives.

III. Organizational Structure

The Group Executive reports to the Chairman, President and Chief Executive Officer (CEO). The Group Executive's organization includes Human Resources, Enterprise Sustainability, Corporate Communications and dotted-line accountability for Environment, Health and Safety and the Duke Energy Foundation. Human Resources encompasses several groups including: 1) Total Rewards; 2) Employee Relations and HR Projects; 3) Talent Management and HR Consulting; and 4) HR Operations. Each area is led by a functional leader who reports to the Group Executive, Human Resources.

Organizational charts for the department are attached as Exhibit HR-1.

IV. Responsibilities

The overall goal of Human Resources is to assist Duke Energy in achieving its business goals by planning for and facilitating the acquisition, development and maintenance of an efficient and productive workforce, under conditions which foster positive employer-

employee and union relations and which conform to the legal requirements imposed by local, state, and federal governments, as further described below:

Staffing and Recruiting- This group is responsible for maintaining a centralized and standardized recruitment, selection, testing and placement process to assure an adequate number of employees with the required competencies and general corporate qualifications. The department is also responsible for administering internship and co-op education programs, as well as the internal job posting system.

Organizational Development- This group consults with executive management and line departments to create climates conducive to Leadership succession planning and career planning and consults with individuals for the purpose of clarifying career aspirations, assessing personal strengths and weaknesses, and establishing career objectives and strategies.

It also coordinates the corporate performance management system.

Learning and Development- This group consults with line management to provide supervisor, management, professional and team development activities

Labor Relations- This group is responsible for planning, organizing and managing the overall relationship between Duke Energy and its unions, negotiating collective bargaining agreements, coordinating consistent inter-department administration and interpretation of all labor-management agreements, and representing Duke Energy's position in the final stages of the grievance, arbitration conciliation and/or mediation process. This department also assists line management in policies concerning the coaching, counseling, and disciplining of the union-represented workforce.

Employee Relations and HR Risk Management- This group is responsible for providing consultation services to Duke Energy management and supervision to facilitate the development, retention, and consistent administration of a quality and engaged workforce for current and future workforce needs of Duke Energy. This group also audits employment practices and programs to ensure fair application, and investigates Equal Employment Opportunity complaints. The group coordinates our Affirmative Action Planning activities and compiles and submits information in response to government and regulatory agency requirements and requests. In times of downsizing and restructuring, this group is responsible for developing and administering severance plans to assist employees in transitioning to employment outside the company.

Total Rewards- The Health and Wellness team within the Total Rewards group is responsible for designing and delivering competitive health benefits to employees, as well as designing and delivering wellness programs, disease management programs and other health management programs to control health care costs.

The Compensation team within the Total Rewards group is responsible for ensuring a competitive compensation system for all employees. Included in this team's

responsibilities is the preparation and analysis of market comparison studies of industry and geographic current practices. The Retirement and Executive Rewards team is responsible for ensuring a competitive Retirement benefits program for all employees, as well as a competitive executive compensation system for executives.

Diversity and Inclusion Strategies- This group is responsible for facilitating the creation and support of a culture that is inclusive and diversity-friendly. The guiding principle, which supports Duke's diversity performance initiative, is as follows:

“Duke will create an organization where no individual or group of individuals is advantaged or disadvantaged because of race, color, national origin, ethnicity, gender, age, religion, citizenship, sexual orientation, physical ability, tenure or any other cultural or corporate classification. Reaching this goal will assist Duke in maximizing revenues and earnings growth, ensure customer satisfaction by providing excellent service, and align itself to meet and exceed its competitive challenges.”

Business Partners- The Business Partners are designated to support functional areas. As HR generalists they are responsible for consulting with executive and line management on a broad range of HR issues. Additionally, they facilitate the implementation of HR policies and procedures and serve as a liaison between their functional department and Human Resources.

V. Practices and Procedures

Practices and procedures of Human Resources are organized by department and group. They are described below:

Staffing and Recruiting

- Developing and conducting recruitment programs for professional employees through college campus recruiting and coordinating a cooperative education and intern program;
- Developing and maintaining recruitment contacts with state and local employment organizations and area schools to ensure an adequate source of nonexempt employment applications;
- Maintaining employment applications via an electronic system in order to identify candidates for available positions;
- Screening and testing applicants and employees in order to determine their suitability and capability for particular positions; and
- Coordinating the internal exempt and nonexempt job posting systems.

Organizational Development

- Administering a Performance Management System for non-union employees in order to assist employees in improving their individual performance, and to provide a means for evaluating job performance and the attainment of corporate

goals for salary administration. Providing coaching and counseling for employees seeking career opportunities;

- Providing consultation to departments in providing the climates and resources conducive to career development;
- Administering the Employee Opinion Survey and providing analysis and trending of results with recommendations for actions to address the negative trends;
- Conducting career coaching and counseling training programs; and
- Assisting and coordinating the succession planning efforts for mid-level and executive management positions.

Learning and Development

- Administering company-wide non-union employee development programs in order to manage and develop the human resources of the Company which are vital to its long-term survival;
- Assisting the operating departments in employee skills training by providing equipment and staff consulting resources.

Labor Relations

- Planning, coordinating and supervising the conduct of labor negotiations so that the management negotiating committee has the necessary information to negotiate a fair and equitable agreement;
- Administering the collective bargaining agreements and advising management on contract interpretation questions to assure fair and uniform application;
- Facilitating the job evaluation committees and administering the job evaluation systems for all job classifications represented by a union;
- Advising management on the grievance procedure and administering the grievance procedure from the third-step through arbitration to assure fair and equitable resolution of employee disputes. Providing labor relations training to supervisors, as required; and
- Providing consistent and defensible counsel to management employees in matters of discipline and labor relations policies.

