

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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DESCRIPTION OF DOCUMENT:
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 2

SCHEDULES (S-4.1) – (S-4.2)

PART 1 OF 2

July 9, 2012

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14	B	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(b)	Schedule Alt A-Reg B	Justify any proposal to deviate from traditional ROR regulation
14	C	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(c)	Schedule Alt A Reg C	If severing of costs and rates proposed, applicant shall compare how its proposed ARP would have impacted actual performance measures during the most recent 5 calendar years
14	D	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(d)	Schedule Alt A Reg D	If authorized to exempt any services, applicant shall provide a listing of those services
14	E	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(e)	Schedule Alt A Reg E	Complete matrix showing each rate, service, or regulation included in the plan and explain how it may be affected during term of plan
14	F	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(f)	Schedule Alt A Reg F	Detailed discussion of how potential issues concerning cross- subsidization of services have been addressed in the plan
14	G	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(g)	Schedule Alt A Reg G	Detailed discussion of how the application is in compliance with R.C. 4905.35 and 4929.02
14	H	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(h)	Schedule Alt A Reg H	Projected financial data required in section F of Chapter II of appendix A of OAC 4901-7-01
14	I	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(i)	Schedule Alt A Reg I	Projected financial data through the term of the proposed plan under the assumption that the plan is not adopted. This shall be labeled as section G

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

A summary description of Duke Energy Corporation (Duke Energy) businesses as described on the Duke Energy website www.duke-energy.com is seen in Exhibit CSUM-1. Departments that do not charge Duke Energy Ohio, Inc., (Duke Energy Ohio) will not be discussed in detail in Schedule S-4.2.

I. Policy and Goal Setting

Policies for Duke Energy are set by the executive management team and are tailored to help Duke Energy achieve its objectives. Each officer is responsible for the preparation and review of policies and directives related to their area of responsibility. In addition, standing corporate committees and boards, which are charged with a defined area of responsibility, may also initiate the development of policies or directives. Each proposed policy and directive is subject to review and approval by senior management. The product of some of these policy decisions by which Duke Energy employees are expected to conduct business is embodied in the Code of Business Ethics, which is attached as Exhibit CSUM-2. These guidelines are available to all employees in electronic format on the corporate intranet.

Charters for Board Committees are attached as follows: Audit Committee Charter, Exhibit CSUM-3; Corporate Governance Committee Charter, Exhibit CSUM-4; Compensation Committee Charter, Exhibit CSUM-5; Finance & Risk Management Charter, Exhibit CSUM-6; and Nuclear Oversight Committee, Exhibit CSUM-7.

The responsibility of executive management is to develop goals that will challenge Duke Energy employees to meet and exceed the day-to-day objectives associated with Duke Energy's business purpose. The Corporate and Departmental incentive goals are built off of the Duke Energy Mission (CSUM-8) and earnings per share earnings (EPS) goals.

Duke Energy's strategy is firmly rooted in its core values, which are caring, integrity, openness, passion, respect, and safety. Duke Energy's strategy takes key attributes of its business into account, such as focusing on stakeholders, especially the customer, demonstrating environmental stewardship, conducting business ethically and honestly, striving for high performance, creating win-win relationships, and above all, emphasizing a relentless commitment to working safely.

II. Strategic Planning

On an annual basis, Duke Energy completes a five-year business plan and forecast. The plan includes a qualitative and quantitative assessment of the key business trends within each business unit, corporate center, and Duke Energy's administrative operations. The Strategy & Planning and Finance Departments facilitate the planning process, which lasts about five months. The planning process involves the active participation of the Chief Financial Officer and business unit leadership.

The business planning process provides an opportunity to highlight operational issues, opportunities, threats, and resource requirements. In addition, it enables evaluation of external market and/or regulatory drivers that influence Duke Energy's business and incorporation of those events into the planning horizon.

III. Organizational Structure

To gain a complete understanding of Duke Energy's organization, a summary of the legal structure will be presented first, with an explanation of the management structure following. Duke Energy's complete corporate legal structure is attached as Exhibit CSUM-9.

Legal Structure

- Duke Energy is a registered holding company under the Public Utility Holding Company Act of 1935, as amended, and a Delaware corporation organized in 2005.
 - Cinergy Corp. (Cinergy) is a registered holding company under the Public Utility Holding Company Act of 1935, as amended, and is a Delaware corporation organized in 1993.
 - Duke Energy Ohio and its subsidiaries are engaged in the production, transmission, distribution, and sale of electricity and the sale and transportation of natural gas in southwest Ohio and northern Kentucky;
 - Duke Energy Indiana, Inc., (Duke Energy Indiana) is engaged in the production, transmission, distribution, and sale of electricity in north-central, central, and southern Indiana;
 - Cinergy Receivables Company LLC purchases the accounts receivables and related rights of Duke Energy Indiana, Duke Energy Kentucky, Inc., and Duke Energy Ohio. Cinergy Receivables Company LLC is responsible for securitizing such receivables through a loan agreement with certain commercial banks;
 - Cinergy Global Resources, Inc., (Cinergy Global Resources) is the United States holding company created for Cinergy's international non-regulated investments. Through its subsidiaries, Cinergy Global Resources holds interests in generation and gas distribution projects that have ongoing operations as well as indirectly owned entities in the United Kingdom (UK) that have ceased active trade or business and are being closed down.

The UK entities being closed down were part of the UK gas and electricity trading business;

- Duke Energy Business Services, Inc., the service company for Duke Energy, provides a variety of administrative, management, and support services to Duke Energy's utility and non-utility subsidiaries;
- Cinergy Investments, Inc., is a non-utility subsidiary holding company that holds the majority of Cinergy's domestic non-utility businesses;
- Duke Technologies, Inc., a wholly owned subsidiary of Duke Energy, is a holding company for various Duke Energy investments and initiatives; and
- Cinergy Wholesale Energy, Inc., is a holding company for non-utility energy services businesses. These businesses include operation and maintenance services to affiliate and non-affiliated exempt wholesale power generators and the trading and marketing of electric power, natural gas, environmental emission allowances, coal, and other energy-related products and services.

Management Structure

Commercial Power owns, operates, and manages power plants. Commercial Power's generation, excluding renewable energy generation assets, consists primarily of coal-fired generation assets in Ohio and gas-fired non-regulated generation assets that are dispatched into wholesale markets. These assets generate 7,550 net megawatts of power. They are primarily located in the Midwest. On January 1, 2012, Duke Energy Ohio implemented an electric security plan that separates generation from load. As such, Commercial Power's coal-fired generation assets are dispatched into wholesale markets.

Commercial Telecom main focus is investment in the technology sector. The objective of this department is to contribute to Duke Energy's earnings by building a portfolio of emerging technologies via joint ventures or venture capital initiatives that will eventually lead to earnings growth.

Duke Energy International principally operates and manages power generation facilities and engages in sales and marketing of electric power, natural gas, and natural gas liquids primarily in Latin America.

Federal Government and Regulatory Affairs consists of federal energy policy, federal government affairs, and energy and environment policy.

Finance consists of investor relations, rates and regulatory accounting, tax, finance program and internal controls, treasury, rates, and corporate accounting.

Legal includes the Corporate Secretary, ethics and compliance, audit services, securities and financial reporting, and the legal function for franchised electric and gas, executive compensation and benefits, and corporate and commercial businesses.

Nuclear Generation is in charge of the nuclear operations in North Carolina and South Carolina.

U.S. Franchised Electric and Gas generates, transmits, distributes, and sells electricity in central and western North Carolina, western South Carolina, southwestern Ohio, central and southern Indiana, and northern Kentucky. U.S. Franchised Electric and Gas also transports and sells natural gas in southwestern Ohio and northern Kentucky.

An organizational chart of Duke Energy's Executive Leadership is shown in Exhibit CSUM-10. This chart reflects a top tier view of the Company's management structure.

More detailed organizational charts of Duke Energy's various departments are provided in Schedule S-4.2.

IV. Responsibilities

Duke Energy remains committed to its key responsibility of providing reliable, low cost service to customers. As a part of this responsibility, Duke Energy aims to invest in energy infrastructure that meets rising customer demand for reliable energy in an efficient and environmentally sound manner and to balance customers' need for rate stability with the investor's expectations for earning a fair return on investments to improve infrastructure. Duke Energy also bears the responsibility to balance the needs of its environmental stakeholders by reducing emissions. Duke Energy is taking an active role in energy efficiency and believes that the most environmentally sound, inexpensive, and reliable kilowatt-hour is the one that does not have to be produced.

V. Practices and Procedures

The Board of Directors, the Chief Executive Officer, and his direct reports set strategic goals that reinforce Duke Energy's core values. Employees throughout Duke Energy translate these goals into action. Duke Energy encourages the development of policy documents that are pertinent to particular departments. These policies and procedures are published on the Duke Energy intranet so that they are accessible to all employees, irrespective of their location. Duke Energy also has internal controls and procedures intended to ensure the accuracy of its financial data. The principles for Corporate Governance are attached as Exhibit CSUM-11.

VI. Decision Making and Control

Duke Energy has a structured yet flexible approach to planning and decision-making. Strategic decisions are mostly made at the senior executive and officer level. Many of the officers and executives attend industry and professional forums that encourage

them to engage in planning and visioning exercises. Leadership meetings and conferences are conducted frequently at various levels of management. At the most senior levels, retreats are organized for the Board of Directors. At the more junior levels, group and team meetings are held. These are specifically aimed at the more task-oriented employees. Special conferences and meetings are scheduled to rollout major projects and initiatives.

VII. Internal and External Communication

Duke Energy uses a variety of electronic and print media to communicate to its employees. Duke Energy maintains an enterprise portal, *The Portal*, which can be accessed at work or at home by employees via a secure connection. Internal and external news items of interest to employees are published in *This Week @ Duke Energy*, a weekly publication made available online and in print format. Duke Energy also utilizes cascading communications designed around the corporate organizational structure. Special video presentations and other items of critical importance to employees and Duke Energy are presented and explained through employee meetings and leadership conferences. Information regarding personal benefits and other issues important to employees' families is typically delivered through printed correspondence sent directly to employees' homes.

External communication is conducted through a variety of media as well. Shareholder meetings, financial and sustainability annual reports, news releases, and other special presentations provide updates on the status of Duke Energy. Residential customers and small businesses receive information via bill inserts. In cases involving larger commercial and industrial customers, customer service representatives may choose to communicate through e-mail, customized online newsletters, or face-to-face meetings. Access to Duke Energy for all customer classes is available via Duke Energy's dedicated call centers and the corporate and subsidiary web sites.

VIII. Goal Attainment and Quantification

Duke Energy's success can be measured not only by its earnings, but also by other measures that are specific to its business segments. Duke Energy's management team has compiled metrics to assess the performance of each group.

Employees' incentive targets are based on both the corporate EPS targets and departmental goals.

The Businesses We're In

Duke Energy is a diversified energy company with a portfolio of natural gas and electric businesses, both regulated and non-regulated. Duke Energy supplies, delivers and processes energy for customers in North America and selected international markets.

Franchised Electric & Gas Service

Duke Energy's Franchised Electric & Gas operations provide safe, reliable and competitively priced electricity to customers in North Carolina, South Carolina, Indiana, Kentucky, and Ohio.

Commercial Power

Duke Energy's Commercial Power business has approximately 7,550 megawatts of unregulated generation, primarily in the Midwest, including efficient natural gas and coal-fired plants.

Renewables

Duke Energy Renewables is a leader in developing innovative renewable energy solutions, including wind, solar and biopower projects in the U.S. Our wind and solar farms, located in six states, can produce about 1,000 megawatts of emission-free electricity

International

Duke Energy's International operations are located in the Central and South American countries of Argentina, Brazil, Ecuador, El Salvador, Guatemala, Mexico and Peru.

Retail

Duke Energy Retail provides retail electric services to businesses, industrial facilities, aggregated municipalities and multi-site customers throughout Ohio.

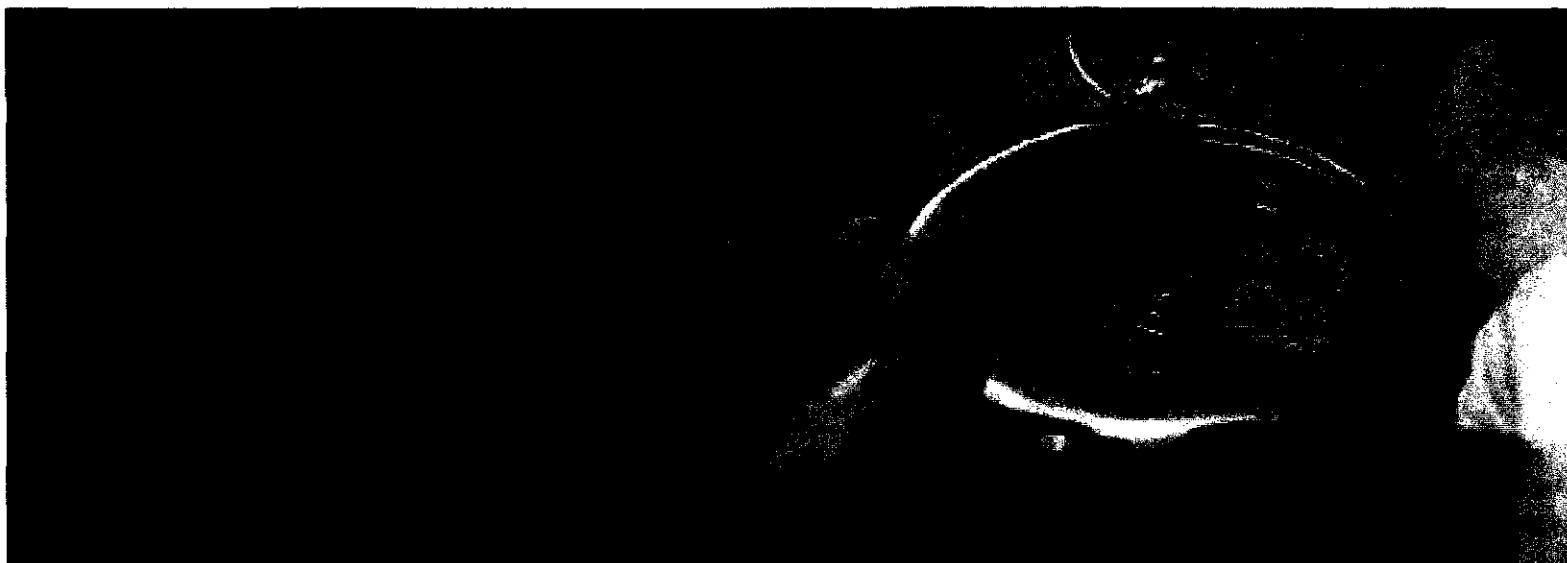
Generation Services

Duke Energy Generation Services (DEGS) builds, owns and operates electric generation and other utility services for large

energy consumers, municipalities, utilities and industrial facilities throughout the United States

Telecommunications

DukeNet develops and manages communication systems for wireless, local and long distance companies as well as educational, governmental, financial and health care entities.



