DUKE ENERGY OHIO EXHIBIT______

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for Administration of the Significantly Excessive Earnings Test under Section 4928.143(F), Revised Code, and Rule 4901:1-35-10, Ohio Administrative Code.	)))))	Case No. 21-412- EL-UNC

DIRECT TESTIMONY OF

LIBBIE S. MILLER

ON BEHALF OF

DUKE ENERGY OHIO, INC.

May 13, 2021

TABLE OF CONTENTS

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Libbie S. Miller. My business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

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

A. I am employed by Duke Energy Business Services LLC (DEBS) as Lead Rates and Regulatory Analyst for Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and Duke Energy Kentucky, Inc. DEBS provides various administrative and other services to Duke Energy Ohio and other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL QUALIFICATIONS.

A. I earned a Bachelor of Science in Accounting from Indiana State University, Terre Haute, Indiana, in 1988. I also am a Certified Public Accountant licensed in Indiana. I began my career with Public Service Indiana, in 1988, where I held positions in Fuels Accounting, Corporate Accounting, and Financial Systems. I transferred to Cincinnati, Ohio, in 1995 with the inception of Cinergy Corp., the parent of Duke Energy Ohio, where I continued working in Financial Systems and later held various accounting positions within the generation business. In 2015, I worked in Program Performance supporting Energy Efficiency and Demand Response customer programs for Duke Energy Indiana. In January 2018, I began my current role as Lead Analyst, Rates and Regulatory Strategy for Duke Energy

Ohio and Duke Energy Kentucky.

Q. PLEASE DESCRIBE YOUR DUTIES AS LEAD ANALYST, RATES AND REGULATORY STRATEGY.

A. As Lead Analyst, I am responsible for the preparation of various monthly, quarterly, and annual rate recovery mechanisms. I also prepare other schedules used in retail rate filings for Duke Energy Ohio and Duke Energy Kentucky.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO (COMMISSION)?

A. Yes, I filed direct testimony in last year's Significantly Excessive Earnings Test (SEET) filing in Case No. 20-0422-EL-UNC.

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

A. I first will provide a brief overview of the SEET, and then I will discuss the SEET calculation of Duke Energy Ohio and the attachments supporting the calculation.

II. BACKGROUND

Q. WHY IS IT NECESSARY FOR DUKE ENERGY OHIO TO SHOW THAT IT DOES NOT HAVE SIGNIFICANTLY EXCESSIVE EARNINGS?

A. Pursuant to R.C. 4928.143(F), following the end of each annual period of an approved Electric Security Plan (ESP), the Commission is required to evaluate the earnings of each electric distribution utility to determine whether the adjustments included in the ESP resulted in significantly excessive earnings. R.C. 4928.143(E) addresses the issue of significantly excessive earnings in the context of an ESP having a term longer than three years.

Duke Energy Ohio is currently providing a standard service offer (SSO) of competitive retail electric services pursuant to an ESP that was approved by the Commission on December 19, 2018. The terms of the ESP are set forth in the Commission's Opinion and Order in Case No. 17-1263-EL-SSO (ESP Order).

Q. DID THE ESP ORDER THAT THE COMMISSION ISSUED ON DECEMBER 19, 2018, ADDRESS THE ADMINISTRATION OF THE SEET TO DUKE ENERGY OHIO?

A. Yes. Regarding calculation parameters, the ESP Order did not disagree with the methodology proposed by Duke Energy Ohio and used in its prior SEET proceedings. That methodology provides as follows:

- Net income as shown on page 117, column (c), line (78) of the [FERC] Form 1, adjusted for the following, if necessary:
    - Eliminate all impacts related to the purchase accounting recorded pursuant to the Duke Energy/Cinergy merger.
    - Eliminate all impacts of refunds to customers pursuant to R.C. 4928.143(F).
    - Eliminate all impacts of mark-to-market accounting.
    - Eliminate all impacts of material, non-recurring gains/losses, including, but not limited to, the sale or disposition of assets.
    - Eliminate all impacts of material, non-recurring revenue or expenses.
    - Eliminate all impacts of parent, affiliated, or subsidiary companies and, to the extent reasonably feasible and prudently justified in the opinion of Duke Energy Ohio, eliminate the impacts of its natural gas distribution business.