Employee Relations and HR Risk Management

- Designing and developing procedures to guide management in the implementation of the HR Policies in the areas of affirmative action, work life, fitness for duty, corrective action, diversity, workplace security, preventing and addressing harassment, the development of employees, etc.;
- Responding to federal government requests for information, as well as similar state level requests (i.e. EEOC charges, OFCCP audits, DHEC complaint, etc.);
- Coordinating the investigation and resolution of EthicsLines issues, Recourses, etc.;
- Ensuring an effective HR compliance program by identifying, monitoring, and mitigating risks associated with employment law compliance, internal controls and management effectiveness;

- Providing Medical and EAP services (medical portion of the overall safety program, FFD program, management referrals) to ensure compliance with various OSHA and NRC programs and to provide assistance to managers and employees in dealing with workplace problems; and
- Advising management on the best methods to manage their human resources as assets (i.e. program development and administration) and on the individual basis) i.e. application of the corrective action procedure to a particular situation).

Total Rewards

- Managing the administration of market pricing and job titling procedures;
- Supervising and administering the application of general wage rate and salary changes for all employees;
- Coordinating and administering the Annual Incentive Programs for all employees;
- Preparing statistical data for negotiations. Administering and preparing wage, salary and fringe benefit surveys and other statistical reports as required for Duke Energy and governmental agencies;
- Designing, implementing and maintaining a comprehensive benefits program health and wellness program that is competitive with comparable utilities and local industries and that provides internal equity in a cost effective manner; and
- Communicating to and educating employees so that they are knowledgeable about the benefits available to them and providing a centralized corporate source for responding to employee questions and problems.

Diversity and Inclusion Strategies

- Advising and supporting business partners on recruitment, retention and advancement strategies to ensure equal opportunities for all employees;
- Designing, facilitating and supporting continuing diversity education and awareness.
- Researching and providing information on diversity and work/life best practices and emerging trends;
- Consulting with and providing business partners with solutions to create an inclusive performance-based environment;
- Creating and promoting opportunities for employees to assume individual responsibility for diversity culture change;
- Facilitating, integrating and supporting diversity communications; and
- Developing and maintaining key relationships to promote and support community development and inclusion and identifying opportunities for collaboration with the company's diversity performance initiative.

VI. Decision Making and Control

Daily operational decisions on departmental matters are routinely made by the department functional leads. Decisions affecting corporate policy or multiple departments are reviewed and discussed with the Human Resources Policy Committee of the Board of Directors and the President or involved Officers, as required.

The Group Executive attends the CEO's staff meetings. Appropriate pending decisions regarding policies and programs on corporate matters are reviewed and discussed. Department and division staff meetings are held after the Officer staff meeting to communicate corporate matters and decisions and to monitor the impact of decisions.

The Human Resources Advisory Council, consisting of representatives from executive line management, reviews and provides feedback on pending HR policy or program changes that affect multiple departments. In addition, informal discussions routinely take place for decision making with officers and other appropriate internal customers.

VII. Internal and External Communication

Face-to-face internal communications within the individual business units occur frequently during the work day. Communications on topics relevant to other groups also occur in person daily. External communications with other departments are normally on a personal basis or by phone in order to provide the necessary services to the department. Significant changes occurring within the respective business units are reported at staff meetings. Topics which apply to the entire organization are communicated through various corporate communication vehicles, such as the corporate portal, emails and targeted direct mailings addressing pertinent human resource issues. Human Resources Communications, in conjunction with Corporate Communications, develops the appropriate materials and distribution methods to communicate pertinent HR information. Decisions on grievances, arbitration proceedings and significant issues affecting employees are communicated to the unions in writing.

External communications also consist of oral communications with counterparts in other utilities, questionnaires, surveys, and participating in and attending professional association meetings, seminars and workshops and industry committee meetings. Other external communications consist of direct contact with human resources counterparts in other companies, as well as the governmental agencies.

VIII. Goal Attainment and Qualification

All non-union employees receive an annual performance appraisal review from their reporting manager. During this review meeting, individual goal achievements are evaluated. Salary adjustments are dependent, in part, on achievement of established goals. The following are examples of performance indicators that provide management of the department with an indication of the quantity and quality of work being completed by the various work units:

Organizational Development

Staffing and Recruiting- Performance is measured by evaluating the number of employees recruited and hired in comparison to the number of job openings, and the time needed to fill the job vacancies, as well as customer evaluation of services.

Organizational Development- Performance is evaluated by the timeliness and effectiveness of the performance appraisal process and internal customer feedback questionnaires on services, which are administered annually.

Training and Development- Performance is evaluated by the actual cost and days of training delivered as compared to the budget plan. The training evaluation questionnaires are used regularly to monitor the value and effectiveness of the programs.

Labor Relations- Performance is measured by internal customer feedback questionnaires regarding services. The surveys are administered throughout the year. The number of hearings and investigations related to third-step grievances, neutral arbitration cases, and the timeliness and persuasiveness of written Labor Relations communications are further gauges of performance.