Duke Energy Code of Business Ethics





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A Message from Jim Rogers

Duke Energy Employees:

One of Duke Energy's core values is integrity. We do the right thing, honor our commitments and admit when we are wrong.

Our Code of Business Ethics (CoBE) provides a decision-making framework that supports our business values. The CoBE helps clarify company ethical and decision-making expectations in order to reduce the likelihood of misconduct. Each of us is expected to understand these standards of business conduct and to act in accordance with these expectations.

We all know it is wrong to break the law or violate a company policy or procedure. However, resolving ethical dilemmas and doing what is right can sometimes be less clear cut, and those decisions can be tougher. To make a good decision, we must have good information and use sound judgment. Therefore, you are encouraged to bring work-related concerns, including suspected violations, first to your supervisor. If you are uncomfortable in doing so, you are free to talk to another member of management, a Human Resources Business Partner or the Ethics and Compliance office. Additionally, the EthicsLine is a third-party resource you can use, and you can do so anonymously. The important thing is that you talk to someone.

Duke Energy's reputation depends on our collective commitment to work hard, smart, safely and with integrity to produce results that make the company profitable and respected. How we achieve our goals is just as important as actually achieving them.

A handwritten signature in cursive script that reads "Jim Rogers". The ink is dark and the signature is fluid.

Jim Rogers
Chairman, President and Chief Executive Officer

Introduction

About the Code

Duke Energy's Code of Business Ethics describes ethical risks for employees, provides guidance to help recognize and deal with ethical issues and explains how to report unethical conduct to foster a culture of integrity and passion for doing the right thing. Our customers, investors, public officials, business partners, employees and other stakeholders depend on our commitment to the highest standards of business ethics and compliance.

This Code applies to the employees of Duke Energy, its subsidiaries and its affiliates. Contractors, suppliers and vendors are expected to support effective ethics and compliance programs within their own organizations and adhere to the Supplier Code of Conduct. Some sections and topics may be more relevant to certain functions or departments than to others. However, since one instance of a person failing to act with integrity can damage the company's hard-earned reputation and compromise the public's trust, every Duke Energy employee is responsible for being familiar with the entire Code. The Code has been adopted by the company's board of directors and represents a commitment to promote an organizational culture that encourages ethical conduct and compliance with the law. A separate Code of Business Conduct and Ethics applies to Duke Energy's board of directors.

Duke Energy employees should be aware that:

- This Code cannot anticipate every possible situation or cover every topic in detail. If a situation is unclear, employees should ask for guidance before taking action.
- Most of the topics covered in this Code are explained in greater detail in a company policy.
- From time to time the company may establish training programs to address specific areas of risk.
- Reading this Code is not a substitute for completing training and complying with specific policies and procedures.
- This Code does not necessarily take into account all applicable legal requirements. More restrictive laws or requirements take precedence. If applicable legal requirements

appear to conflict with the standards in this Code, employees should ask for guidance before taking any action.

- The existence and provisions of this Code do not by themselves create any contractual right to continued employment. However, to the extent a contractual right to continued employment is provided by applicable law, this Code is part of and is incorporated into any existing employment contract between Duke Energy and its employees.

Duke Energy employees may be asked periodically to certify compliance with this Code.

Our Mission, Our Values

Duke Energy's mission sets forth the values and behaviors that apply to a wide variety of situations, while this Code is a statement of our principles and expectations that guide our ethical business conduct. Put another way, our mission and values point us in the right direction, and the Code guides our actions in specific situations. When the Code does not provide enough detail, the company's policies and procedures may provide additional information.

The Code also supports Duke Energy's commitment to sustainability – doing business in a way that is good for people, the planet and profits.

Our Values – The Work Environment Duke Energy Commits to Provide

- **Caring** – We look out for each other. We strive to make the environment and communities around us better places to live.
- **Integrity** – We do the right thing. We honor our commitments. We admit when we're wrong.
- **Openness** – We're open to change and to new ideas from our coworkers, customers and other stakeholders. We explore ways to grow our business and make it better.
- **Passion** – We're passionate about what we do. We strive for excellence. We take personal accountability for our actions.
- **Respect** – We value diverse talents, perspectives and experiences. We treat others the way we want to be treated.
- **Safety** – We put safety first in all we do.

Related Links

Our Mission, Our Values
Policies and Procedures
Sustainability

Reporting Ethics and Compliance Issues

Duke Energy employees have a responsibility to report actual or suspected violations of this Code, as well as applicable laws, rules and regulations while performing work for the company. Employees are also expected to report any threat to human health, safety, the environment, communities around us or the company's assets. As needed, employees should seek clarification and guidance on ethical, safety, legal or policy issues or other business-related conduct.

To report a violation or seek guidance:

- Talk to your supervisor or another member of management, your Human Resources Business Partner or the Ethics and Compliance office. You can send e-mails to ethicsofficer@duke-energy.com or to compliancereporting@duke-energy.com.
- If you aren't comfortable with any of those reporting options, or if you feel more comfortable reporting anonymously, use the EthicsLine.

The Audit Committee of the board of directors reviews concerns regarding questionable accounting, internal financial controls (including internal accounting controls) and auditing matters reported to the Ethics and Compliance office, or to the EthicsLine, which allows anonymous reporting.

The EthicsLine

The EthicsLine is a worldwide reporting system, staffed by an independent third party retained by Duke Energy, through which employees can:

- Report suspected unethical and criminal conduct, or environmental, health and safety concerns.
- Ask questions to resolve ethical dilemmas within the organization without fear of retaliation.
- Provide your name or choose to remain anonymous. Should you choose to identify yourself, your identity will be kept confidential to the greatest possible extent.

You may discuss issues such as:

- Employee misconduct
- Harassment or discrimination in the workplace
- Environmental, health or safety concerns
- Fraud and corruption

- Questionable accounting, internal controls or auditing matters
- Conflicts of interest
- Misuse of company assets
- Regulatory violations
- Any behavior you believe damages Duke Energy's reputation.

The service is available to you 24 hours a day, seven days a week. You may submit a report or inquiry via the Web (<https://ethicsline.duke-energy.com/>) or make a toll-free call to the following numbers anytime, day or night:

United States/Canada	800-525-3783
Argentina	0800-444-8948
Brazil	0800-891-4140
El Salvador	0800-6203
Peru	0800-52-417

For countries not listed, follow standard international calling procedures to call the U.S. toll-free number.

You can expect to:

- Be asked to provide specific information regarding your questions or concerns, to assist in ensuring a thorough investigation. Translators are available.
- Be assigned a unique report number and personal identification number.
- Have Duke Energy initiate an investigation into your concern, inquiry or question.
- Have the opportunity to follow up with the EthicsLine to find out the status or outcome of your report.

Retaliation is Prohibited

Duke Energy values openness with its employees, and respects the contributions of all employees. Duke Energy will not retaliate against any employee who in good faith reports suspected unethical conduct or violations of laws, rules, regulations or company policies. Duke Energy will not terminate employment, demote, transfer to an undesirable assignment or otherwise retaliate against an employee for calling attention to suspected illegal or unethical acts, including providing truthful information related to an investigation. However, Duke Energy reserves the right to discipline any employee who knowingly makes a false accusation or provides false information to the company or to others.

The official Code of Business Ethics

is located on the Portal

Our Company/Ethics and Compliance.

More Information

Reporting Concerns to the Audit Committee
Open Door Policy

Our Responsibilities

All Duke Energy employees have a responsibility to understand and follow this Code in their business dealings.

Duke Energy employees must:

- Follow the law, this Code and related policies. This responsibility cannot be delegated or assumed by the company or any supervisor.
- When unclear about a situation, stop and ask for guidance before taking action.
- Follow the reporting process if you become aware of a suspected violation. Use the EthicsLine if uncomfortable with other reporting options.
- Cooperate during any inspections or investigations.
- Complete required training on the Code and periodically certify compliance with the Code.

Additional Leadership Responsibilities

Duke Energy employees in a leadership position (supervisors, managers and senior leaders) have additional responsibilities regarding this Code.

Duke Energy leaders must:

- Set the tone "at the top" by modeling exemplary ethical business conduct.
- Foster an environment of openness where employees feel comfortable bringing issues forward.
- Promptly respond to employee reports of violations or requests for guidance.
- Ensure employees complete required training.
- Answer employee questions about the Code and the company's values, policies and procedures.

Consequences of Violating the Standards in the Code

Failure to obey applicable laws and regulations violates this Code and may expose both you and the company to criminal or civil prosecution. Any violation of this Code or Duke Energy policies and procedures may result in corrective action, up to and including employment termination. The company may seek civil remedies from an employee and refer criminal misconduct to law enforcement agencies.

The company is committed to attempting to recover any incentive compensation, the payment of which was predicated upon the achievement of financial results that were subsequently the subject of a restatement caused or partially caused by the recipient's fraud or misconduct.

Waivers of the Code

All employees are expected to follow the standards set forth in this Code. Any waiver from any part of the Code requires the approval of a group executive. For executive officers, a waiver requires the express approval of Duke Energy's board of directors and will be promptly disclosed to shareholders.

Ethics and Compliance Program Responsibilities

As part of Duke Energy's commitment to conducting its business ethically, we have created the Ethics and Compliance Program to help employees follow this Code of Business Ethics, and to meet legal and regulatory requirements related to company business.

- The Audit Committee of the board of directors exercises reasonable oversight with respect to the implementation and effectiveness of the program.
- The management of the company promotes an organizational culture that encourages ethical conduct and a commitment to compliance with all applicable laws, rules and regulations.
- The chief ethics and compliance officer has overall responsibility for the program's effectiveness.

The role of the Ethics and Compliance office is to prevent and detect illegal or unethical conduct, support Duke Energy's business values, and reinforce ethical behavior through the Code and related education and training.

The Ethics and Compliance Portal site on the company's intranet includes contact information, frequently asked questions and other supporting information.

Printed copies may not include
the most current information.

Related Links

[Open Door Policy](#)

Accounting and Financial Reporting

Duke Energy demonstrates integrity in all accounting and financial reporting practices. All employees must accept responsibility for the accuracy of company records (including time and expense reporting) and public statements, so that we can maintain the trust of our stakeholders.

Duke Energy's internal controls over financial reporting are consistent with the application of generally accepted accounting principles (GAAP). They help protect our financial accountability by:

- Ensuring management's authorization of financial transactions
- Ensuring that financial transactions are properly recorded and posted
- Satisfying government and other regulatory requirements
- Providing reasonable assurance that we are in compliance with GAAP and applicable tax laws.

Responsibility in Reporting

Duke Energy's results of operations and financial condition are reported using GAAP and in compliance with applicable laws and regulations. Duke Energy prides itself on the transparency of its financial and non-financial reporting. To this end, we provide independent analysis and reporting of, among other things:

- Earnings for common stock shareholders
- Non-financial data (examples include data related to environmental responsibility, key strategic initiatives and community involvement)
- Current and future opportunities, threats, strategic plans and critical success factors
- Revenue recognition
- Market risks associated with commodity prices, credit exposure and interest rates

It is critical to Duke Energy's reputation that information provided to management and the public is accurate, fair, complete, objective, understandable, timely and relevant. This applies to both financial and non-financial data, and includes information in public communications as well as in documents filed with regulators. Misstating information can carry serious criminal and civil fines and penalties for Duke Energy and personal criminal liability for employees.

Duke Energy applies the highest ethical standards in its financial and non-financial reporting, and follows all applicable Securities and Exchange Commission, New York Stock

Exchange, Sarbanes-Oxley, various regulatory commission and other standards and rules regarding financial and non-financial reporting.

Employees should report immediately if they are pressured, threatened or aware of unethical behavior or fraudulent financial activities, including but not limited to:

- Use of questionable accounting techniques
- Management of earnings
- Manipulation of results to meet targets for incentive plans.

Our Responsibilities

Duke Energy employees are expected to be truthful and accurate in their accounting and time reporting practices. Financial professionals are expected to stay up-to-date on all financial reporting regulations related to their job functions, and to report financial statement items in a manner consistent with applicable laws and GAAP. All Duke Energy employees involved in public reporting or communications are expected to produce disclosures that are full, fair, accurate, timely and understandable.

Duke Energy employees must:

- Maintain books, accounts and records according to GAAP, using sufficient detail to reflect Duke Energy transactions accurately and fairly.
- Record transactions in a timely manner.
- Report if financial statements are believed to be misstated or manipulated.

Duke Energy employees must not:

- Manipulate financial accounts, records or reports.
- Maintain off-the-book accounts to facilitate questionable or illegal payments.
- Take any action, or cause anyone else to take any action, to influence, coerce, manipulate or mislead auditors for the purpose of making financial statements misleading.

Related Links

Summary of Internal Controls and Financial Controls Policy
Regulation FD Policy

Affiliate Restrictions

Duke Energy uses the capabilities of its affiliates to complement and maximize the value of its core businesses.

Duke Energy and its affiliates are subject to regulation by various state regulatory commissions and the Federal Energy Regulatory Commission. These commissions have specific codes and requirements (Affiliate Restrictions) that prevent regulated franchised electric and gas utilities from providing preferential treatment to their affiliates.