The adjusted net income will be divided by Common Equity to determine the resulting return on equity. Certain adjustments will be made to Common Equity.

- Common equity used in the calculation will be the beginning and ending average common equity of Duke Energy Ohio on a stand-alone basis.

- Equity will be adjusted to eliminate the acquisition premium recorded to equity pursuant to the Duke Energy/Cinergy merger.

- Eliminate the cumulative effect of the net income adjustments.

Q. DOES THE ESP ORDER ESTABLISH A FIXED THRESHOLD FOR WHAT WOULD BE CONSIDERED "SIGNIFICANTLY EXCESSIVE EARNINGS"?

A. No. Pursuant to the ESP Order, the threshold for significantly excessive earnings will be determined within the context of this case for calendar year 2020.

III. COMMISSION'S SEET GUIDELINES

Q. WHAT GUIDELINES DID THE COMPANY FOLLOW WHEN PREPARING ITS 2020 SEET FILING?

A. The Company has followed the guidelines found in the relevant provision of the ESP III Order. Additionally, the Company has incorporated into its SEET the Commission's recommendations from Case No. 09-786-EL-UNC (SEET Case).[1]

Q. PLEASE IDENTIFY THE ADDITIONAL RECOMMENDATIONS OF THE COMMISSION IN THE SEET CASE.

A. The Commission's orders in that case generally defer to each company's specific

[1] *In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities,* Case No. 09-786-EL-UNC.

situation.

As I discuss further below, the Commission directed utilities to: (1) base average equity balances on the average of the balances at the beginning and at the end of the year;[2] (2) adjust out all impacts from affiliates and other services (*e.g.*, natural gas distribution);[3] and (3) address deferrals and other certain factors.[4]

Q. DID THE COMPANY HAVE ANY ESP-RELATED DEFERRALS IN 2020 THAT IMPACTED EARNINGS?

A. No, the Company did not have any ESP-related deferrals but did record a Covid-19 pandemic deferral. The Company deferred non-labor costs in 2020 for the Covid-19 pandemic. If these costs were included in this SEET filing, the Company would have a lower ROE.

Q. WILL YOU DESCRIBE THE OTHER INFORMATION THAT THE COMMISSION DIRECTED COMPANIES TO PROVIDE AS PART OF ITS SEET REVIEWS?

A. On page 29 of its Finding and Order,[5] the Commission provided a list of factors it identified as worthy of its consideration in any SEET review. The listed factors include the following:

- the electric utility's most recently authorized return on equity, and
- the electric utility's risk, including:

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[2] *Id.*, Entry on Rehearing, at pg. 6 (Aug. 25, 2010).
[3] *Id.*, Finding and Order, at pg. 12 (June 30, 2010).
[4] *Id*.
[5] *Id.*, Finding and Order, at pg. 29 (June 30, 2010).

- whether the electric utility owns generation;
- whether the ESP includes a fuel and purchased power adjustment or similar adjustments;
- the rate design and extent to which the electric utility remains subject to weather and economic risk;
- capital commitments and future capital requirements;
- indicators of management performance and benchmarks to other utilities;
- innovation and industry leadership with respect to meeting industry challenges to maintain and improve the competitiveness of Ohio's economy, including research and development expenditures, investments in advanced technology, and innovative practices; and
- the extent to which the electric utility has advanced state policy.