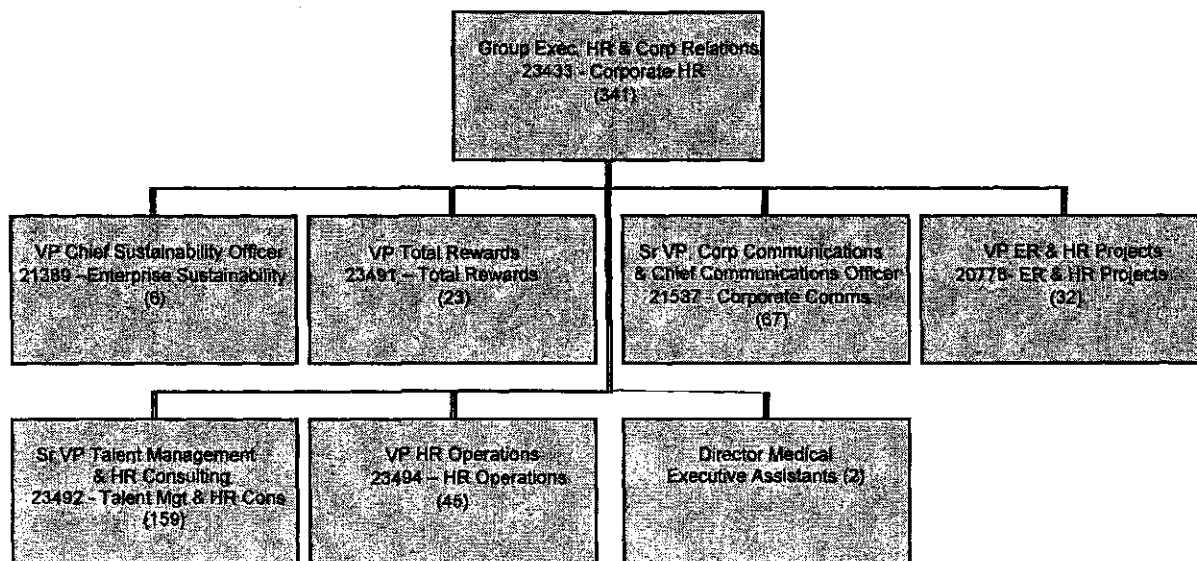
Employee Relations and HR Risk Management- Performance is measured in several ways, including employee productivity measurements or forced turnover ratios and resulting employee action, the number of complaints, both from an EEO compliance standpoint, as well as union, non-union, or potential harassment concerns that are successfully handled to resolution. Other measures include timely responses to various agency requests for reports, including Affirmative Action Plans and Compliance Reviews, Employee Opinion Survey results and trends, as well as internal and external audits of Medical Services.

Total Rewards- General performance indicators of the Compensation and Benefits Group are derived by reviewing wage and benefit surveys among utility companies, as well as local, regional and national industry positions to ascertain the Company's position in the wages and benefits area. Benefit program costs such as health care costs, are monitored for delivery trends and carrier performance. Performance of programs is also evaluated by the number of employees who use the services and feedback from internal customers and employees.

Diversity and Inclusion Strategies- Performance can be measured based on the number and nature of internal and external complaints or grievances relative to hiring, promotional and developmental opportunities and the quality of interpersonal relationships and dealings with others. Training evaluations and other feedback are other means for measuring performance, along with any local, regional or national recognition of the company's diversity and work/life practices.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

Group Executive, Human Resources & Corporate Relations



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION
SUSTAINABILITY DEPARTMENT

I. Policy and Goal Setting

The Sustainability Department supports the corporate policies and procedures that are provided to Duke Energy Corporation (Duke Energy) employees through the portal. New and revised policies, as well as reminders regarding existing policies, are communicated via electronic mail and regular staff meetings.

The annual goals and objectives of the Sustainability Department are designed to support the annual goals and objectives contained in the Duke Energy Enterprise Strategy. Goals for the department are developed using a participative process and are reviewed and approved by the Group Executive, Human Resources & Corporate Relations.

The Sustainability Department also collaborates with other internal departments to develop sustainability goals for Duke Energy. These goals are designed to address the critical environmental, social, and economic opportunities and risks facing Duke Energy today and in the future and are reviewed and approved by the Chairman, President, and Chief Executive Officer and Senior Executive Management.

II. Strategic Planning & Long Range Planning

Strategic planning in the department begins with a review and understanding of Duke Energy's strategic plans. The department's plans are also informed by best practice research, workshops, conferences, and benchmarking information. Additionally, external sources are monitored for emerging issues that could have a significant impact on Duke Energy. Regular staff meetings are held to discuss pending issues and to decide what items require attention and the timeframe under which the issue is to be addressed. Where appropriate, outside consultants assist in the development of plans and programs.

III. Organizational Structure

The Vice President of Sustainability reports directly to the Group Executive, Human Resources & Corporate Relations. Direct reports of the Vice President of Sustainability work in support of sustainability and issues management.

The organizational chart for the Sustainability Department is attached as Exhibit SD-1.

IV. Responsibilities

The Sustainability Department, under the general direction of the Vice President of Sustainability, has responsibility for leading Duke Energy's Sustainability initiatives. The Sustainability department works with departments across the organization to develop and implement sustainability goals and plans. It is also responsible for tracking progress on these goals, communicating this progress internally and externally, conducting sustainability research, building Duke Energy's culture of sustainability, leading sustainability-related projects, and interfacing with the socially responsible investment community and other key non-governmental organizations. The work of the Sustainability Department, is intended to influence Duke Energy to strike a balance across the needs of customers, shareholders and the environment.

V. Practices & Procedures

As a matter of daily business, the /Sustainability Department is continuously analyzing external and internal developments for their potential impacts on sustainability. Department personnel maintain close working relationships with nearly all areas of the organization to facilitate knowledge exchange and the development of new/changed initiatives where warranted. Weekly Sustainability Department staff meetings are held to share information, discuss issues, and integrate efforts across the Sustainability Department. Weekly update reports are also provided to the Vice President of Sustainability and ad hoc communications occur on a daily basis.

The Sustainability Leads network consists of leaders throughout Duke Energy who provide leadership for their departments' sustainability initiatives. The Sustainability Corps, whose members are nominated by their departments' leaders, create and coordinate implementation of sustainability projects. Both the Leads and Corps' receive training and support from, and report results to, the Sustainability Department. Many of the Sustainability Corps projects result in cost reductions that – all else equal – lower the cost to serve customers.

VI. Decision Making and Control

Day-to-day decision making within the Sustainability Department is generally delegated to members of the department, with major decisions rolling up to the Vice President. Legal counsel is consulted on an as-needed basis. In addition to staff meetings, informal discussions are held frequently with the department's employees.

The level at which decisions are made and the amount of control exercised depends on the potential effect of each decision. All employees are apprised of their responsibilities and authority and are expected to make decisions within the parameters of that authority and report their results to the next level of supervision as appropriate.