The purpose of the Affiliate Restrictions is to prevent the regulated businesses from subsidizing the activities of their affiliates, and to prevent the affiliates from gaining an unfair advantage because of their relationship with the regulated businesses.

Affiliate Restrictions may include:

- Physical and organizational separation of employees in regulated and non-regulated businesses
- Restrictions on system access for non-regulated employees
- Restrictions on sharing certain employee functions between regulated and non-regulated businesses

- Restrictions on sharing non-public transmission information, market information and other confidential operating information
- Restrictions on disclosing customer information
- Restrictions on transfers of power and non-power goods and services
- Prohibitions on certain financial transactions.

Our Responsibilities

Duke Energy employees who work in or with the regulated/non-regulated businesses should understand all applicable regulations, be aware of potential implications and participate in associated training to ensure compliance with the Affiliate Restrictions.

Related Links

[FERC and State Regulatory Information](#)

Brand Management and Intellectual Property

Duke Energy's brand identity and intellectual property are among its most valuable assets. The loss of or injury to such assets could have a serious financial impact on the company. Violation of the intellectual property rights of others breaches our value of integrity, and may subject both the employee and Duke Energy to substantial liability, including criminal penalties.

Employees demonstrate accountability by consistently and appropriately protecting the intellectual property rights of Duke Energy and honoring the intellectual property rights of third parties (e.g., copyrights, trademarks, service marks and patents).

Employees must also be accurate and truthful in communicating information about Duke Energy products and services. This practice protects the Duke Energy brand and shows respect for our customers and shareholders.

Our Responsibilities

Duke Energy employees are expected to protect the intellectual property rights of Duke Energy, including the Duke Energy name and logo, taglines, inventions, processes and innovations, and to respect those of all third parties.

Duke Energy employees must:

- Understand that any intellectual property we create in the performance of our job responsibilities belongs to Duke Energy, and that innovations must be shared with the company to ensure adequate protection.
- Report any unauthorized use of Duke Energy's copyrights, patents, service marks or trademarks.
- Respect all intellectual property that Duke Energy has received from third parties under confidentiality or license agreements.
- Obtain permission to use a third-party's trademark, service mark or other intellectual property.
- Use inventions patented by third parties only within the terms of a license agreement.
- Adhere to established brand standards when producing any materials, including advertising, publications, online materials and other items using Duke Energy's or its subsidiary companies' names or logos.

Duke Energy employees must not:

- Make copies of copyright-protected materials until Duke Energy has obtained permission from the copyright holder or determined that limited copying is legally permitted.
- Copy or distribute software or related documentation without first ensuring that it is permitted by the licensing agreement.
- Use company letterhead, company e-mail or reference to our business address or title when expressing a personal view in a public forum.

- Use any device to record, tape, or take photographs in the workplace or at a work-related meeting, unless prior authorization has been obtained.

Q&A

Q: What is intellectual property?

A: "Intellectual property" denotes the legal rights that may be secured in virtually any creation of the human mind or intellect (for example, an idea, invention, machine, device, process, program, software, drawing, blueprint, name, logo or slogan) or that may be legally protectable (such as a patent, copyright, trademark, service mark and/or trade secret).

Q: What types of protections are available for intellectual property?

A: The type of protection available depends on the type of intellectual property involved.

- Copyrights protect original and tangible works of authorship such as books, brochures, reports, proposals, advertisements and other literary works, as well as works of art, drawings, photographs, videos, maps, charts, musical works, audiotapes and software. A copyright prohibits unauthorized copying or downloading of these works.
- Patents protect new and non-obvious inventions, such as machines, apparatus, devices, manufacturing components, chemical compositions, business processes and methods, and ornamental designs. A patent permits inventors and patent holders to exclude others from making, using or selling the same invention.
- Trademarks and service marks are words, phrases, symbols and designs that identify and distinguish the source of goods or services from those of others. Registration of a trademark or service mark restricts its use by others. In some circumstances, a trademark or service mark may be protected from such use without registration.
- Trade secrets are any information used by a business such as formulas, processes, devices and customer lists that have economic value because they are not generally known or easily discovered by observation or examination, and for which reasonable efforts have been made to maintain secrecy.

Related Links

Brand Policy

Software License Management Policy

Innovation, Patents and Intellectual Properties Policy

Duke Energy Innovation Disclosure Form

Maintaining Proper Business Relationships

The occasional giving and receiving of gifts or entertainment can be important and appropriate ways of building and maintaining proper business relationships. However, in order to maintain trust and integrity with our business partners, it is important to be prudent when exchanging business courtesies (i.e., anything of value for which the recipient does not pay fair market value, including gifts, services and entertainment).

Bribery laws prohibit companies from directly or indirectly promising, offering or making payment of money or anything of value to anyone (including a government or foreign official; an agent or employee of a political party, labor organization or business entity; or a political candidate) with the intent to induce favorable business treatment or to improperly affect business or government decisions. Our business relationships with unions and union officials and with government and foreign officials are subject to specific laws that require a higher level of scrutiny. Note: These laws and regulations are complex and can vary from country to country, and even within a country (e.g., local versus national) and from state to state. This Code does not necessarily take into account all local legal requirements, and employees should be aware that more restrictive local laws take precedence over this Code.

Decisions about gift giving must be carefully evaluated. In general, Duke Energy does not consider ordinary and reasonable business entertainment, or gifts of nominal value that are customary and legal in the local market, to be improper. We recognize that in certain cultures, gifts of a more substantial nature may be customary and expected.

However, we also recognize that exchanging improper business courtesies or payments can undermine customer relationships, damage our reputation and result in legal penalties. It is important to use good judgment when determining the appropriateness of a business courtesy, to avoid real or perceived undue influence.

No Duke Energy employee should ever accept a business courtesy that might be intended to inappropriately influence, or appear to inappropriately influence, a business decision. Employees who are buyers, who influence buying or who are involved in procurement transactions in any way (e.g., determining specifications, evaluating bids, choosing vendors or suppliers, or administering contracts) must be especially careful when deciding whether to accept a business courtesy.

Our Responsibilities

We demonstrate accountability by refusing to give gifts or make payments that are intended to inappropriately influence, or could appear to inappropriately influence, business decisions.

Compliance is mandatory, and no employee will suffer demotion, penalty or other adverse employment consequence for refusing to pay bribes, even if it may result in the company losing a business opportunity.

Duke Energy employees are expected to be extremely careful when giving anything of value to third parties, to avoid giving the impression that we are trying to corruptly influence another person's business decision. Likewise, Duke Energy employees are expected to act with integrity when deciding whether to accept a business courtesy.

Duke Energy employees must:

- Offer only business courtesies that are considered customary, reasonable, legal and of nominal value in the local market.
- Accept only personal gifts that would be considered common business courtesies, and for which we would reasonably expect to give something similar in return in the normal course of business.
- Obtain prior approval from management before making a decision about whether or not a business courtesy is of more than nominal value in the local market.
- Maintain a written list of business courtesies received that exceed the reporting threshold as defined in the Business Courtesies policy, and review with supervision.
- Obtain written supervisory approval prior to accepting a business courtesy of significant value.
- Report business courtesies exchanged with foreign officials to the Legal department.
- Understand that it is generally not acceptable to give meals, gifts or gratuities to public officials or to federal, state or local government employees. Obtain prior approval from Government Affairs.

Duke Energy employees must not:

- Conduct business through an agent, adviser or other intermediary using corrupt business practices to gain an unfair business advantage.
- Agree to provide any payments, contribute to charities, or make political contributions or other kickbacks in return for favorable treatment.
- Solicit gifts, favors, travel or entertainment from a business partner.
- Exchange cash or cash equivalents (i.e., gift cards) with business partners.

Related Links

[Business Courtesies Policy](#)

[Business Courtesy Log Template](#)

[Compliance With the Foreign Corrupt Practices Act Policy](#)

[Political Activity Policy](#)

Business Transactions

Duke Energy's contractual agreements and business transaction processes govern our business relationships and ensure that Duke Energy's interests are protected.

The laws governing contracts and business transactions are numerous and complex. Therefore, Duke Energy has certain policies and procedures in place to ensure that any business transaction entered into on behalf of Duke Energy has received an appropriate level of review and approval.

In addition to contractual risks, participation in energy commodity markets exposes Duke Energy to credit and market risk. Therefore, Duke Energy has established risk management policies and procedures to guide its personnel in mitigating the potential negative financial impacts posed by these transactions, and to build a portfolio of positions that collectively meet Duke Energy's desired risk/reward profile.

Our Responsibilities

Duke Energy controls expenditures for goods and services through a purchasing process of requisitioning, procuring, administering contracts, receiving, approving invoices and disbursing funds. Duke Energy also controls its market and credit risk exposures through risk management policies and procedures.

Duke Energy employees must:

- Know what types of contracts we are authorized to execute on behalf of the company and our delegation of authority, if any.
- If authorized to transact in the commodity market, execute transactions only in authorized commodities, using approved instruments and following applicable procedures for maintaining compliance with specific risk limits and hedge guidelines.

- Secure written approval of contracts after any necessary advice, counsel and review is obtained and evidenced.
- Ensure suppliers are apprised of expectations regarding their obligation to conduct business in an ethical manner.
- Document the purchasing process to show that appropriate steps were taken and to provide an audit trail.

Duke Energy employees must not:

- Separate a single transaction into multiple transactions to circumvent delegation of authority.
- Divulge the quotation of one supplier to another supplier.

Related Links

[Approval of Business Transactions](#)
[Delegation of Authority](#)
[Purchasing Controls](#)
[Commodity Risk Policy](#)
[Credit Policy](#)
[Loan Policy](#)

Confidential, Proprietary and Personal Information

Duke Energy maintains and uses confidential, proprietary and personal information ("sensitive information") in the course of doing business. This includes the company's sensitive information, as well as that of third parties, including customers, shareholders and employees.

Duke Energy complies with laws protecting sensitive information from unlawful disclosure, as well as laws that require Duke Energy to detect, prevent and respond to the use of stolen personal information to establish or maintain a customer or shareholder account. Failure to comply with these laws and standards can cause harm to individuals, Duke Energy and third parties. The impact could include financial and legal liabilities, damages to the Duke Energy brand or adverse regulatory actions. Failure to comply can also prohibit Duke Energy from conducting business in certain countries.

Our Responsibilities

Duke Energy employees are expected to protect Duke Energy and third-party sensitive information from unlawful disclosure or use, and to ensure that such information is handled properly throughout the organization.

Duke Energy employees must:

- Maintain the confidentiality of sensitive information.
- Use sensitive information for business purposes only.
- Use company procedures for labeling and handling sensitive information.
- Share sensitive information only with appropriate parties both within and outside of Duke Energy.
- Use health information solely for the administration of health plans or to satisfy regulatory requirements.
- Make sure that the use of sensitive information is consistent with our policies, affiliate restrictions, contractual obligations and applicable laws.
- Detect, prevent and respond to unauthorized use of personal information.

Duke Energy employees must not:

- Disclose sensitive information to individuals (including other employees) who do not have a business need to know the information.
- Help a third party gain access to sensitive information without a legitimate business purpose.

Q&A

Q: What is confidential or proprietary information?

A: Confidential or proprietary information is any information that should not be shared with

others without a legitimate business purpose. This includes, but is not limited to:

- a. Inventions
- b. Operational information
- c. Strategic information about current and/or future business plans
- d. Suppliers' pricing and specifications
- e. Research
- f. Records, such as financial, customer or personnel records
- g. Information designated as confidential or proprietary.

Q: What type of information would be considered personal information?

A: Any information collected by Duke Energy or its subsidiaries or affiliates that uniquely identifies a person, or from which a person can be reasonably identified, and the collection, use or disclosure of which is governed by applicable law or regulation. Personal information of an individual, entity or government agency includes where applicable, but is not limited to:

- Protected health information
- Social Security number or national ID (or equivalent)
- Consumer report information
- An entity's or agency's name, or person's first name or first initial and last name, in combination with:
 - Social Security or employer Taxpayer ID numbers
 - Driver's license, state identification card or passport numbers
 - Banking information
 - Credit card numbers
 - PIN codes
 - Electronic ID numbers
 - Private e-mail names or addresses
 - Private phone numbers
 - Internet account numbers
 - Identification names
 - Digital signatures
- Any information that can be used to access a person's financial resources
- Biometric data
- Fingerprints
- Passwords
- Parents' legal surnames prior to marriage
- Any other information protected by Duke Energy's policies, standards, procedures or applicable laws.

Related Links

Personal Information Privacy Policy

Red Flags Identity Theft Policy

Data Privacy and Identity Theft Protection Standard

Conflicts of Interest

Duke Energy depends on the good judgment and integrity of its employees to act in Duke Energy's best interests. In some situations, however, an employee might be tempted to act otherwise, or a conflict of interest may arise.

A conflict of interest exists any time an employee faces a choice between what is in his or her personal interest (financial or otherwise) and the interests of Duke Energy. When a conflict of interest arises, others may question our integrity. Therefore, employees are accountable for acting in Duke Energy's best interests and carefully avoiding even the appearance of impropriety. An employee whose objectivity may be questioned because of individual interests or family or personal relationships should notify their supervisor or another manager, their Human Resources Business Partner or the Ethics and Compliance office immediately.

Conflicts of interest may arise when:

- An employee or someone with a close relationship to the employee has an interest in an entity with which Duke Energy does business.
- An employee or someone with a close relationship to the employee owns or acquires more than a 5 percent ownership interest in an entity that competes with Duke Energy.
- An employee or someone with a close relationship to an employee receives improper personal benefits as a result of their position at Duke Energy.
- Other employment (including self-employment) or serving as an officer, director, partner or consultant with another organization interferes with an employee's ability to act in the best interests of Duke Energy, requires the employee to use or disclose sensitive information about Duke Energy, is conducted during or conflicts with an employee's normal work times, or creates the appearance of impropriety.
- An employee or someone with a close relationship to an employee receives a loan or other extension of credit or credit support (such as a guaranty) from Duke Energy. Duke Energy is prohibited by law from extending or arranging for the extension of personal loans to executive officers.