Q. WHAT IS THE COMPANY'S APPROVED RETURN ON COMMON EQUITY FOR CALENDAR YEAR 2020?

A. The Company's approved return on common equity for calendar year 2020 was 9.84 percent for its jurisdictional electric distribution service in Ohio.[6]

Q. DOES THE COMPANY HAVE A MECHANISM FOR RECOVERY OF PURCHASED POWER EXPENSES?

A. Yes. The Company procured 100 percent of the generation services provided to its SSO load in 2020 through an auction process approved in the ESP Order. The Company recovers the cost of this competitively procured power via riders. Duke

[6] *In the Matter of the Application of Duke Energy Ohio for an Increase in Electric Distribution Rates,* Case No. 12-1682-EL-AIR, *et al.,* Stipulation and Recommendation, at pg. 7 (April 13, 2018), and Opinion and Order, at pg. 92 (Dec. 19, 2018).

Energy Ohio makes no profit or loss on power that is procured via the auction process and is ultimately delivered to its SSO customers.

Q. DESCRIBE THE COMPANY'S RATE DESIGN.

A. The Company's rate design for noncompetitive service has been essentially the same since its unbundled rates became effective on January 1, 2001. The Stipulation in Case No. 11-3549-EL-SSO, *et al.*, eliminated some riders that existed at the end of 2011 and added certain new riders for competitive retail services. As a result, there were new rates for competitive retail services based on allocation methods and rate design processes that were approved by the Commission in that case. The 2014 ESP Order eliminated other riders for competitive service and modified the design of some riders. The 2018 ESP Order added new riders and modified the design of some riders. Depending on the rate class, some customers may have energy-based rates, demand-based rates, or a combination of both. All customers have some form of a customer charge and some non-residential customers have demand ratchets intended to encourage efficient use of resources. For customers who shop, it is not possible for the Company to know the essentially infinite number of rate design options that may be offered by their competitive retail electric service providers.

Q. DESCRIBE THE EXTENT TO WHICH WEATHER AND ECONOMIC RISKS IMPACT THE COMPANY.

A. As part of the Stipulation in Case No. 11-3549-EL-SSO, *et al.,* Duke Energy Ohio agreed to file an application to implement a decoupling mechanism for its nondemand-metered customers. The Commission approved the Company's subsequent application toward that end in early 2012, and the Company began accruing a deferral related to the decoupling mechanism. The decoupling mechanism excludes all demand-metered sales but mitigates the impact of certain sales losses, particularly due to compliance with Ohio's energy efficiency mandates. I should note that the approved decoupling mechanism is based on weather-normalized sales; consequently, the Company is still exposed to weather-related earnings risks. The administration of the SEET expressly contemplates that the impacts of Duke Energy Ohio's natural gas are to be eliminated. As such, Duke Energy Ohio does not address, in this proceeding, the weather risks relevant to its natural gas operations.

Q. WILL YOU ADDRESS THE CAPITAL COMMITMENTS AND CAPITAL REQUIREMENTS?

A. The capital budget requirements for the future, committed, electric investments in Ohio are approximately $395 million for 2021 and approximately $374 million for 2022.

Q. ARE YOU SPONSORING ANY INFORMATION REGARDING MANAGEMENT PERFORMANCE AND BENCHMARKS TO OTHER UTILITIES?

A. Yes. First, it is important to realize that there is no data that compares the Duke Energy Ohio operating company to its peers. As such, and in an effort to address the Commission's prior directive, reference is made to the information that does exist, on a corporate-wide basis. Attachment LSM-7 is a summary of how Duke Energy Corporation's returns compare to some of its peers. The data represented in this chart represents a comparison of total shareholder return (TSR), which is defined as the sum of dividends and share appreciation divided by a starting price. In this attachment, the first set of numbers shows the TSR for stocks from January 1, 2018, through December 31, 2020. The second set of numbers shows the TSR for stocks purchased from January 1, 2019, through December 31, 2020. The third set of numbers shows the TSR for stocks purchased from January 1, 2020, through December 31, 2020.

Q. HAS THE COMPANY BEEN INNOVATIVE IN ADVANCING STATE POLICY?

A. Yes. Duke Energy Ohio was the first utility in Ohio to deploy smart meters across its entire service territory. Duke Energy Ohio's self-healing teams have saved many millions of customer outage minutes annually. As a state leader in deployment of the smart grid, Duke Energy Ohio actively participated in the Commission's "PowerForward" program to share its expertise and to work with interested stakeholders to enhance further innovation. In Case No. 19-1750-EL-UNC, the Company proposed an electric vehicle charging station pilot and a smart cities program to promote further innovation in the state.