VII. Internal and External Communication

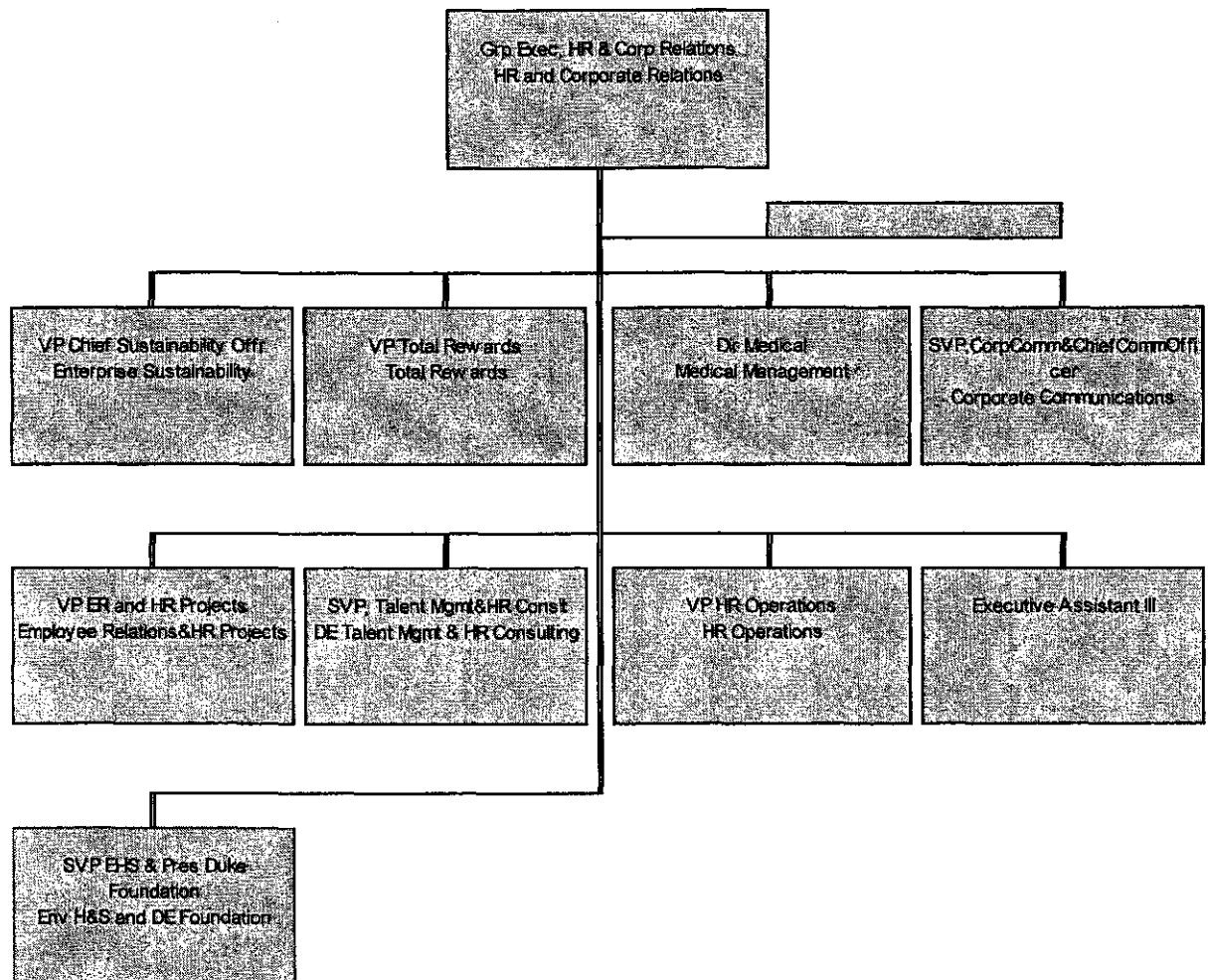
The Sustainability Department produces a variety of internal employee communications materials and information on Duke Energy's sustainability programs is maintained on the employee portal. The Sustainability page on Duke Energy's website provides information on its sustainability programs. An annual sustainability report is produced for the many stakeholders who are interested in Duke Energy's economic, environmental, and social performance. The process used to develop the report is audited by Corporate Audit Services to ensure data included in the report on a sample basis is accurate. The Sustainability Department also works closely with the Corporate Communications Department to issue news releases as appropriate.

VIII. Goal Attainment and Qualification

Performance is evaluated on an individual basis through annual review of how well each employee met their key accountabilities and goals. Successful completion of tasks within specified timeframes, achievement of objective and subjective goals, and internal customer satisfaction are used as evaluation criteria.

Departmental level goals are also used in addition to individual and corporate goals in the employee short-term performance program. At the end of the calendar year, the Vice President of Sustainability submits supporting evidence and reports on whether or not each of the department goals was met. The Group Executive, Human Resources & Corporate Relations assesses whether each department goal was met and if the goal is deemed to be met, to what extent (minimum, target, maximum).

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
RETAIL CUSTOMER PRODUCTS AND SERVICES (RCPS)

I. Policy and Goal Setting

Retail Customer Products and Services (RCPS) supports all established Duke Energy policies through department directives, procedures and practices. In addition, policies issued by the Federal Energy Regulatory Commission (FERC), state regulatory commissions, and Duke Energy's Code of Business Ethics (CoBE) are documented, supported, and followed within the RCPS organization.

Policy making is driven at the department level, primarily through the Customer Systems and Processes (CS&P) and Customer Strategy and Innovation (CS&I) groups. CS&P and CS&I gather input from the other areas of RCPS and also seek input from key internal stakeholders outside of RCPS such as Gas Operations, Meter Operations, Meter Reading, Service Delivery, Power Delivery, and Information Technology. Information is also gathered from external sources such as other utilities, vendors, government agencies and "best practice" companies. Collaborative policies are established that make the RCPS business more efficient and cost effective.

Departmental policies are normally communicated to the leadership teams at department staff meetings and then shared with the appropriate level of employees in smaller group or individual meetings to ensure understanding of the policies and their importance in relation to serving customers and in maintaining compliance. Policies and procedures are documented and made available in manuals, on the RCPS and Duke Energy portals, and in various knowledge management tools.