Our Responsibilities

Duke Energy employees owe a duty of loyalty to the company and are expected to act in Duke Energy's best interests and avoid conflicts of interest and/or the appearance of a conflict of interest.

Duke Energy employees must:

- Be able to identify potential conflicts of interest when they arise.
- Seek group executive approval to:
 - Perform work or services similar to current job responsibilities for any person or organization that competes with or seeks to do business with Duke Energy.
 - Take a position on the board of directors of a for-profit entity that has regular business dealings with Duke Energy, other than routine sales of gas and electric services.
 - Acquire more than a 5 percent ownership interest in an entity that competes with Duke Energy.
 - Own more than a 5 percent interest in a business that makes sales of goods or services to Duke Energy exceeding \$1,000 annually.
 - Act as contract administrator for a business of which we own more than a 5 percent interest.
- Always keep Duke Energy's interests uppermost, even if the above criteria do not apply to a situation.

Duke Energy employees must not:

- Take personal gain from an opportunity available to Duke Energy that is discovered using company assets, information or position.
- Personally benefit from business decisions, selections or authorizations the employee makes in the performance of their job.
- Cause Duke Energy (or its affiliates) to enter into, or direct others to cause Duke Energy (or its affiliates) to enter into, energy commodity contracts that benefit an employee, an employee's family members, friends, or someone who has a close relationship to an employee or shares a personal business interest.
- Participate in the selection process or oversee the work of a company in which an employee or someone with a close relationship to the employee has an interest.
- Interface with Duke Energy's contractors, vendors, suppliers, customers or others in a manner that creates even the appearance of a conflict of interest.

Q&A

Q: I've been asked to sit on the board of directors of a nonprofit organization. Do I need my supervisor's approval to do this?

A: No, but you should still make your supervisor aware of the situation. Also, you should excuse yourself from any discussions or votes on any matters involving Duke Energy, to avoid the appearance of improper behavior or a conflict of interest.

Q: I am considering a temporary second job for extra money during the holiday season. Is this okay?

A: Yes, but remember your first responsibility is to our company. You must be able to fulfill all your responsibilities, including overtime if that is a requirement. The job must not be with a competitor or vendor/supplier.

Q: An employee's spouse owns a company which would like to bid on a contract exceeding \$1,000 annually. The employee discloses the ownership to their supervisor. Is this a conflict of interest?

A: No. The employee was honest about their relationship and removed himself/herself from the purchasing process. If the company owned by the employee's spouse is chosen as a vendor, the employee cannot be involved in supervising the work or processing payments for the work.

Related Links

Conflict of Interest Policy

Environment, Health and Safety

One of our values is caring – we look out for each other. We strive to make the environment and communities around us better places to live. Protecting and responsibly managing natural resources and the environment is critical to the quality of life in the communities we serve, and is central to Duke Energy's long-term business success. The health and safety of employees, contractors, customers and communities is the responsibility of all Duke Energy employees. We put safety first in all we do.

Duke Energy accepts responsibility in these areas by systematically managing risks, setting goals, measuring and reporting performance, and conducting assessments to evaluate and improve:

- Compliance with environmental, health and safety (EHS) laws, regulations and other regulatory obligations.
- Systematic implementation of Duke Energy's EHS policies and standards.

Our Responsibilities

We take our role as a responsible corporate citizen seriously, working to balance our business goals with the environmental, social and economic needs of our communities. Duke Energy's commitment is long-standing. We realize that environmental stewardship and corporate responsibility cannot stand alone; these ideals must permeate every area of our operations.

Duke Energy employees are expected to abide by all company EHS policies and procedures and to improve operations, with a focus on preventing environmental, health and safety incidents.

Duke Energy employees must:

- Comply with all applicable environmental, health and safety laws, regulations and other requirements, such as those dealing with:
 - Employee and public safety and health
 - Contractor EHS management
 - Work conditions
 - Pollution control and management
 - Waste management
 - Infrastructure safety.
- Demonstrate a personal commitment to protecting the environment and to continuous safety improvement.
- Promptly report all environmental, health and safety incidents, including significant near misses.
- Use natural resources and energy efficiently to reduce resource consumption, waste, discharges and emissions.
- Report to work fit for duty and free of the effects of alcohol or drugs.

Duke Energy employees must not:

- Threaten or injure other people.
- Possess or use a weapon in any manner while on Duke Energy premises or while engaged in Duke Energy business, unless authorized to do so.
- Use, possess, sell or transfer illegal drugs, illegal narcotics or alcohol on the job.

Q&A

Q: How do I prepare for a workplace emergency?

A: A workplace emergency may be an injury accident, a severe illness, a chemical spill, a fire, flood or storm, an assault or other incident.

- Find out whom to contact to get help in the event of an emergency. Emergency numbers should be posted at each telephone. Local personnel may be appointed and trained to respond to emergencies.
- Know the address of your work location in case you have to call for emergency help.
- Know the location of emergency equipment including fire extinguishers, break-glass alarms, first aid kits, safety showers, eye wash stations, chemical spill control materials and other equipment.
- Know the evacuation route from your work area. Be aware of at least two exits and know where you are supposed to assemble with coworkers outside the building.

Related Links

Environment, Health & Safety Policy
Alcohol and Drug-Free Workplace Policy
General Workplace Security Policy

Employment Practices

Duke Energy values diverse talents, perspectives and experiences. The dignity of each person is respected, and everyone's contribution is recognized. We expect Duke Energy employees to act with mutual respect and cooperation toward one another. We do not tolerate discrimination, harassment or retaliation in the workplace.

We comply with laws concerning discrimination and equal opportunity that specifically prohibit discrimination on the basis of certain differences. We will recruit, select, train and compensate based on merit, experience and other work-related criteria.

Harassment generally means offensive conduct that is severe or pervasive and singles out an employee to the detriment or objection of that employee because of a difference protected by law or by Duke Energy policy. Harassment covers a wide range of conduct, from direct requests of a sexual nature to situations involving offensive behavior (e.g., insults, offensive jokes or slurs, offensive material in the workplace), to verbal or non-verbal threats, abuse or ridicule, assault or blocking of normal movement that results in a hostile work environment.

Our Responsibilities

Duke Energy employees are expected to do their part to ensure a safe and secure workplace in which employees can perform their duties without fear of harassment. It is important that employees speak up if they experience or witness harassment on the job or at work-related events (e.g., conferences, storm duty, etc.). Employees may report harassment or discrimination to their manager, another member of management, their Human Resources Business Partner or through the Duke Energy EthicsLine.

Duke Energy will promptly and thoroughly investigate all reports of harassment and will preserve the confidentiality of the investigation to the greatest possible extent. Duke Energy will take immediate and appropriate action, up to and including termination of employment, if harassment is determined to have occurred.

Duke Energy employees must:

- Treat others with respect on the job.
- Report all incidents of harassment.
- Share the responsibility for creating a workplace that values and respects diversity and inclusion.
- Comply with equal employment opportunity laws, including those related to discrimination, harassment and retaliation.

Duke Energy employees must not:

- Threaten, insult, abuse or ridicule others.
- Create an intimidating, hostile or offensive work environment.
- Use any differences protected by law as a factor in hiring, determining terms or conditions of employment (i.e., compensation, work assignments, employee development opportunities, vacation or overtime), promotion, corrective action or firing decisions.
- Retaliate against a person who makes a complaint of discrimination or harassment in good faith; reports suspected unethical conduct, violations of laws, regulations or company policies; or participates in an investigation.

Q&A

Q: What are the differences that are protected by law or Duke Energy policy?

A: Differences protected by law or Duke Energy policy include:

- Race
- Gender
- Religion
- Color
- National origin
- Ethnicity
- Citizenship
- Age
- Disability
- Sexual orientation
- Veteran status
- Marital status
- Genetic information.

Q: What is considered offensive material in the workplace?

A: Possession of any text, communications, software, images, sounds, data or other information that facilitates improper conduct (such as involvement with illegal drugs, illegal materials or illegal weapons), that is threatening, unlawful, abusive, harassing, defamatory, libelous, deceptive, fraudulent or invasive of another's privacy, or that contains explicit or graphic descriptions or accounts of sexual acts.

Related Links

Affirmative Action and Equal Employment Opportunity Policy
Diversity and Inclusion Policy
Harassment Policy
Open Door Policy

Fair Competition

Duke Energy succeeds in the marketplace by offering competitively priced, quality products and services. As a company, we support full and fair competition by complying with antitrust laws prohibiting activities that reduce competition and restrict trade.

Our Responsibilities

All Duke Energy employees must deal fairly with the company's customers, suppliers and competitors. Employees are expected to act with integrity by maintaining Duke Energy's independent judgment in the pricing, marketing, purchasing and selling of all products and services.

Duke Energy employees must:

- Understand how fair competition laws apply to us and our business, and learn how to avoid engaging in potentially unlawful behavior.
- Leave any meeting or informal gathering immediately and report any discussions with competitors that could be considered anti-competitive.

Duke Energy employees must not:

- Improperly attempt to prevent an entity from competing with Duke Energy or from entering the markets in which Duke Energy participates.
- Suggest to suppliers that our purchasing decisions depend on their use of Duke Energy's goods or services, or that failing to do business with a Duke Energy subsidiary or affiliate could jeopardize business with another Duke Energy entity.
- Make inaccurate or misleading statements about competitors, suppliers, customers or their offerings.

Q&A

Q: What types of behavior could be considered anti-competitive and a violation of antitrust laws?

A: The following behavior could be considered anti-competitive and a violation of antitrust laws:

- Discussions or agreements with a competitor regarding pricing, territories, market share or intent to bid (or not bid) for particular business
- Providing inconsistent information about a request for quotation/proposal to competing bidders
- Entering into an exclusive dealing arrangement or understanding in which Duke Energy agrees to work only with certain suppliers or distributors in a particular market where Duke Energy has market power
- Taking advantage of market power to eliminate or threaten a competitor or potential competitor in that or another market
- Suggesting that a product or commodity must be resold at or within a particular price or range of prices
- Participating in actions by any trade association or other industry group regarding membership restrictions, sharing information (including benchmarking) or desired governmental actions. Participating in such actions could be anti-competitive and should be performed under the proper guidelines.

Fraud

Fraud, or the potential of fraud, compromises the integrity of our financial reporting system and the safety of our assets, both physical and intellectual.

Fraud is the act of intentionally misrepresenting or concealing facts that cause another party to act or not act in reliance on the *misrepresentation or concealment*. Fraud may be committed by one person or by two or more (collusion) and may be committed by internal and/or external parties (vendors, customers, etc.).

Our Responsibilities

All employees must understand what constitutes fraud and refrain from engaging in fraudulent activity, including collusive fraud that bypasses existing controls. Moreover, employees are responsible for reporting all instances of potential fraud in accordance with Duke Energy's Fraud Policy.

Concerns related to questionable accounting, internal financial controls or auditing matters are reported to the Audit Committee of the Board of Directors.

Duke Energy employees must:

- Understand what constitutes fraud and refrain from engaging in fraudulent activity.
- Report all instances of potential fraud.

Duke Energy employees must not:

- Engage in fraudulent activity, including collusive fraud that bypasses existing controls.

Q&A

Q. What are some types of fraud?

A. Various types of potential fraud include:

Fraudulent financial reporting

- Intentional reporting of false expense or revenue data which improperly states amounts reported on publicly filed financial statements
- Intentional misstatement of price data reported for price index purposes
- Intentional misapplication of accounting principles relating to amounts, classification, accrual, manner of presentation, or disclosure
- Intentional misstatement of accounting estimates and judgments

Misappropriation of assets

- Submitting an inaccurate expense report for personal expenses
- Excessive personal use of company supplies or assets
- Fraudulent financial reporting (see above) for purposes of increasing personal gain through incentive measure calculations
- Improper time reporting with intent to defraud

Corruption and other fraud related malfeasance

- Overriding existing controls, rendering the controls ineffective
- Falsifying personal credentials
- Falsifying documents or certifications required by company procedures and/or regulatory authorities, including providing your signature as a quality assurance check without completing the inspection process
- Tampering with documents
- Participating in illegal acts in collusion with others – in particular, concealing the transfer of funds involved in the illegal actions (money laundering).

Related Links:

Fraud Policy

Insider Trading

Duke Energy's success in the marketplace requires that we maintain the trust and confidence of the investment community. Duke Energy employees must act with integrity when trading public securities, adhering to all applicable laws.

Insider trading may occur when an employee:

- Knows material nonpublic information about Duke Energy or any company with whom Duke Energy has a business relationship, and trades the securities of such company while in possession of material nonpublic information.
- Buys, sells, or otherwise trades a company's securities, such as stocks, bonds or options, while in possession of that information, or tells others about it before it is made public, if that information is to be used to trade on that company's securities.

"Material nonpublic information" is information that would affect a reasonable investor's decision on whether or not to invest in a company's securities. Examples include, but are not limited to:

- Unpublished financial results
- News of a pending or proposed company transaction
- Significant changes in corporate objectives
- News of a significant sale of assets
- Changes in dividend policies
- Financial liquidity problems.

Circumstances suggesting the possibility of insider trading may result in an investigation by a stock exchange or by governmental authorities. Such an investigation could damage Duke Energy's brand and reputation and result in liabilities or penalties, including criminal charges and/or fines against the employee.

Our Responsibilities

Duke Energy employees are expected to be very careful when trading securities, even the Duke Energy securities in our retirement accounts, to make sure that trades are not made while in possession of material nonpublic information.

Duke Energy employees must:

- Direct questions related to insider trading laws to the company's Legal department.
- Allow approximately two full trading days after any material nonpublic information of which an employee is aware has been made available to the public before trading Duke Energy securities. This includes initial elections, transfers into or out of the Duke Energy stock fund, and changes in elections involving purchases of Duke Energy securities within the savings plans. (Regularly scheduled purchases of Duke Energy securities within the plans are not prohibited.)