IV. SCHEDULES SPONSORED BY WITNESS

Q. PLEASE DESCRIBE ATTACHMENT LSM-1.

A. Attachment LSM-1 is a schedule showing that the Company's return earned on average electric common equity for the year ended December 31, 2020, is 8.82 percent.

Q. PLEASE DESCRIBE ATTACHMENT LSM-2.

A. Attachment LSM-2 is a schedule showing the calculation of the Company's adjusted electric net income for the calendar year 2020. The source of the utility operating income for the twelve months ended December 31, 2020, is the Company's 2020 FERC Form 1 annual report, pages 114 to 117. Continuing the methodology used in prior SEET proceedings, which was approved in the ESP III Order, purchase accounting recorded as a result of the Duke Energy/Cinergy merger, all impacts of refunds to customers pursuant to R.C. 4928.143(F), all impacts of mark-to-market accounting, all impacts of material, non-recurring gains/losses, all impacts of material, non-recurring revenue or expenses, and all impacts of the natural gas business were eliminated. As shown on the attachment, no refunds were returned to customers during the twelve months ended December 31, 2020. Equity in earnings of subsidiary companies was also eliminated so that the return earned on average common equity would be on a Duke Energy Ohio stand-alone basis.

Q. PLEASE DESCRIBE ATTACHMENT LSM-3.

A. Attachment LSM-3 is a summary of the items eliminated from net income. The schedule shows, by Company account, the impact on net income of eliminating purchase accounting, mark-to-market accounting, non-recurring gains and/or losses, material non-recurring revenues and expenses, and the equity in earnings of subsidiary companies.

Since PUCO approved Duke Energy Ohio's application for deferral of COVID-19 incremental costs, as well as specific miscellaneous lost revenues using existing uncollectible riders already in place for electric operations, there was no need to eliminate any unusual, non-recurring O&M due to the COVID-19 pandemic from the income statement presented in this SEET filing.

Q. PLEASE DESCRIBE ATTACHMENT LSM-4.

A. Attachment LSM-4 is an exhibit showing the calculation of the Company's average electric common stock equity as of December 31, 2020. The attachment shows the common stock equity balances for December 31, 2019, and December 31, 2020, and the calculation of the average electric common equity balance as of December 31, 2020, to be used in determining if Duke Energy Ohio has significantly excessive earnings. Pursuant to the ESP III Order, the following items were eliminated in calculating the ending balance for each calendar year: (1) impacts of purchase accounting recorded pursuant to the Duke Energy/Cinergy merger; (2) all impacts of mark-to-market accounting; and (3) all impacts of material, non-recurring gains and/or losses.

Q. PLEASE DESCRIBE ATTACHMENT LSM-5.

A. Attachment LSM-5 is a schedule showing the calculation of a net plant allocation factor used to allocate total average common equity to electric operations. The gas and electric plant data is taken from the Company's 2019 and 2020 FERC Form 1, pages 200-201. The schedule shows that, based on net plant, 67.25 percent of the Company's 2020 common equity is allocable to electric operations.

Q. PLEASE DESCRIBE ATTACHMENT LSM-6.

A. Attachment LSM-6 is a summary of assumptions used in this filing, most of which are from Attachment PAL-2 in Peggy A. Laub's testimony in Case No. 14-841-EL-SSO, *et al*. I have discussed all other relevant assumptions in my testimony.

Q. PLEASE DESCRIBE ATTACHMENT LSM-7.

A. Attachment LSM-7 is a summary showing Duke Energy Corporation's TSR in comparison to some of its peer companies in the Philadelphia Utility Index.