RCPS develops an annual business plan that describes, for a three-year planning period, the activities required to support the U.S. Franchised Electric & Gas (USFE&G) strategy, most directly by offering valued products and services and basic customer services while maintaining regionally competitive rates. This plan outlines the resources needed to support basic operations (billing, customer contact, communication, service, etc.) and the positioning of products and services as enabled by technology and other assets. Key issues that could impact the organization are identified and strategies to mitigate risks associated with the issues are outlined.

The RCPS leadership team conducts a monthly review of business plan progress and objectives. RCPS leadership also reviews progress with the Chief Executive Officer and other executive leadership on an as-needed basis.

II. Strategic Planning

In developing the RCPS Business Plan, RCPS leadership reviews corporate objectives as well as customer and employee feedback to define initiatives that are to be accomplished over a period of eighteen (18) to thirty-six (36) months. The business plan includes prioritized action steps to achieve the initiatives, as well as milestones and timelines to support success.

An example of a strategic initiative within the RCPS Business Plan is the Customer Information System (CIS) Strategy, which details Duke Energy's approach for supporting RCPS business functions. In addition, the current RCPS technology plan details various technology enhancements that will take place in 2012 and 2013 to serve customers more efficiently and effectively.

Another example of strategic planning is the use of customer transactional surveys by Call Center Operations to guide development of additional services that Duke Energy can use to improve service and reduce costs. As customer data is analyzed, results and recommendations are developed; thereafter, decisions are made and factored into the strategic plan.

A final example of strategic planning is the grid modernization strategy, which focuses on five key strategic areas: regulatory, customer engagement, communications, systems, and business partnerships. The grid modernization program's strategy and planning organization provides an integrated strategy and roadmap that defines comprehensive efforts throughout Duke Energy's jurisdictions, as well as corporate-wide efforts. This integrated strategy and roadmap are the basis for project prioritization and funding.

III. Organization Structure

RCP is led by a Senior Vice President who reports to the Chairman, President, and Chief Executive Officer of Duke Energy. The department is divided into seven areas: Call Center Operations; Customer Systems and Processes; Revenue Services; Smart Grid Innovation and Energy Systems; Large Business Customers; Marketing and Customer Experience; and Customer Strategy and Innovation. Each area is led by a vice president who reports directly to the Senior Vice President.

The organizational chart for Retail Customer Products & Services is attached as exhibit RCPS-1.

IV. Responsibilities

The major responsibilities of RCPS include the following:

Call Center Operations

Call Center Operations manages the following responsibilities:

- Handle customer inquiries made via telephone, e-mail, fax, etc.;
- Resolve residential and small/medium business customer transactions related to a wide variety of billing and service matters, adjustments, and gas/electric trouble calls;
- Handle requests from builders and contractors regarding preliminary gas and/or electric service matters such as inspections, new meter installations, etc.;
- Complete or route general inquiries made via publicly-published telephone and web communication channels; and
- Resolve exception inquiries and requests (e.g., police/fire.)

Revenue Services

The Revenue Services area performs the following functions in Duke Energy's retail revenue process:

Billing

- Render timely and accurate bills;
- Resolve usage/billing exceptions accurately and timely, including the daily and monthly validation of digital meters;
- Support other departments with billing information necessary to aid in resolving customer inquiries;
- Maintain proper controls to ensure all accounts are billed as scheduled.

Credit & Collections

- Establish and implement credit and collection policies, in compliance with state regulatory requirements'
- Take action on past due accounts;
- Investigate and initiate billing and collection actions in cases of fraud and meter tampering;
- Administer percentage of income payment plan (PIPP), medical certification and life support programs;
- Maintain proper controls to ensure all accounts are identified, secured, notified, and collected; and
- Work with Public Utility Commission of Ohio and Ohio Consumers' Counsel (OCC) to provide required reports such as the Customer Information Reports (CIR) and PIPP metrics reports.

Payments

- Process and apply payments to customer accounts in a timely manner
- Validate that system controls operate appropriately and effectively
- Administer, apply, and collect agency payments (vouchers, PIPP intents, etc.)
- Manage pay agents who collect customer payments at local retail locations

Controls and Reporting

- Maintain proper account records and controls to ensure the integrity of reported gas and electric usage;
- Provide accurate and thorough reporting and control processes to all departments supporting billing, payments, receivables, and other financial activity;
- Update and maintain all rate, rider, and billing system tables used to calculate billing and report revenue;
- Monitor and maintain billing system processes, parameters, and security to ensure adherence to internal guidelines and external regulations/compliance;
- Manage business relationships with gas and electric suppliers participating in Duke Energy Ohio's Customer Choice programs; and
- Perform Customer Choice back office operations.

Marketing and Customer Experience

The Marketing and Customer Experience performs the following functions:

- Identify, evaluate, approve, implement, and maintain new customer products and services;
- Review and monitor existing products and services to ensure ongoing viability;
- Manage customer satisfaction and work with the RCPS leadership to analyze data and determine customer improvement initiatives;
- Handle escalated complaint inquiries that are referred by Call Center Operations; and
- Coordinate a cross-functional Customer Satisfaction Council focused on evaluating results of customer satisfaction and determining improvement recommendations.

Customer Strategy and Innovation

Customer Strategy and Innovation performs the following functions:

- Advise the RCPS organization on regulations related to energy efficiency, demand response and other retail customer programs'
- Analyze retail program design, regulatory filings, and portfolio planning;
- Coordinate long-term planning for RCPS;
- Monitor developments in the retail energy marketplace to identify potential new offers for consideration; and
- Provide department financial planning and reporting.

Large Business Customer

The Large Business Customer organization provides customer service and customer relationship management and planning for Duke Energy's largest manufacturing, commercial, and institutional customers. This involves joint business and strategic planning to achieve enhanced energy efficiency.