Duke Energy employees must not:

- Trade the securities of Duke Energy or those of its suppliers, customers or other companies with whom Duke Energy has a business relationship while in possession of material nonpublic information.
- Trade in options, warrants, "puts," "calls" or similar instruments on Duke Energy stock or sell Duke Energy stock "short."
- Give material nonpublic information to anyone not authorized to have that information, including other Duke Energy employees. If that information is subsequently used by the person to trade on securities, it may be considered illegal "tipping" and a violation of insider trading laws.

Q&A

Q: I am a financial professional and often talk about business with my spouse. That's not a problem, is it? I only occasionally reveal nonpublic information and my spouse knows not to tell anyone else.

A: This is a problem that could be costly for both you and the company. If your spouse were ever to use material nonpublic information given by you to buy or sell securities, both of you could be prosecuted for illegal insider trading. You should not give any nonpublic information to your spouse or to others.

Related Links

Insider Trading Policy

Interactions with Public Officials

Duke Energy maintains relationships with government employees and representatives including: elected or appointed officials in foreign, federal, state and local governments, regulatory commissions, and other oversight agencies ("Public Officials"). All Duke Energy employees who interface with Public Officials must maintain professional and productive relationships with those Public Officials and comply with all applicable laws, rules, regulations and orders governing those relationships while performing work for Duke Energy in order to preserve our reputation and integrity.

Our Responsibilities

Duke Energy employees who interface with Public Officials or who represent Duke Energy in political, governmental and business matters are responsible for understanding the requirements and other restrictions that apply to their work and relationships. Employees must not create or contribute to any situation where the responsibilities, judgment or objectivity of Public Officials becomes compromised. Notify Government Affairs prior to interacting with Public Officials if that is not part of your assigned responsibilities. If you have questions, seek guidance from the Legal Department.

Duke Energy employees must:

- Abide by applicable ex parte rules when communicating. When in doubt as to whether a communication is ex parte and prohibited by applicable rules, contact the Legal Department prior to engaging in the communication.
- Communicate in a courteous, professional, and business-like manner that demonstrates a commitment to our Company's mission and values regardless of the method of communication (i.e., electronic, oral, written).
- Follow rules that apply to business courtesies given to political candidates, government agencies and public officials. Business courtesies include meals, travel, entertainment, event tickets and sponsorships of an event where a public official is the speaker or honoree.
- Promote compliance with applicable laws and regulations surrounding political contributions, government contacts and lobbying.

Duke Energy employees must not:

- Seek to employ current or former Public Officials without first consulting with Human Resources.
- Offer, promise or give anything of value to a Public Official to assist the Company or individual in obtaining or retaining business or to obtain any improper advantage.

Q&A

Q: What are ex parte rules?

A: Any oral or written communication which is not on the record, for any pending proceeding, where reasonable notice to all parties was not given (i.e., ex parte) is generally prohibited; however, communication regarding undisputed administrative or procedural matters and educational or informational communications when there are no other parties to the proceeding other than Duke Energy may be exempt from ex parte rules. When in doubt, contact the Legal Department prior to engaging in the communication.

Related Links

[Political Activity Policy](#)

[Business Courtesy Policy](#)

[Open Door Policy](#)

[Interactions with Public Officials Policy](#)

[Foreign Corrupt Practices Act Policy](#)

[IT4100 - Acceptable Use of Electronic Communications](#)

[Honest Leadership and Open Government Act of 2007 Guidance \("HLOGA"\)](#)

International Business

Duke Energy maintains the highest standards of integrity when conducting business in the United States and abroad. The company is committed to a zero tolerance policy toward bribery, supported by an effective program of internal systems and controls. We build relationships based on trust and respect with our customers, suppliers and community stakeholders.

Duke Energy's success in global business transactions depends on our compliance with country-specific constraints and conditions, and sensitivity to local customs. The laws, regulations and conventions governing our international business relationships vary from country to country. It is Duke Energy's policy to comply not only with the letter of these laws, but also with their spirit. Duke Energy is also responsible for following certain U.S. laws when doing business outside of the United States. Since violations can result in substantial fines, imprisonment and severe restrictions on the company's ability to do business, it is essential that Duke Energy employees follow all applicable laws. If local law conflicts with applicable U.S. law, or if in doubt for any reason, ask for guidance before taking any action.

Our Responsibilities

Employees are prohibited from corruptly offering, promising or giving anything of value to a foreign official in order to assist the company or individual in obtaining or retaining business, or to obtain any improper business advantage. No employee will suffer adverse consequences for refusing to pay bribes, even if this may result in the company losing business.

Duke Energy employees must:

- Get the training needed to understand laws and regulations governing international transactions, and have a strong understanding of the Foreign Corrupt Practices Act (FCPA) and anti-bribery legislation of the Organization for Economic Co-operation and Development (OECD) Convention.
- Seek advice in advance from the Legal department regarding whether a payment is legal and legitimate.
- Maintain books and records in reasonable detail to accurately and fairly reflect transactions and dispositions of assets.
- Conduct comprehensive due diligence on all third parties that Duke Energy seeks to engage to act as agents, representatives or consultants in connection with business in a foreign country. Comprehensive due diligence should also be conducted before Duke Energy establishes a binding business relationship with a foreign controlled company.
- Report any FCPA or OECD Convention concerns to the Legal department.
- Report all requests for boycott support or boycott-related information to the Legal department.
- Obtain technical and legal guidance about export control restrictions when exporting sensitive goods or technology.

- Seek advice regarding any sensitive political issues in countries where Duke Energy is doing or considering doing business.

Duke Energy employees must not:

- Make payments or give business courtesies directly or indirectly (such as payments to agents, sales representatives or other third parties) if there is reason to believe they will be used illegally. This includes corporate and personal funds in the form of charitable donations, political contributions, travel, gifts and entertainment intended to obtain or retain an improper business advantage.
- Do business with others who do not accept our values and who may harm our reputation.
- Violate anti-boycott laws, governmental embargoes or export control restrictions or prohibitions.

Summaries

The following are summaries of the key U.S. laws and regulations governing international business. Because most are based on U.S. foreign policy and national security goals, they are subject to change. It is your responsibility to stay updated on changes in these laws.

FCPA and the OECD Convention

The FCPA and OECD Convention legislation make it a crime to promise, offer or give anything of value to a government official or a political party or candidate in order to obtain or retain business or gain any improper advantage. The FCPA covers all countries in which Duke Energy currently has operations, and the laws implementing the OECD Convention have been ratified by many of those countries.

Anti-boycott Laws

Anti-boycott laws make it illegal to cooperate in any boycotts between foreign countries if the boycotts are not sanctioned by U.S. law.

Treasury Embargo Sanctions

The Treasury Department's Office of Foreign Assets Control prohibits U.S. companies and their foreign subsidiaries from doing business with certain countries, agencies and individuals. Regulations vary depending on the country and the type of transaction.

Export Control Restrictions

To prevent sensitive goods, technology and software from falling into the wrong hands, exports of items sensitive to certain countries and individuals may be restricted or prohibited. These restrictions and prohibitions may also apply to transfers between Duke Energy and its foreign subsidiaries.

Related Links

Compliance with the Foreign Corrupt Practices Act Policy
Foreign Corrupt Practices Act – Corporate Compliance Procedure

Laws, Rules and Regulations

Duke Energy is subject to various laws, rules and regulations. Violations of these rules expose Duke Energy and its employees to potential monetary penalties, loss of the ability to execute in the marketplace, reputation damage, loss of shareholder value, and civil and criminal charges.

Our Responsibilities

Duke Energy employees are required to comply with the letter and intent of all applicable laws, rules and regulations, and to act with integrity to produce results that make the company profitable and respected.

Duke Energy employees must:

- Be aware of the laws, rules and regulations that affect our daily job responsibilities and understand how they apply to our work.
- Actively participate in training on applicable laws, rules and regulations.
- Ask questions and gain clarification on the impact of applicable rules prior to acting.

Additional leadership responsibilities:

- Research questions and issues on applicable laws and regulations, and provide guidance to employees.
- Educate employees on the meaning of applicable laws and regulations, and their effect on work activities.
- Monitor work activities for ongoing compliance.
- Report any potential acts of non-compliance.
- Review the organization's compliance risk and the effectiveness of controls in place to mitigate that risk.
- Provide the proper incentives to ensure ongoing compliance and appropriate disciplinary measures for violations.

Political Process

Duke Energy strongly supports individual participation in the political process in our communities, including involvement with political parties, candidates or issues, and participation by eligible employees in Duke Energy's political action committee, DUKEPAC. Such activities demonstrate that we care about the communities in which we live and work.

As a company, Duke Energy actively supports positions important to our business. From time to time, the company provides information on its political activities and shares its viewpoint with employees, customers and the general public. We respect anyone's right to disagree with official company positions regarding political preferences.

Our Responsibilities

Duke Energy employees are expected to follow these policies to avoid violating laws and regulations concerning political activities and contributions. Moreover, these policies are intended to protect both the company and the candidate from exposure to potential violations of campaign finance, lobbying and ethics laws.

Duke Energy employees must:

- Clearly identify individual, personal political views as such, and not those of Duke Energy.
- Get approval from Government Affairs before performing political activities on company time or using company resources, including the company name, copy machines, computers, telephones or other forms of company property, unless such is prohibited by law.
- Contact Government Affairs before using corporate funds or resources for a contribution to a third party related in any way to a federal, state or local official.
- Notify supervision and Government Affairs when making plans to campaign for or serve in public office.
- Avoid conflicts of interest when serving in public office by excusing themselves from any political matters involving Duke Energy.

Duke Energy employees must not:

- Provide any contributions, gifts, meals, travel, entertainment or event tickets to public officials or their staff, or sponsor an event where a public official is the speaker or honoree, unless approved by the federal or state Government Affairs representative in the employee's state, as rules and regulations vary from state to state.
- Contact government personnel for the purpose of influencing legislation, regulation or decisions on behalf of Duke Energy without involving Government Affairs.
- Seek reimbursement from Duke Energy for any time spent supporting political candidates and issues, or for personal political contributions.
- Apply direct or implied pressure on any other employee or agent that infringes upon the individual's right to decide whether, to whom, and in what amount a personal political contribution is to be made.

Q&A

Q. May I use company funds or resources for contribution or donation to a third-party entity associated with a federal official?

A. Employees must contact Government Affairs before using (or offering) any company funds or resources for a contribution or donation to a third-party entity that is related in any way to a federal official.

- Examples of these entities include presidential libraries and charitable funds named for federal officials.
- Company funds or resources include company aircraft, an employee's time, and use of company property for campaign activities.

Related Links

Honest Leadership and Open Government Act of 2007 Guidance ("HLOGA")
Political Activity Policy

Public Release of Information

Unauthorized and inappropriate releases of information to the public can result in violation of full disclosure laws, stakeholder confusion and damage to Duke Energy's competitive position, brand and reputation. Only authorized spokespersons should provide information about Duke Energy.

There are also very specific rules regarding the reporting of information to government agencies or elected officials. Only authorized spokespersons should handle requests for information from public agencies or individuals. However, all employees are expected to cooperate fully and truthfully with regulatory and governmental investigations and proceedings, and not obstruct other employees from doing so.

Our Responsibilities

Duke Energy employees must:

- Forward requests for information to the appropriate department below, if communicating outside of Duke Energy is not part of our assigned responsibilities:

Source	Refer to
Financial community	Investor Relations
News or trade media	Corporate Communications
Regulatory agencies	Legal department
Elected officials	Government Affairs
Person seeking information about a current or former Duke Energy employee	Human Resources

- Inform our supervisor immediately about any request from a government agency or individual that is outside the scope of our routine job responsibilities.
- Report any violations of law or of this Code that may warrant disclosure to appropriate government authorities.

- If our personal cooperation has been requested (such as by subpoena), cooperate fully and truthfully with regulatory and governmental investigations. Failure to cooperate will result in corrective action up to and including employment termination.

In addition, Duke Energy employees planning to provide information about Duke Energy to public audiences through speeches, presentations, interviews, panel discussions, articles, papers, surveys, public internet forums such as message boards and blogs, and the like must:

- Obtain management approval before proceeding with public communications that claim or appear to be on behalf of Duke Energy.
- Provide adequate advance notice to the appropriate communications staff when planning to speak as a representative of Duke Energy, in order to receive proper advice regarding the opportunity. Included are situations where employees are speaking on behalf of an industry task force or committee.
- Refrain from offering opinions or answering questions beyond area of expertise.

Duke Energy employees must not:

- Make disparaging comments about Duke Energy, current or former Duke Energy employees, or customers.
- Disclose to any person not employed by the company any confidential business strategy or commodity position, or important nonpublic information, such as earnings warnings, to the financial community, before disclosing the information to the general public, except when compelled by an outside government or oversight body, or with approval from a group executive.

Related Links

Information Requests and Government Investigations Policy
Accepting Service of Process Policy
Regulation FD Policy
Social Media Use

Safeguarding Company Resources

Duke Energy invests in and uses certain assets to advance its business strategy and objectives. These assets include, but are not limited to, computers and other information systems, business records, supplies, equipment, tools, machinery and work time.

Duke Energy's information systems support internal and external business activities. Because these resources connect us with the outside world, there is a risk of attack or exploitation. We must be aware of information security processes and policies, and take steps to reduce the risk of data loss or exposure and security breaches.

Duke Energy retains ownership of all records created for business purposes. We must adhere to proper practices related to the creation, disclosure, retention and destruction of business records.

Our Responsibilities

Duke Energy employees are expected to use Duke Energy assets and resources responsibly and for legitimate business purposes.

Duke Energy expects employees to manage and use information and information systems to support company business objectives. Electronic communications, including e-mail, instant messaging, social media and Internet activity generated on or received by Duke Energy systems are considered Duke Energy property, and are subject to random monitoring for misuse or abuse, except where prohibited by law.

The company does not intend to intrude on an employee's privacy. However, the company does reserve the right to take actions necessary to search employees, their vehicles or other personal property, and any company property assigned to employees during the workday or while on company or customer property, to enforce company policies, as permitted by law.

Duke Energy's integrity can be seriously questioned if records are not managed appropriately, retained for the appropriate length of time or are not disposed of properly. Failure to appropriately manage records places us at risk for possible penalties, fines and other sanctions. It could also put the company at a serious disadvantage in any litigation.