V. CONCLUSION

Q. DOES DUKE ENERGY OHIO HAVE SIGNIFICANTLY EXCESSIVE EARNINGS THAT WOULD REQUIRE A REFUND TO CUSTOMERS?

A. No. As shown on Attachment LSM-1, Duke Energy Ohio's return earned on average electric common equity is 8.82 percent. The return on average electric common equity is less than the Company's approved 9.84 percent rate of return for electric distribution service. The conclusion from this analysis is that Duke Energy Ohio's rate of return on equity (ROE) for 2020 is below its approved ROE. Therefore, no further analysis is needed to conclude that the Company does not have significantly excessive earnings.

Q. WERE ATTACHMENTS LSM-1, LSM-2, LSM-3, LSM-4, LSM-5, LSM-6

AND LSM-7 PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Duke Energy Ohio, Inc.
Significantly Excessive Earnings Test
Case No. 21-412-EL-UNC
December 31, 2020

Description	Source	Amount
Including Non-SSO Sales and ESP Deferrals		
Adjusted Electric Net Income	LSM-2	$126,716,415
Average Electric Common Equity	LSM-4	$1,436,178,255
Return Earned on Average Electric Common Equity		8.82%

Duke Energy Ohio, Inc.
Significantly Excessive Earnings Test
Adjusted Net Income
December 31, 2020

Description	Form No. 1 Page, Line, Column	Account Level	12 Months Ended December 31, 2020: Total	12 Months Ended December 31, 2020: Electric	Eliminations: Purchase Accounting	Eliminations: Mark-to-Market	Eliminations: Non-Recurring Gains / Losses	Eliminations: Non-Recurring Rev / Exp	Eliminations: Equity in Earnings of Subsidiaries	Eliminations: Amounts Refunded to Customers	Total Eliminations	Adjusted December 31, 2020
Utility Operating Income												
Operating Revenues	114.2.c.g	Level 6	$1,391,354,479	$1,032,357,253							$0	$1,032,357,253
Operation Expenses	114.4.c.g	Level 8	516,111,612	389,286,401							0	389,286,401
Maintenance Expenses	114.5.c.g	Level 8	66,582,736	59,473,214							0	59,473,214
Depreciation Expense	114.6.c.g	Level 9	168,230,222	121,511,246							0	121,511,246
Depreciation Expense for Asset Retirement Costs	114.7.c.g	Level 9	0	0							0	0
Amort. & Depl. Of Utility Plant	114.8.c.g	Level 9	25,575,083	17,010,366							0	17,010,366
Amort. Of Utility Plant Acquisition Adj.	114.9.c.g	Level 9	0	0							0	0
Regulatory Debits	114.12.c.g	FERC Page	24,533,504	14,416,675							0	14,416,675
Less: Regulatory Credits	114.13.c.g	FERC Page	(20,347,508)	(19,892,460)							0	(19,892,460)
Taxes Other Than Income Taxes	114.14.c.g	Level 8	307,251,468	253,014,989				(1,708,535)			(1,708,535)	251,306,454
Income Taxes - Federal	114.15.c.g	Level 8	5,380,057	(4,623,943)		0	0	0		0	0	(4,623,943)
Income Taxes - Other	114.16.c.g	Level 8	333,355	197,452							0	197,452