Smart Grid and Energy Systems

Duke Energy's Smart Grid Program is designed to enhance the distribution network by installing intelligent devices and automated components to reduce the cost of sending and receiving usage information to better manage demand. Additionally, the program serves as a platform for providing energy efficiency products and enhanced customer services. The Smart Grid program began in 2008 and extends through 2017; it is the largest initiative underway within RCPS. The Smart Grid Program performs the following functions:

- Install open, interoperable two-way communications networks;
- Install automated metering infrastructure for all electric customers;
- Install advanced distribution automation applications (e.g., energy management, customer load control, distributed resource control); and
- Develop dynamic pricing programs (e.g., time-of-use, critical peak pricing).

Customer Systems and Processes

Customer Systems and Processes ensures that the most cost-effective measures are taken, technologies are scalable for future growth, and the centralized approach to business improvement drives efficiencies. Customer Systems and Processes performs the following functions:

- Continually evaluate systems and technologies used throughout the organization to ensure systems and tools support the business efficiently and effectively;
- Work with key stakeholders throughout the organization to identify business or system inefficiencies and to research and evaluate technology needed to improve business processes;
- Operate RCPS Project Management Office to prioritize and manage RCPS initiatives, using established project management methodology; and
- Coordinate and support customer contact channel technology and provide business quality assurance including pre-deployment and installation testing.

V. Practices and Procedures

RCPS develops operating procedures with supporting input from departments with which RCPS interacts. These departments include Meter Operations, Regulatory Compliance, Legal, Finance, Corporate Communications, Information Technology, Gas Operations, and Meter Reading. Operational procedures are provided to office and field workforces. Day-to-day operational decisions are made by the respective leadership as these decisions affect normal operations.

Unusual problems and events not covered by existing procedures are discussed with department leadership, who inform other company leaders of the impact on overall operations. Changes are documented accordingly.

VI. Decision Making and Controls

Day-to-day decisions, as they pertain to the various jobs in RCPS, are normally made by the employees performing the work; guidelines are in place to assist employees. Guidelines are communicated to employees through online or printed manuals and departmental procedures. Each management level has a specific delegation of authority for approving business transactions. Employees' decisions are supervised to ensure decisions are consistent with policies and procedures. Decisions requiring additional levels of approval are escalated to appropriate levels of management within and outside RCPS leadership.

The following examples illustrate controls that assist the department supervisory staff in determining that various systems and procedures function properly:

- The Call Center telephone system generates reports that enable leadership to tabulate each customer representative's activities. In addition, Call Center supervisors measure group productivity and effectiveness with this data;
- An employee must have documented approval from their supervisor to make an adjustment that is beyond the employee's authority including adjustments to a customer's accounts;
- Controls exist that limit customer system access to authorized users;
- Scheduled work is monitored for timely completion or escalated follow up. Examples include customer meter move orders and gas/electric trouble calls;
- All new system code releases must be tested and approved prior to release;
- Sarbanes Oxley controls are in place for any systems/processes that affect payments to/from customers and financial reporting;
- Project Governance requires all RCPS projects to have business case justification and approval before starting. The Project Management Office provides industry standard PMO controls similar to those suggested by the Project Management Institute (PMI). The PMOs exercise governance, control and oversight across multiple business units and divisions that have key roles in the execution of program initiatives;
- The Smart Grid PMO change control process is specifically responsible for coordinating the program scope, schedule, budget, and all state and federal Department Of Energy American Recovery and Reinvestment Act reporting documents.

In addition, various internal manual and electronic systems enable the department to develop better workforce performance measures and to utilize the system to identify training opportunities.

VII. Internal and External Communication

RCPS communicates with employees through meetings, e-mail, the Duke Energy portal and its department sub site, *This Week @ Duke Energy* newsletter, state president updates and written procedures. In addition, bulletin boards are strategically located throughout the department. Periodically, department and Duke Energy leadership

conducts meetings to provide employees with important information and to have open dialogue with employees.

External communication occurs through a variety of channels including the following:

- Letters to customers;
- Bill messages/inserts;
- Media (TV, radio, newspapers, publications, etc.);
- Attendance at public hearings and meetings;
- Presentations at community meetings, agencies, rotary clubs, and city council meetings;
- Volunteer work in the community;
- Membership in professional and civic organizations;
- Electronic communications (e-mail, web, Facebook, Twitter, etc.);
- Automated Phone Service;
- Telephone contact;
- Contact with regulators and other agencies at our Ohio Collaborative meetings; and
- Focus groups.

VIII. Goal Attainment and Qualification

RCPS actively monitors and measures the success of Duke Energy toward delivering on key objectives. Financial and operational results for all of the RCPS functional areas are measured. These measures are intended to be flexible and change as business drivers change.

In addition, RCPS uses various statistical reports as a means of measuring department operational effectiveness. Some of the reports serve the dual purpose of measuring goal attainment as well as being control devices.

Many process improvement initiatives are driven by the results of various customer satisfaction surveys. Most surveys ask customers to rate Duke Energy on a scale of 1 to 10 and scores are measured based on responses.

Residential Transactional Survey

Telephone interviews are conducted with residential customers who contact Duke Energy for the following transactions: Turn on, transfer, turn off electric service; report a power outage; pay their Duke Energy bill (all forms of payment except payments received in the mail); or call Duke Energy with a billing question. A third-party company contacts the customer within three days of the completed transaction. The surveys measure overall satisfaction with the experience.

Residential Relationship Survey

A third party conducts monthly telephone interviews with a random sample of residential customers who are asked to rate their overall satisfaction with Duke Energy. The results of the overall customer satisfaction score, along with the customers' responses to questions regarding drivers of customer satisfaction (*e.g.*, reliability, price, customer contact, billing, communications, company image), are reported.

Small Business Relationship Survey

A third party conducts monthly telephone interviews with a random sample of small business customers (defined as an account that is not associated with an assigned customer account representative and has a contract KW < 500). Customers are asked to rate their overall satisfaction with Duke Energy. The results of the overall customer satisfaction score, along with the customer's response to questions regarding drivers of customer satisfaction (*e.g.*, reliability, price, customer contact, billing, communications, company image), are reported.