Limited personal use of computers and other company resources during work time is allowed. However, because excessive personal use can be costly and impact profitability, employees are expected to use good judgment. Likewise, the personal use of tools and machinery is not allowed, unless approved by supervision.

Duke Energy employees must:

- Talk to a supervisor when it is unclear if the

use of a company asset in a given situation is appropriate or before removing any company property for personal use.

- Follow all policies and procedures related to the protection of information and information resources, including network access and appropriate use of the Internet, social media and e-mail.
- Contact the IT Help Desk to report a lost or stolen computer, cell phones and other portable devices, or any unusual activities or inappropriate risk regarding our information systems and resources.
- Retain and dispose of records per established retention schedules based on applicable government regulations, industry standards and sound business practices, including electronic records on computers, hand-held devices and other portable storage devices.

Duke Energy employees must not:

- Let personal use of any Duke Energy asset (including computers and other information system technologies, cell phones and other portable devices, equipment, tools and machinery) create additional costs for Duke Energy, interfere with work duties or violate any company policies.
- Allow company property or information to be used for illegal activities or personal gain.
- Knowingly destroy, alter or falsify records that are on hold related to an audit, investigation, claim or lawsuit or that have not met their retention periods.

Q&A

Q. What is "confidential information"?

A: Confidential Information is intended for use only by specific groups and is considered highly sensitive. It includes information protected by legal and regulatory regulations, such as personally identifiable and Health Insurance Portability and Accountability Act (HIPPA) information. Confidential information can include information that has highly restricted access and could pose significant impact to harm our company image if released.

Employees manage a variety of confidential information assets, including but not limited to:

- Passwords
- Proprietary engineering drawings
- Plant information
- Pre-release financial earnings
- Strategic Plans for mergers and acquisitions prior to public disclosure

Related Links

Solicitation and Distribution Policy
Property, Equipment and Inventory Policy
Information Technology Asset Management Policy
IT Security Policy
Social Media Use
Records Management Policy

A Message from Jeff Browning, Chief Ethics and Compliance Officer

We are committed to conducting business ethically at Duke Energy. The corporate ethics and compliance program helps us deliver on that commitment by providing guidance regarding the Code and enabling us to meet legal and regulatory requirements. The program also supports Duke Energy's business values, helps us prevent and detect illegal or unethical conduct, and reinforces ethical behavior through the Code and related education and training. The ethics and compliance Portal site on the company's intranet includes contact information, frequently asked questions and other supporting information related to the program.

All Duke Energy employees have a responsibility to understand and follow the Code while performing work for the company. Additionally, we all have a responsibility to report violations of this Code, applicable laws, governmental regulations or any threat to human health, safety, the environment or the company's assets.

The correct ethical action is not always obvious and in some cases putting an ethical decision into action can be very difficult. Employees should seek clarification or guidance on ethical, safety, legal or policy issues or other business-related conduct as needed.

There are a number of available options to report a violation or seek guidance. These include talking to:

- your supervisor;
- your manager;
- your human resources business partner; or,
- the ethics and compliance office.

If you are not comfortable using the reporting options above, or if you feel more comfortable reporting anonymously, please use the EthicsLine.

Duke Energy values clear and open communications, and respects the contributions of all employees. Duke Energy will not retaliate against any employee who in good faith reports suspected unethical conduct, violations of laws, regulations or company policies.

People in management aren't the only ones in a position to ensure that "we do the right thing." Every employee should be an ethical role model. I encourage you to be part of the culture that makes our company a place where our ethics and values are demonstrated and supported with every action.

I look forward to working along with you in supporting our company's mission and values.



Jeffery G. Browning
Chief Ethics and Compliance Officer

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**CHARTER OF THE
AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
DUKE ENERGY CORPORATION**

(Amended and Restated as of February 22, 2011)

I. General Focus

The Audit Committee (the "Committee") shall provide assistance to the Board of Directors ("Board") in fulfilling its responsibilities with respect to its oversight of:

- (i) The quality and integrity of the Corporation's financial statements;
- (ii) The Corporation's compliance with legal and regulatory requirements;
- (iii) The independent auditor's qualifications and independence;
- (iv) The performance of the Corporation's internal audit function and independent auditors; and
- (v) The implementation and effectiveness of the Corporation's ethics and compliance program.

II. Structure and Operations

The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be "independent" under the rules of the New York Stock Exchange, Inc. ("NYSE") and the rules promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Each member of the Committee shall have a working familiarity with basic finance and accounting practices (or acquire such familiarity within a reasonable period after his or her appointment) and at least one member shall in the judgment of the Board of Directors have accounting or related financial management expertise as required by the rules of the NYSE.

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. The Chair will approve the agendas for Committee meetings.

III. Meetings

The Committee shall meet as frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee. As part of its goal to foster open communication, the Committee shall periodically meet separately with each of management, the personnel responsible for the internal audit function and the independent auditors to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Committee may meet privately with the chief legal officer and the personnel responsible for the ethics and compliance program, as necessary.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the members, but not less than two, will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Committee shall appoint a person who need not be a member thereof to act as secretary and minutes of its proceedings shall be kept in minute books provided for that purpose. The agenda of each meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each member prior to each meeting.

IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention.

The Committee shall be given full access to the Corporation's internal audit group, ethics and compliance personnel, Board, corporate executives and independent accountants, as necessary, to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board.

Notwithstanding the foregoing, the Committee is not responsible for certifying the Corporation's financial statements or guaranteeing the independent auditor's report. The fundamental responsibility for the Corporation's financial statements and disclosures rests with management and the independent auditors.

Documents/Reports Review

1. Meet with management and the independent auditors to review and discuss, prior to public dissemination, the Corporation's annual audited financial statements and quarterly financial statements, including the Corporation's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and discuss with the independent auditors the matters required to be discussed by Statement of Auditing Standard No. 114, the matters required to be discussed by Public Company Accounting Oversight Board Ethics and Independence Rule 3526, and the communications required under Public Company Accounting Oversight Board Auditing Standards No. 1, as such rules may be amended or superseded.
2. Report to the Board whether, based on its discussions with management and the independent auditor, it recommends to the Board that the most recent year's audited financial statements be included in the Corporation's annual report on Form 10-K to be filed with the SEC.
3. Review and discuss with management and the independent auditors the Corporation's earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted" non-GAAP information).
4. Review and discuss with management and the independent auditors financial information and earnings guidance provided to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each instance in which the Corporation may provide earnings guidance.

Independent Auditors

5. The Committee shall have the direct responsibility and authority to appoint, retain, compensate, evaluate, oversee and, where appropriate, replace the independent auditors. The Committee shall inform the independent auditors that such firm shall report directly to the Committee. The

Committee shall resolve disagreements between management and the independent auditor regarding financial reporting.

6. Review the independent auditors' audit plan and areas of audit focus. Review the fees and other significant compensation to be paid to the independent auditors.
7. Approve in advance any audit or nonaudit engagement or relationship between the Corporation and any independent auditor engaged to prepare or issue an audit report or perform other audit, review or attest services, other than prohibited nonauditing services, as specified in the rules and regulations of the SEC or any rules of the Public Company Accounting Oversight Board promulgated thereunder. The Committee shall not approve any "prohibited nonauditing services" without obtaining a prior exemption from the Public Company Accounting Oversight Board. Audit and nonaudit engagements must be approved either (a) explicitly in advance or (b) pursuant to a pre-approval policy established by the Committee. The Committee may delegate to one or more members of the Committee the authority to grant such pre-approvals. The delegatee's decisions regarding approval of services shall be reported by such delegatee to the full Committee at each regular Committee meeting.
8. Review and assess, at least annually, the qualifications, performance and independence of the independent auditors, including a review and evaluation of the lead partner. In conducting its review and evaluation, the Committee should:
 - (a) Review the written report of the independent auditor that delineates all relationships between the independent auditor and the Corporation that the auditors believe may impact their independence and objectivity, which report should be submitted to the Committee at least annually, and discuss with the independent auditor and management the scope of any such disclosed relationship and their actual or potential impact on the independent auditor's independence and objectivity;
 - (b) Obtain and review a report by the Corporation's independent auditor describing: (i) the auditor's internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditor or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues; and
 - (c) Take into account the opinions of management and the Corporation's internal auditors (or personnel responsible for the internal audit function).

Internal Auditors

9. Review the internal audit plan and significant changes in planned activities; review significant findings resulting from audits and managements' responsiveness to the findings.
10. Evaluate the performance and independence of the internal auditors.

Financial Reporting Process

11. In consultation with the independent auditors, management and the internal auditors, review the integrity of the Corporation's financial reporting processes, both internal and external. In connection therewith, the Committee should obtain and discuss with management and the independent auditor reports from management and the independent auditor regarding: (i) all critical accounting policies and practices to be used by the Corporation; (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Corporation's management, the ramifications of the use of the alternative disclosures and treatments and the treatment preferred by the independent auditor; (iii) effects of changes in accounting standards that may materially affect the Corporation's financial reporting practices; (iv) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles; (v) the integrity of the Corporation's financial reporting practices and the adequacy and effectiveness of internal controls, including a review of significant findings identified by the independent auditors and internal audit, management's responsiveness to such recommendations and any specific audit steps adopted in light of material control deficiencies and (vi) any other material written communications between the independent auditor and the Corporation's management.
12. Review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.
13. Review with the independent auditor (i) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management and (ii) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditor (i) any accounting adjustments that

were noted or proposed by the auditor but were “passed” (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm’s national office respecting auditing or accounting issues presented by the engagement and (iii) any “management” or “internal control” letter issued or proposed to be issued by the independent auditor to the Corporation. The review should also include discussion of the responsibilities, budget and staffing of the corporation’s internal audit function.

Legal Compliance/General

14. Review periodically, with the Corporation’s chief legal officer, any legal matter that could have a significant impact on the Corporation’s financial statements and any material inquiries or reports received from regulatory or governmental agencies.
15. Review periodically the content and operation of the Corporation’s ethics and compliance program and the Code of Business Ethics.
16. Discuss with management and the independent auditors at least annually the Corporation’s guidelines and policies with respect to risk assessment and risk management. The Committee should discuss the Corporation’s major financial risk exposures and the overall steps management has taken to monitor and control such exposures; however, the Committee is not responsible for detailed review of financial risk exposure and management, which responsibility has been delegated to another committee of the Board.
17. Set, and review periodically, clear hiring policies for employees or former employees of the independent auditors.
18. Establish, and review periodically, procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Reports

19. Review and approve the Committee’s report required to be included in the Corporation’s annual proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC.
20. Report regularly to the full Board including:
 - (i) with respect to any issues that arise with respect to the quality or integrity of the Corporation’s financial statements, the Corporation’s compliance with legal or regulatory requirements, the performance

and independence of the Corporation's independent auditors or the performance of the internal audit function;

- (ii) following all meetings of the Committee; and
- (iii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

The report to the Board may take the form of an oral report by the Chair of the Committee or any other member of the Committee designated by the Committee to make such report.

- 21. Maintain minutes or other records of meetings and activities of the Committee.
- 22. The Committee shall receive appropriate funding from the Corporation for the payment of compensation to the independent auditors and to other advisors retained by the Committee pursuant to the provisions of this Charter.

V. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

**CHARTER OF THE
CORPORATE GOVERNANCE COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
DUKE ENERGY CORPORATION**

(Amended and Restated as of February 23, 2010)

I. General Focus

The Corporate Governance Committee (the "Committee") shall:

- Identify individuals qualified to become directors and nominate to the Board of Directors (the "Board") the candidates for all directorships;
- Develop and recommend to the Board a set of corporate governance principles applicable to the Corporation;
- Take a leadership role in shaping the corporate governance of the Corporation;
- Oversee the evaluation of the Board as a whole as well as the individual directors, the committees of the Board and management; and
- Recommend the Chief Executive Officer succession plan and oversee the management continuity planning process.

II. Structure and Operations

The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be "independent" in accordance with the rules of the New York Stock Exchange, Inc.

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. The Chair will approve the agendas for Committee meetings.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

III. Meetings

The Committee shall meet at least two times annually or more frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Committee shall appoint a person, who need not be a Committee member, to act as secretary, and minutes of the Committee's proceedings shall be kept in minute books provided for that purpose. The agenda of each Committee meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each Committee member prior to each meeting.

IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

In discharging its oversight role, the Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

Board Selection, Composition and Evaluation

1. Establish criteria for the selection of new directors to serve on the Board.
2. Identify individuals believed to be qualified as candidates to serve on the Board and nominate to the Board the candidates for all directorships. In identifying candidates for membership on the Board, the Committee shall take into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board.

3. Review and make recommendations to the full Board, or determine, whether members of the Board should stand for re-election. Consider matters relating to the resignation or retirement of Board members.
4. Conduct all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates. The Committee shall have sole authority to retain and to terminate any search firm to be used to assist it in identifying candidates to serve as directors of the Corporation, including the sole authority to approve the fees payable to such search firm and any other terms of retention.
5. Consider questions of independence and possible conflicts of interest of members of the Board and executive officers.
6. Review and make recommendations regarding the composition and size of the Board so that the Board has the requisite expertise and its membership consists of persons with sufficiently diverse and independent backgrounds.
7. Review and evaluate, at least annually, the performance of the Board as a whole and its committees.
8. Coordinate, at least annually, the self-assessments of the individual directors.

Committee Selection, Composition and Evaluation

9. Recommend members of the Board to serve on the committees of the Board, giving consideration to the criteria for service on each committee as set forth in the charter for such committee, as well as to any other factors the Committee deems relevant, and where appropriate, make recommendations regarding the removal of any member of a committee.
10. Establish, monitor and recommend the purpose, structure and operations of the various committees of the Board, the qualifications and criteria for membership on each committee of the Board and, as circumstances dictate, make recommendations regarding periodic rotation of directors among the committees.
11. Periodically review the charter and composition of each committee of the Board and make recommendations to the Board for the creation of additional committees or the elimination of Board committees.