Provision For Deferred Income Taxes	114.17.c.g	Level 9	117,584,849	85,600,894							0	85,600,894
Provision For Deferred Income Taxes - Credit	114.18.c.g	Level 9	(94,486,029)	(68,510,683)							0	(68,510,683)
Investment Tax Credit Adj - Net	114.19.c.g	Level 8	(271,385)	(98,533)							0	(98,533)
Gains From Disp Of Allow - Credit	114.20-23.c.g	Level 8	0	0							0	0
Accretion Expense	114.24.c.g	Level 8	0	0							0	0
Total Utility Operating Expenses			1,116,477,964	847,385,618	0	0	0	(1,708,535)	0	0	(1,708,535)	845,677,083
Net Utility Operating Income			$274,876,515	$184,971,635	$0	$0	$0	$1,708,535	$0	$0	$1,708,535	$186,680,170
Other Income												
Revenues From Merchandising, Jobbing and Contract Work	117.31.c	Level 7	$4,049,006	$4,048,756							$0	$4,048,756
Less: Costs & Exp of Merchandising, Jobbing & Contract	117.32.c	Level 7	1,070,160	1,070,030							0	1,070,030
Revenues From Nonutility Operations	117.33.c	Level 9	2,506,000	2,506,000							0	2,506,000
Less: Expenses of Nonutility Operations	117.34.c	Level 9	338,385	330,397							0	330,397
Non-operating Rental Income	117.35.c	Level 8	(77,815)	(50,584)							0	(50,584)
Equity in Earnings of Subsidiary Companies	117.36.c	Work Paper	51,590,280	31,577,502					(31,577,502)		(31,577,502)	0
Interest and Dividend Income	117.37.c	Level 7	3,086,875	2,047,425							0	2,047,425
AFUDC	117.38.c	Level 7	7,509,713	5,323,402							0	5,323,402
Miscellaneous Non-operating Income	117.39.c	Level 8	(385,634)	(1,552,314)		0					0	(1,552,314)
Gain on Disposition of Property	117.40.c	Level 8	(24,224)	(24,224)			24,224				24,224	0
Total Other Income			$66,845,656	$42,475,536	$0	$0	$24,224	$0	($31,577,502)	$0	($31,553,278)	$10,922,258
Other Income Deductions												
Loss on Disposition of Property	117.43.c	Account 421.2	($24,224)	($24,224)			$24,224				$24,224	$0
Misc. Amortization	117.44.c	Level 8	0	0							0	0
Donations	117.45.c	Level 8	910,011	584,170							0	584,170
Life Insurance	117.46.c	Level 8	271,526	256,330							0	256,330
Penalties	117.47.c	Level 8	0	0							0	0
Civic, Political & Related Activities	117.48.c	Level 8	1,684,864	1,076,886							0	1,076,886
Other Deductions	117.49.c	Level 8	9,209,525	6,406,107		0	0	0			0	6,406,107
Total Other Income Deductions			$12,051,702	$8,299,269	$0	$0	$24,224	$0	$0	$0	$24,224	$8,323,493
Total Taxes On Other Income and Deductions	117.59.c	Level 6	3,506,526	(1,175,783)	(8,291)	0	0		0	0	(8,291)	(1,184,074)
Net Other Income and Deductions			$51,287,428	$35,352,050	$8,291	$0	$0	$0	($31,577,502)	$0	($31,569,211)	$3,782,839
Net Interest Charges	117.70.c	Level 4	74,166,128	63,707,835	38,760			0			38,760	63,746,595
Net Income	117.78.c		$251,997,815	$156,615,850	($30,469)	$0	$0	$1,708,535	($31,577,502)	$0	($29,899,436)	$126,716,415