Key Accounts National Benchmark (KANB) Survey

A third party conducts telephone interviews with Large Business Customers. The sample includes manufacturing customers, large hospitals and four-year universities with a demand of approximately 3 MW or greater. Duke Energy's overall satisfaction score is measured as the percent of customers responding with an 8, 9, or 10 on a 10-point scale and is ranked with approximately 52 other utilities.

Major Account Survey

This survey is conducted within RCPS. The sample for the Major Account Survey includes large business customers that do not meet the criteria for the KANB study. Major Account customers are emailed an invitation to participate in an online survey.

J.D. Power and Associates Surveys

J.D. Power performs an annual study of gas distribution residential customer satisfaction. Duke Energy Ohio, Inc. (Duke Energy Ohio) participates in each of these annual studies, and the satisfaction results indicate that Duke Energy Ohio is doing a very good job of consistently providing high-quality customer service.

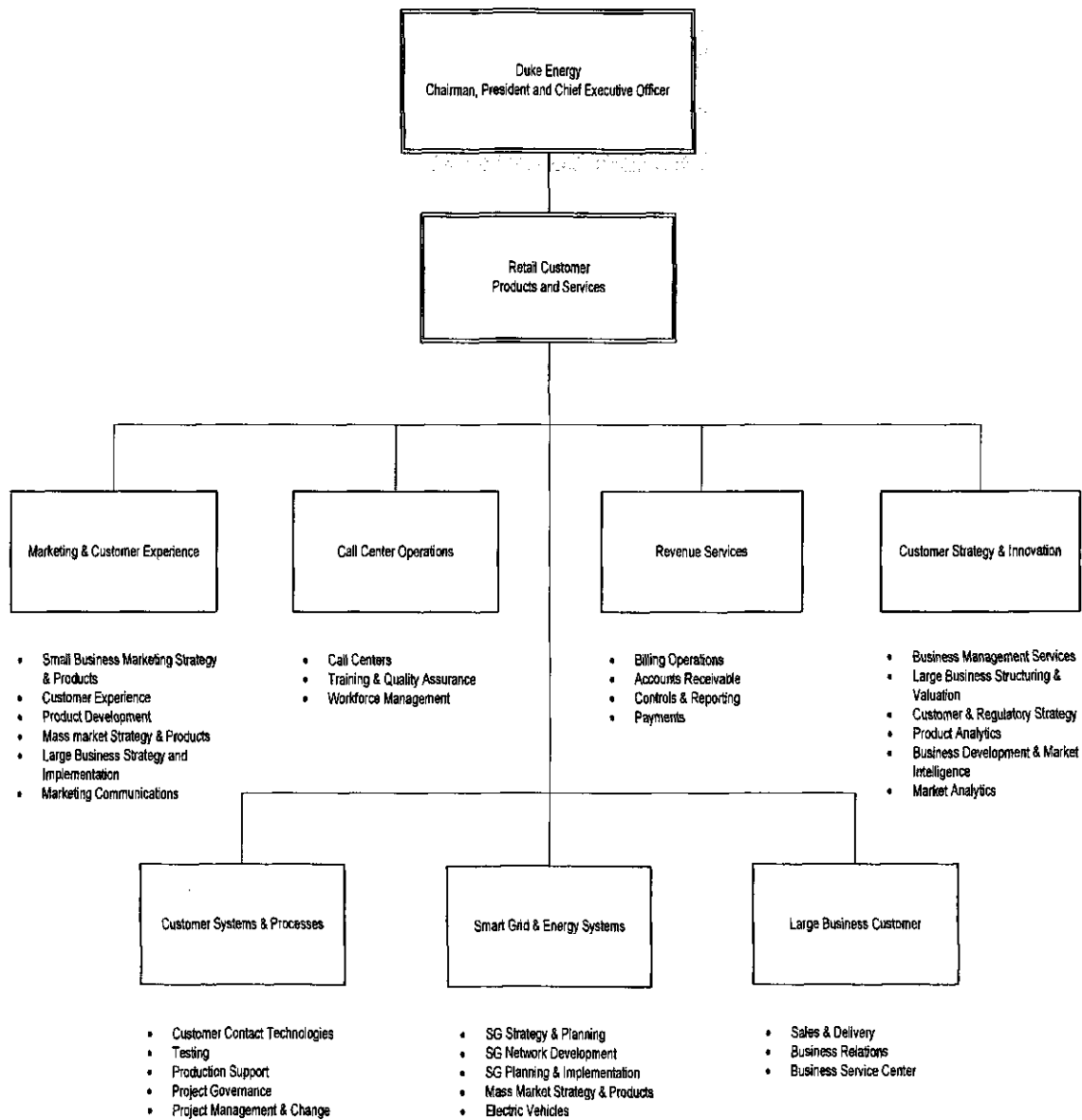
The J.D. Power residential electric customer study, established in 1999, calculates overall customer satisfaction based on six performance areas: (1) company corporate citizenship image; (2) price; (3) power quality and reliability; (4) billing and payment; (5) customer service, and (6) communications.

For 2011, the most recent residential customer study, Duke Energy Ohio outperformed the Midwest region average for customer service and corporate citizenship.

The gas study measures customer satisfaction based on six performance areas: (1) Company image; (2) price and value; (3) billing and payment; (4) customer service; (5) field service; 6) communications. The study ranks large and midsize utility companies in four geographic regions: East, Midwest, South and West. Duke Energy is ranked in the midsize utility segment customers. In the years that the J.D. Power residential gas study has been conducted, Duke Energy Ohio's scores in overall satisfaction have outperformed the scores of the Midwest region average on company image; price and value; billing and payment; and customer service.