Corporate Governance

12. At such times as the Committee deems appropriate, consider the adequacy of the Articles of Incorporation and By-Laws of the Corporation and recommend to the Board, as conditions dictate, that it propose amendments to the Articles of Incorporation and By-Laws.
13. Develop and recommend to the Board a set of corporate governance principles and keep abreast of developments with regard to corporate governance to

enable the Committee to make recommendations to the Board in light of such developments as may be appropriate.

Continuity / Succession Planning Process / Management Evaluation

14. Oversee and approve the management continuity planning process.
15. At least annually, recommend the Chief Executive Officer succession plan and make recommendations to the Board for the successor to the Chief Executive Officer.
16. Report to the Board any concerns or issues that might indicate that organizational strengths are not equal to the requirements of long-range goals.
17. Oversee the evaluation of the Chief Executive Officer and management.

Reports

18. Report regularly to the Board (i) following meetings of the Committee and (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities; provide such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.
19. Maintain minutes or other records of meetings and activities of the Committee.

V. Annual Performance Evaluation

The Committee shall have oversight to perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

**CHARTER OF THE
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
DUKE ENERGY CORPORATION**

(Amended and Restated as of February 23, 2010)

I. General Focus

The Compensation Committee (the "Committee") shall discharge the responsibilities of the Board of Directors (the "Board") with respect to the Corporation's compensation programs and compensation of the Corporation's executives.

II. Structure and Operations

The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be "independent" under the rules of the New York Stock Exchange, Inc. ("NYSE"). At least two members must satisfy the requirements of a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code. The Board shall select members based upon their knowledge and experience in compensation matters and with care to avoid any conflicts of interest.

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. The Chair will approve the agendas for Committee meetings.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, including to a subcommittee comprised solely of one director. The Committee also shall be entitled to delegate its authority to one or more directors (whether or not such directors serve on the Committee) as the Committee deems appropriate, provided, however, that the Committee shall not delegate any power or authority required by law, regulation or listing standard to be exercised by the Committee as a whole.

III. Meetings

The Committee shall meet as frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any Committee meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Committee shall appoint a person, who need not be a member, to act as secretary, and minutes of the Committee's proceedings shall be kept in minute books provided for that purpose. The agenda of each Committee meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each Committee member prior to each meeting.

IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain or terminate outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

Setting Compensation for Executive Officers and Directors

1. Establish and review the overall compensation philosophy of the Corporation.
2. Based upon input from the Corporate Governance Committee regarding the performance of the Chief Executive Officer and other executive officers, review and approve the annual salary, bonus, stock options and other benefits, direct and indirect, of the Chief Executive Officer and other executive officers.
3. In connection with executive compensation programs:
 - (i) Review and recommend to the full Board, or approve, new executive compensation programs;

- (ii) Review on a periodic basis the operations of the Corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);
 - (iii) Review on a periodic basis the aggregate amount of compensation paid or potentially payable to the Chief Executive Officer and other executive officers through the use of tally sheets or such other method as the Committee may determine; and
 - (iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
4. Review and recommend to the full Board compensation of directors.
 5. Review and make recommendations to the full Board, or approve, any contracts or other transactions with executive officers of the Corporation, including consulting arrangements, employment contracts and severance or termination arrangements, or any revisions thereto. Notwithstanding any other provision of this Charter, the Committee shall review and make recommendations to the Board for approval of any consulting arrangement, employment contract, severance or termination arrangement with the Chief Executive Officer, or any revision thereto.
 6. Review and approve annual performance goals for performance-based compensation that is intended to be tax deductible under Section 162(m) of the Internal Revenue Code and determine whether the performance goals and objectives are attained.

Monitoring Incentive and Equity-Based Compensation Plans

7. Review the Corporation's compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, in light of the goals and objectives of these plans, and amend, or recommend that the Board amend, these plans if the Committee deems it appropriate.
8. Administer any short-term incentive plan covering executive officers of the Corporation; determine whether performance targets have been met and determine the amounts and terms of any awards.
9. Review and recommend for Board approval all equity compensation plans to be submitted for shareholder approval under the NYSE listing standards; provided, however, that any equity compensation plan that satisfies an exception to the NYSE's listing standards shall not be required to be approved by the Corporation's shareholders.

10. Review and make recommendations to the Board, or approve, all awards of shares, share options or other awards pursuant to the Corporation's equity-based plans; provided that the authority to issue such awards to employees who are not executive officers may be delegated as above described.
11. Select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to provide independent advice to the Committee. In that connection, in the event the Committee retains a compensation consultant, the Committee shall have the sole authority to approve such consultant's fees and other retention terms.

Reports

12. Review and discuss with management the Corporation's compensation discussion and analysis ("CD&A"), and based on that review and discussion, recommend to the Board that the CD&A be included in the Corporation's annual proxy statement or annual report on Form 10-K, and prepare the Compensation Committee Report in accordance with the rules and regulations of the Securities and Exchange Commission for inclusion in the Corporation's annual proxy statement or annual report on Form 10-K.
13. Report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.
14. Maintain minutes or other records of meetings and activities of the Committee.
15. The Committee shall receive appropriate funding from the Corporation for the payment of compensation to the compensation and benefits consultants or to other advisors retained by the Committee pursuant to the provisions of this Charter.

V. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

**CHARTER OF THE
FINANCE AND RISK MANAGEMENT COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
DUKE ENERGY CORPORATION**

(Amended and Restated as of February 23, 2010)

I. General Focus

The Finance and Risk Management Committee (the "Committee") shall:

- Review Duke Energy's financial and fiscal affairs;
- Make recommendations to the Board of Directors (the "Board") regarding dividend, financing and fiscal policies;
- Review the financial exposure of Duke Energy together with mitigating strategies;
- Review Duke Energy's risk exposure as related to the overall company portfolio and impact on earnings;
- Determine whether actions taken by management with respect to financial matters are consistent with the Approval of Business Transactions Policy and associated Delegation of Authority;
- Review the financial impacts of major transactions, such as mergers, acquisitions, reorganizations and divestitures;
- Provide oversight for information technology security and risk; and
- Review systems, processes and organizational structure and people responsible for the finance and risk functions.

II. Structure and Operations

The Committee shall be comprised of two or more members of the Board.

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. The Chair will approve the agendas for Committee meetings.

III. Meetings

The Committee shall meet as frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may

invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Committee shall appoint a person who need not be a member thereof to act as secretary, and minutes of its proceedings shall be kept in minute books provided for that purpose. The agenda of each meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each member prior to each meeting.

IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

Financial and Fiscal Affairs

1. Periodically review the long-term and short-term financial objectives and policies of the Corporation, including dividend policy, and recommend such policies and objectives for action by the Board where appropriate.
2. Review the financial condition and operating results of the Corporation.
3. Evaluate the financing requirements of the Corporation and management's proposed financing plans. Recommend to the Board those authorizations, filings and applications necessary and appropriate to enable management to execute such plans.
4. Review any major budget variances as defined in the Approval of Business Transactions Policy for supplemental funding requests.

5. Review the financial exposures undertaken by the Corporation together with any mitigating strategies, including insurance, and consider these in light of the approved Corporate Risk Management Policies and the Approval of Business Transactions Policy (and associated Delegation of Authority). Such exposures include physical and financial positions in commodities markets; derivatives strategies; capital commitments; sovereign and foreign exchange exposures; undertakings assumed in turnkey construction or engineering agreements, including liquidated damages; and exposure to interest rate fluctuations.
6. Review the risk exposures and impact to earnings for Duke Energy's commodity portfolio.
7. Consider and recommend to the Board of Directors common stock sales, repurchases or splits, as appropriate, and payments of quarterly dividends.
8. Review entry into and status of Duke Energy's credit facilities.
9. Review periodically investment guidelines and performance, including investment aspects of pension trusts and other employee benefits programs.
10. Review financial implications of any significant transactions requiring Board approval, such as mergers, acquisitions, reorganizations and divestitures.

Information Technology

11. Provide oversight for matters related to the security of and risks related to information technology systems and procedures.

Reports

12. Report regularly to the Board (i) following meetings of the Committee and (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities, provide such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such a report.
13. Maintain minutes or other records of meetings and activities of the Committee.

V. Annual Performance Evaluation

The Committee shall have oversight to perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

**CHARTER OF THE
NUCLEAR OVERSIGHT COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
DUKE ENERGY CORPORATION**

(Amended and Restated as of February 23, 2010)

I. General Focus

The Nuclear Oversight Committee (the "Committee") shall provide Board of Directors ("Board")-level oversight of the nuclear safety, operational and financial performance as well as long-term plans and strategies of Duke Energy Corporation's (the "Corporation") nuclear power program and make appropriate reports to the Board. This oversight role is one of review, observation and comment and in no way alters management's authority, responsibility or accountability.

II. Structure and Operations

The Committee shall be comprised of two or more members of the Board.

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. The Chair will approve the agendas for Committee meetings.

III. Meetings

The Committee shall meet at least three times annually or more frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take any action by unanimous written consent.

The Committee shall appoint a person, who need not be a Committee member, to act as secretary, and minutes of the Committee's proceedings shall be kept in minute books provided for that purpose. The agenda of each Committee meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each Committee member prior to each meeting.

IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

Specific Duties

1. At each meeting of the Committee, receive reports on any significant events or incidents that have occurred at the Corporation's nuclear power stations as well as on any significant external or internal oversight group reports that have been issued since the last meeting of the Committee.
2. At least annually, visit each nuclear power station and receive reports on the station's nuclear safety, operational and financial performance as well as on significant issues and projects.
3. Meet periodically with external (Nuclear Regulatory Commission, Institute of Nuclear Power Operations) and internal (Nuclear Safety Review Board) oversight groups.
4. At least annually, receive reports on the overall nuclear safety, operational and financial performance of the Corporation's nuclear power program as compared with commercial nuclear power industry trends and review long-term plans and strategies.

Reports

5. Report regularly to the Board (i) following meetings of the Committee and (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities; provide such recommendations as the Committee may deem appropriate. The report to the Board may take the form

of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

6. Maintain minutes or other records of meetings and activities of the Committee.

V. Annual Performance Evaluation

The Committee shall have oversight to perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.



OUR MISSION, OUR VALUES

Our Mission – What We Do

At Duke Energy, we make people's lives better by providing gas and electric services in a sustainable way – affordable, reliable and clean. This requires us to constantly look for ways to improve, to grow and to reduce our impact on the environment.

Our Values – The How We Conduct Business

Safety – We put safety first in all we do.

Caring – We look out for each other. We strive to make the environment and communities around us better places to live.

Integrity – We do the right thing. We honor our commitments. We admit when we're wrong.

Openness – We're open to change and to new ideas from our co-workers, customers and other stakeholders. We explore ways to grow our business and make it better.

Passion – We're passionate about what we do. We strive for excellence. We take personal accountability for our actions.

Respect – We value diverse talents, perspectives and experiences. We treat others the way we want to be treated.

DUKE ENERGY CORPORATION CORPORATE STRUCTURE

Duke Energy Corporation (DE 5.3.2005)

- Diamond Acquisition Corporation (100%)(NC, 1.26.2011)
- Duke Energy Registration Services, Inc. (100%)(DE 11.18.1998)
 - (see Appendix A for subsidiaries)
- Bison Insurance Company Limited (100%)(Bermuda 12.11.1968)
 - NorthSouth Insurance Company Limited (100%)(Bermuda 12.2.2002)
- Cinergy Corp. (100%)(DE 6.30.1993)
 - (see Appendix B for subsidiaries)
- DEGS NC Solar, LLC (100%)(DE 02.25.2010)
 - CS Murphy Point, LLC (100%)(NC 1.12.2010)
 - Martins Creek Solar NC, LLC (100%)(NC, 4.8.2010)
 - Murphy Farm Power, LLC (100%)(NC 01.27.2010)
 - North Carolina Renewable Properties, LLC (100%)(NC 6.3.2010)
 - Solar Star North Carolina I, LLC (100%)(DE 11.07.2008)
 - Solar Star North Carolina II, LLC (100%)(DE 12.16.2009)
 - Taylorsville Solar, LLC (100%)(DE 4.29.2010)
- Duke Energy Carolinas, LLC (100%)(NC 11.27.1963)
 - APOG, LLC (20%)(DE 6.22.2007)
 - Advance SC LLC (100%)(SC 7.9.2004)
 - Caldwell Power Company (100%)(NC 7.28.1921)
 - Carolinas Virginia Nuclear Power Associates, Inc. (25%)(NC 10.4.1956)
 - Catawba Manufacturing and Electric Power Company (100%)(NC 10.15.1901)
 - Claiborne Energy Services, Inc. (100%)(LA 3.1.1990)
 - Duke Energy Receivables Finance Company, LLC (100%)(DE 7.16.2003)
 - Eastover Land Company (100%)(KY 6.30.1970)
 - Eastover Mining Company (100%)(KY 7.15.1970)
 - Greenville Gas and Electric Light and Power Company (100%)(SC 1.28.1861)
 - MCP, LLC (100%)(SC 8.18.2000)
 - NuStart Energy Development, LLC (10%)(DE 4.19.2004)
 - Piedmont Venture Partners Limited Partnership (10.64%)(NC 10.3.1996)
 - Sandy River Timber, LLC (100%)(SC, 10.26.2007)
 - Southern Power Company (100%)(NC 12.30.1927)
 - TBP Properties, LLC (100%)(SC 12.11.2006)
 - TRES Timber, LLC (100%)(SC 12.11.2006)
 - Wateree Power Company (100%)(SC)
 - Western Carolina Power Company (100%)(NC 9.10.1907)
- Duke Energy Corporate Services, Inc. (100%)(DE 06.26.2008)
 - Duke Energy Business Services LLC (100%)(DE 11.18.1998)

Information contained in the GEMS database takes precedence over information disclosed in this document.