Duke Energy Ohio, Inc.
Significantly Excessive Earnings Test
Summary of Net Income Eliminations
December 31, 2020

Account ID CB		Account Long Descr CB	Account Node Name	12 months Ended 12/31/2020	Elimination	Income Tax Effect	Impact on Net Income
Purchase Accounting							
428200		Amort_Debt_Disc_Pur_Acctg_Adj		$393,492	($393,492)		
429200		Amort_Debt_Prem_Pur_Acctg_Adj		(432,252)	432,252		
				($38,760)	$38,760	($8,291)	($30,469)
		Total Purchase Accounting Adjustment		($38,760)	$38,760	($8,291)	($30,469)
Mark-to-Market							
421530		Power Trading MTM Gains	REVENUE	$0	$0		
421631		MTM Unreal Gains - EA	FUEL	0	0		
		Other Income		0	0	0	0
426531		MTM Unreal Loss-Reserve	REVENUE	$0	$0		
426631		MTM Unreal Losses - EA's	FUEL	0	0		
		Other Income Deductions		0	0	0	0
		Net Other Income and Deductions		0	0	0	0
		Total Mark-to-Market		0	0	0	0
Non-Recurring Gains / Losses							
421100 / 421114	Elec	Gain On Disposal Of Property	F_TOT_OTH_INC	($24,224)	$24,224	($5,182)	$19,042
421200	Elec	Loss On Disposal Of Property	F_TOT_OTH_INC_DED	(24,224)	24,224	(5,182)	(19,042)
426510	Elec	Other	F_TOT_OTH_INC_DED	0	0	0	0
426513	Elec	Other Deductions - Impairments	F_TOT_OTH_INC_DED	0	0	0	0
426551	Elec	Impairment & other related charges	F_TOT_OTH_INC_DED	0	0	0	0
426553	Elec	PP&E IMPAIRMENT	F_TOT_OTH_INC_DED	0	0	0	0
426554	Elec	Impairment of Goodwill	F_TOT_OTH_INC_DED	0	0	0	0
		Total Non-Recurring Gains / Losses		$0	$0	$0	$0
Non-Recurring Revenue / Expense							
		Operation Expenses		$0	$0	$0	$0
		Maintenance Expenses		0	0	0	0
		Depreciation Expense		0	0	0	0
		Income Taxes & Other Taxes		0	0	0	0
		Other Deductions		0	0	0	0
		Net Interest Charges		0	0	0	0
Def Tax Basis		Property Tax Adjustment		1,708,535	(1,708,535)	0	1,708,535
Def Tax Basis		Deferred Tax		0	0	0	0
		Total Non-Recurring Revenue / Expense		$1,708,535	($1,708,535)	$0	$1,708,535
Equity in Earnings of Subsidiary Companies							
418.1		Equity in Earnings of Subsidiary Companies		$31,577,502	($31,577,502)	$0	($31,577,502)
		Total Eliminations		$33,247,277	($33,247,277)	($8,291)	($29,899,436)

Duke Energy Ohio, Inc.
Significantly Excessive Earnings Test
Average Common Stock Equity
December 31, 2020

	December 31, 2019					December 31, 2020					Average
Description	Balance at 12-31-19	Other Adjustments	Remove Equity in Subsidiaries	Remove Goodwill	Adjusted 12-31-19	Balance at 12-31-20	Other Adjustments	Remove Equity in Subsidiaries	Remove Goodwill	Adjusted 12-31-20	Common Equity
Common Stock Equity											
201000 Common Stock	$762,136,231				$762,136,231	$762,136,231				$762,136,231	
207001 Premium on capital stock					0					0	
208000 Donat Recvd From Stkhld	28,950,000				28,950,000	28,950,000				28,950,000	
208001 Donat Recvd From Duke	1,462,336,840				1,462,336,840	1,462,336,840				1,462,336,840	
208010 Donat Recvd From Stkhld Tax	15,641,578				15,641,578	15,641,578				15,641,578	
210020 Gain on Redemption of Capital	0				0	0				0	
211003 Misc Paid in Capital	(1,850,617,193)				(1,850,617,193)	(1,850,617,194)				(1,850,617,194)	
211004 Miscellaneous Paid in Capital Purch Acctg	943,842,010			(746,918,647)	196,923,363	943,842,010			(746,918,647)	196,923,363	
0211008 Misc PIC Pushdown Adj RE	1,617,546,493				1,617,546,493	1,617,546,493				1,617,546,493	
211005 Miscellaneous Paid in Capital Pre-Merger Equity	557,581,098				557,581,098	557,581,098				557,581,098	
211007 Misc PIC Premerg RE for Div	0				0	0				0	
211110 PIC - Sharesaver	0				0	0				0	
214010 Common stock equity inter-company	0				0	0				0	
216000 Unappropriated RE Bal	(477,408,597)		(266,409,177)		(743,817,774)	(277,001,062)		(286,748,124)		(563,749,186)	
216100 Unapp Ret Erngs-Curr Yr Net Income	633,829,713	620,641	(633,829,713)		620,641	685,419,993	1,678,066 [2]	(685,419,993)		1,678,066	
438000 Dividends Declared on Common Stock	0				0	0				0	
Accum other comprehensive income (loss)	0				0	0				0	
Total Common Stock Equity	$3,693,838,173	$620,641	($900,238,890)	($746,918,647)	$2,047,301,277	$3,945,835,987	$1,678,066	($972,168,117)	($746,918,647)	$2,228,427,289	
Allocation to Duke Energy Ohio Electric [1]					67.10%					67.25%	
Average Common Equity Allocated to Duke Energy Ohio Electric					$ 1,373,739,157					$ 1,498,617,352	$ 1,436,178,255