RCPS uses other methods to formally and informally quantify and monitor customer service and operational performance. Examples include Call Center quality assessments, technology system incident reports, Call Center productivity reports, social media metrics reports, and technical health reports.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES & ORGANIZATION
LARGE BUSINESS CUSTOMERS DEPARTMENT

I. Policy and Goal Setting

The mission of the Large Business Customers Department is:

[T]o work safely every day and enhance the satisfaction and success of Duke Energy's largest manufacturing, commercial, and institutional customers by providing superior energy products and services and delivering sustainable earnings growth for the company.

The Large Business Customers Department (Department) implements plans and strategies that increase customer satisfaction, strengthen relationships, and enhance Duke Energy Corporation's (Duke Energy) image with large business customers, as well as helping these customers utilize energy more effectively and efficiently in their operations. Large Business Customers' Account Executives, Account Managers, and Account Associates (Account Managers) leverage a proactive planning process to identify customer and stakeholder needs and coordinate with other departments to deliver cost-effective service and solutions.

Department policies and approval levels align with corporate policies and objectives. All purchases, expenditures, and transactions comply with Duke Energy's Approval of Business Transaction Policy. Compliance with policies, either corporate or departmental, is everyone's responsibility. Compliance is measured in various ways, including cost reports for tracking budget performance, schedules to track project milestones, and performance appraisals to measure performance in meeting goals. In addition, it is the responsibility of management at all levels to audit its operation for compliance.

Department goals support Duke Energy Ohio, Inc. (Duke Energy Ohio) priorities and align with the broad objectives established at the corporate level. Individual and team goals are set annually through a process that identifies weighted goals and measures at the beginning of the year, combines these substantive goals with behavioral goals and corporate financial goals, and includes an evaluation of achievement at the end of the year.

Participative management techniques are used to allow employees affected by Department goals an opportunity to contribute to discussions and review of the goals, measures, and plans. Final approval of the goals and policies rests with the

senior management involved, but it is understood that successful implementation of any policy or goal can be assured only through the support of those involved.

II. Strategic Planning

Strategic planning is coordinated between the Vice President, Large Business Customers, the Managing Director of Marketing and Customer Experience, and the Managing Director, Large Business Customers. Planning involves structured input and feedback from senior management and staff members from Retail Customers Products and Services, Customer Strategy and Innovation, and Marketing Strategy and Products. Regular staff meetings are held to discuss pending issues and to decide what items require attention and the timeframe under which issues are to be addressed. Each staff meeting begins with a Safety Minute, in which one staff member will present a safety topic. In conjunction with the development of annual individual and team goals, resources are directed toward the overall corporate goals as developed by executive management. Feedback from customer satisfaction surveys and employees is used to identify major internal and external issues and to develop response mechanisms. In addition, previous programs are reviewed and budget resources are reallocated to meet those needs for the following year that have been identified as having priority.

III. Organizational Structure

The Department is led by the Managing Director, Large Business Customers, and is divided into Account Management and Technical Services. Seven account managers are assigned to the roughly 350 largest commercial, industrial, and institutional customers. Account Managers are assigned to customers based on vertical market segments so that each Account Manager can develop expertise in how particular types of customers utilize energy in their operations.

Technical Services Specialists are assigned on a geographic basis, North, Central and East, and South, so that they can develop expertise in how the electric and gas systems for a particular geographic area are planned, designed, and operated.

The organizational chart of the Large Business Customers Department is attached as Exhibit BR-1.

IV. Responsibilities

The Large Business Customers Department responsibilities are:

- To manage, lead, direct, facilitate, coordinate, and represent Duke Energy's presence among the roughly 350 largest commercial, industrial and institutional customers;
- To provide cost-effective and reliable external/internal customer service to customers and communities;

- To facilitate and expedite the resolution of local, complex customer issues and problems while maximizing business opportunities;
- To help customers use energy more effectively in their operations;
- To help customers identify energy efficiency opportunities and manage the administration of Duke Energy's energy efficiency programs on behalf of customers; and
- To serve as a liaison with customers by building meaningful relationships. Collaborate, facilitate and interface regularly with other internal departments to provide key data and information to help our large business customers to be successful; keep large business customers informed during storms and other emergency situations.

V. Practices and Procedures

Departmental personnel maintain close working relationships with assigned large business customers, as well as all areas of Duke Energy, and work with appropriate Company personnel to assist large business customers with service delivery, reliability, power quality, billing, and energy efficiency matters.

Each Account Manager develops a Customer Business Plan for each of their largest assigned accounts. The Customer Business Plan sets out the matters that are most important to the customer, and identifies plans for improving customer service and energy efficiency specific to the assigned customer. The Account Manager reviews the Customer Business Plan with the respective customer at least annually.

When a customer contacts the Account Manager on a technical service matter, such as requesting a scheduled outage for customer equipment maintenance purposes, the Account Manager will assign the work to the geographically-assigned Technical Services Specialist. The Technical Services Specialist will then coordinate resolution of the customer request with the appropriate Power Delivery or Gas Operations personnel.

Technical Service Specialists also proactively monitor and study the reliability of the service provided to large business customers.

Department Management meets one-on-one monthly with the Account Managers and Manager of Technical Services to review progress towards goals and strategies for achieving goals.

VI. Decision Making and Control

Departmental decision-making and control are based on department goals and input from other departments. The Department is involved in both proactive and reactive issues and consults frequently with management and expert technical personnel from other departments to determine appropriate responses. Major decisions are reviewed

with senior management for input and concurrence. Budget requests and variances are approved by senior management.

VII. Internal and External Communication

The Large Business Customers Department is the conduit of Duke Energy for communicating Duke Energy matters affecting large business customer. The Department communicates with various other Duke Energy departments to stay abreast of Duke Energy issues that may affect large business customers.

VIII. Goal Attainment and Qualification

Annual individual and team goals are set at the beginning of each calendar year and reviewed mid-year and at year-end to determine achievement levels. Evaluations include the level of difficulty and effort exerted to achieve each goal, the achievement level itself, and whether each goal was pursued in a manner, that benefited Duke Energy image and, that exhibited individual behavioral traits valued by Duke Energy, such as honesty, respect, and high degree of professionalism.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