[1] Source: Attachment LSM-5 Net Plant Allocation
[2] Source: LSM-3 Income Adjustments

Duke Energy Ohio, Inc.
Significantly Excessive Earnings Test
Net Plant Allocation Factor
December 31, 2020

2020	Duke Energy Ohio, Inc.		
Description	Gas	Electric	Total
Gross Plant (Line 13)	$2,631,746,560	$4,956,920,728	$7,588,667,288
Accumulated Depreciation (Line 33)	753,877,570	1,100,946,868	1,854,824,438
Net Plant	$1,877,868,990	$3,855,973,860	$5,733,842,850
Allocation Percentage	32.75%	67.25%	100.00%

Source: FERC Form 1 Pages 200-201

Duke Energy Ohio, Inc.
Significantly Excessive Earnings Test
Summary of Assumptions

Source of Data per Order in Case No. 14-841-EL-SSO:

1 Source of data is actual data from FERC Form 1 for the calendar year at issue.

Adjustments to Net Income per Order in Case No. 14-841-EL-SSO:

2 Eliminate all impacts related to the purchase accounting recorded pursuant to the Duke Energy / Cinergy Corp. Merger.

3 Eliminate all impacts of refunds to customers pursuant to R.C. 4928.143(F).

4 Eliminate all impacts of mark-to-market accounting.

5 Eliminate all impacts of material, non-recurring gains / losses, including, but not limited to, the sale or disposition of assets.

6 Eliminate all impacts of material, non-recurring revenue or expenses.

7 Eliminate all impacts of parent, affiliated, or subsidiary companies and, to the extent reasonably feasible and prudently justified in the opinion of Duke Energy Ohio, eliminate the impacts of its natural gas distribution business.

Adjustments to Common Equity per Order in Case No. 14-841-EL-SSO:

8 Common Equity used in the calculation will be the beginning and ending average common equity of Duke Energy Ohio on a stand-alone basis (i.e., equity associated with subsidiaries will be excluded and common equity will be allocated between gas and electric service to the extent practicable).

9 Eliminate the acquisition premium recorded to equity pursuant to the Duke / Cinergy Corp. merger.

10 Eliminate the cumulative effect of the Net Income adjustments.

Duke Energy Corporation
Performance Benchmark
Total Shareholder Return vs. Philadelphia Utility Index

	Duke	Rank	Percentile Rank
From January 2018 to:			
Mar-18	-10.5%	13	36.8%
Jun-18	-10.4%	14	31.5%
Sep-18	-2.9%	16	21.0%
Dec-18	4.7%	14	31.5%
Mar-19	10.3%	14	31.5%
Jun-19	8.1%	16	21.0%
Sep-19	17.0%	15	26.3%
Dec-19	13.5%	16	21.0%
Mar-20	7.9%	12	42.1%
Jun-20	10.2%	13	36.8%
Sep-20	7.8%	13	33.3%
Dec-20	20.1%	12	38.9%
From January 2019 to:			
Mar-19	3.1%	19	0.0%
Jun-19	1.0%	19	0.0%
Sep-19	9.3%	15	22.2%
Dec-19	6.1%	17	11.1%
Mar-20	0.9%	14	27.7%
Jun-20	3.0%	13	33.3%
Sep-20	0.8%	13	29.4%
Dec-20	12.3%	13	29.4%
From January 2020 to:			
Mar-20	-4.9%	7	68.4%
Jun-20	-2.9%	8	63.1%
Sep-20	-5.0%	9	57.8%
Dec-20	5.8%	6	73.7%