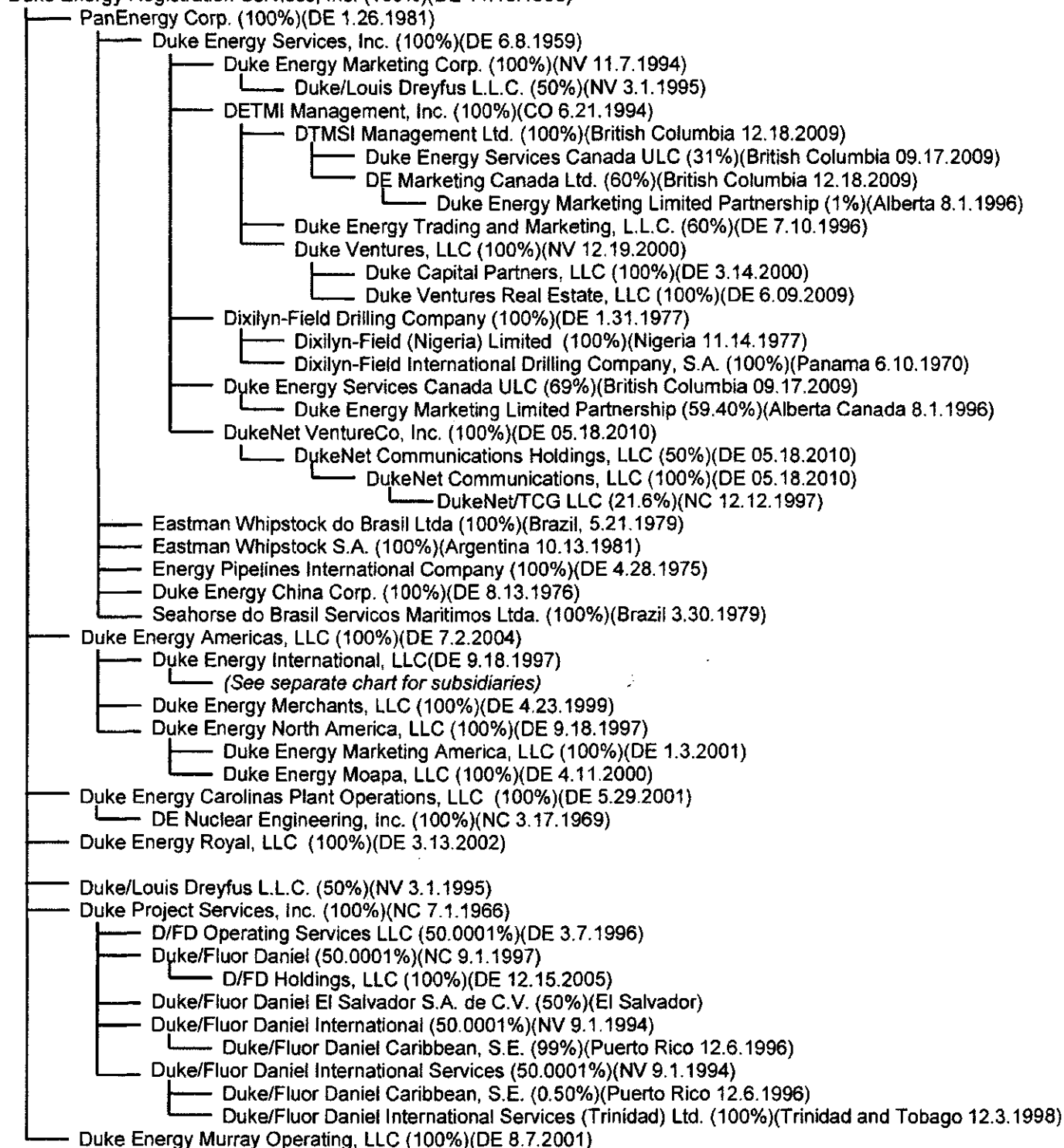
Balance of ownership for entities <100% owned by a Duke entity can be referenced in GEMS.

436822

Duke Energy Corporation

— Duke Energy Registration Services, Inc. (100%)

Duke Energy Registration Services, Inc. (100%)(DE 11.18.1998)

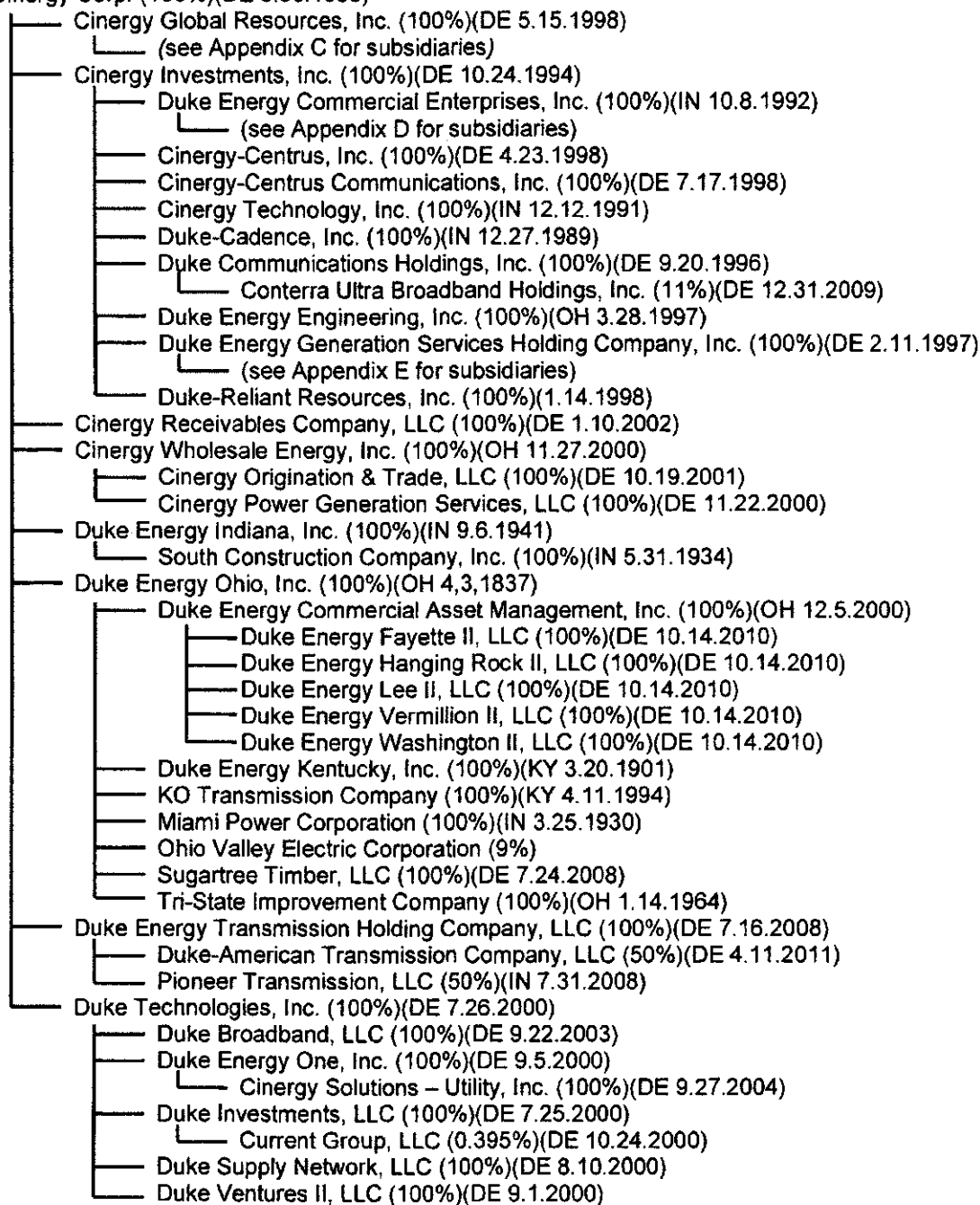


Information contained in the GEMS database takes precedence over information disclosed in this document.
 Balance of ownership for entities <100% owned by a Duke entity can be referenced in GEMS.

436822

Duke Energy Corporation
 Cinergy Corp. (100%)

Cinergy Corp. (100%)(DE 6.30.1993)



Information contained in the GEMS database takes precedence over information disclosed in this document.

Balance of ownership for entities <100% owned by a Duke entity can be referenced in GEMS.

436822

Duke Energy Corporation
└─ Cinergy Corp. (100%)
 └─ Cinergy Global Resources, Inc. (100%)

Cinergy Global Resources, Inc. (100%)(DE 5.15.1998)
└─ Cinergy Global Power, Inc. (100%)(DE 9.4.1997)
 └─ CGP Global Greece Holdings, SA (99.99%)(Greece 8.10.2001)
 └─ Attiki Gas Supply Company, SA (49%)(Greece 11.2.2001)
 └─ Cinergy Global (Cayman) Holdings, Inc. (100%)(Cayman Islands 9.4.1997)
 └─ Cinergy Global Tsavo Power (100%)(Cayman Islands 9.4.1997)
 └─ IPS-Cinergy Power Limited (48.2%)(Kenya 4.28.1999)
 └─ Tsavo Power Company Limited (49.9%)(Kenya 1.22.1998)
 └─ Cinergy Global Holdings, Inc. (100%)(DE 12.18.1998)
 └─ CGP Global Greece Holdings, SA (.01%)(Greece 8.10.2001)
 └─ Cinergy Global Power Africa (Proprietary) Limited (100%)(South Africa 8.3.1999)

Duke Energy Corporation

- Cinergy Corp. (100%)
 - Cinergy Investments, Inc. (100%)
 - Duke Energy Commercial Enterprises, Inc. (100%)

Duke Energy Commercial Enterprises, Inc. (100%)(IN 10.8.1992)

- Brownsville Power I, L.L.C. (100%)(DE 7.13.1998)
- CinCap IV, LLC (10%)(DE 12.3.1997)
- CinCap V, LLC (10%)(DE 7.21.1998)
- Cinergy Climate Change Investments, LLC (100%)(DE 6.9.2003)
- Cinergy General Holdings, LLC (100%)(DE 12.14.2001)
- Cinergy Limited Holdings, LLC (100%)(DE 12.14.2001)
- Cinergy Retail Power General, Inc. (100%)(TX 8.7.2001)
- CinFuel Resources, Inc. (100%)(DE 1.10.2002)
 - Spruce Mountain Investments, LLC (1%)(DE 11.8.2006)
 - Spruce Mountain Products, LLC (100%)(DE 10.27.2006)
 - LH1, LLC (1%)(DE 1.10.2002)
 - Oak Mountain Products, LLC (100%)(DE 7.9.2001)
- CinPower I, LLC (100%)(DE 6.12.1998)
- Duke Energy Retail Sales, LLC (100%)(DE 12.9.2003)
- LH1, LLC (99%)(DE 1.10.2002)
 - Oak Mountain Products, LLC (100%)(DE 7.9.2001)
- Ohio River Valley Propane, LLC (100%)(DE 10.18.2001)
- Spruce Mountain Investments, LLC (99%)(DE 11.8.2006)
- SynCap II, LLC (100%)(DE 10.13.2000)

Information contained in the GEMS database takes precedence over information disclosed in this document.

Balance of ownership for entities <100% owned by a Duke entity can be referenced in GEMS.

436822

Duke Energy Corporation

- Cinergy Corp. (100%)
 - Cinergy Investments, Inc. (100%)
 - Duke Energy Generation Services Holding Company, Inc. (100%)

Duke Energy Generation Services Holding Company, Inc. (100%)(DE 2.11.1997)

- DEGS Biomass, LLC (100%)(DE 9.22.2008)
 - ADAGE LLC (50%)(DE 9.9.2008)
- DEGS of Boca Raton, LLC (100%)(DE 9.4.1998)
- DEGS of Cincinnati, LLC (100%)(OH 7.29.1997)
- DEGS Solar, LLC (100%)(DE 05.13.2010)
 - INDU Solar Holdings, LLC (50%)(DE 10.14.2010)
 - ISH Solar AZ, LLC (100%)(DE 12.9.2011)
 - ISH Solar Beach, LLC (100%)(DE 11.18.2011)
 - ISH Solar CA, LLC (100%)(DE 12.9.2011)
 - ISH Solar Central, LLC (100%)(DE 10.10.2011)
 - ISH Solar Grin, LLC (100%)(DE 8.16.2011)
 - ISH Solar Hospitals, LLC (100%)(DE 12.8.2009)
 - ISH Solar Mouth, LLC (100%)(DE 12.9.2011)
 - RE Bellflower LLC (100%)(DE 12.8.2009)
 - RE Fontana 2 LLC (100%)(DE 12.8.2009)
 - RE Irvine LLC (100%)(DE 11.30.2009)
 - RE San Diego LLC (100%)(DE 12.17.2009)
 - SEC BESD Solar One, LLC (100%)(DE 12.07.2009)
 - SEC Bellefonte SD Solar One, LLC (100%)(DE 03.04.2010)
 - RE AZ Holdings LLC (100%)(DE 10.11.2010)
 - RE Ajo 1 LLC (100%)(DE 10.5.2009)
 - RE Bagdad Solar 1 LLC (100%)(DE 8.13.2009)
 - RP-Orlando, LLC (100%)(DE 3.5.2010)
 - TX Solar I LLC (100%)(DE 05.27.2009)
- DEGS of St. Paul, LLC (100%)(DE 8.13.1998)
 - Environmental Wood Supply, LLC (50%)(MN 8.10.2000)
 - St. Paul Cogeneration, LLC (50%)(MN 12.18.1998)
- DEGS of Tuscola, Inc. (100%)(DE 10.13.1998)
- DEGS Wind I, LLC (100%)(DE 5.23.2007)
 - (see Appendix F for subsidiaries)
- Delta Township Utilities, LLC (51%)(DE 7.5.2001)
- Delta Township Utilities II, LLC (46%)(DE 3.25.2004)
- Duke Energy Generation Services, Inc.(DE 6.2.2000)
 - (see Appendix H for subsidiaries)
- Energy Equipment Leasing LLC (49%)(DE 11.12.1998)
- Owings Mills Energy Equipment Leasing, LLC (49%)(DE 10.20.1999)
- SUEZ-DEGS, LLC (50%)(DE 2.18.1997)
- SUEZ-DEGS of Ashtabula, LLC (49%)(DE 4.21.1999)
- SUEZ-DEGS of Lansing, LLC (51%)(DE 11.3.1999)
 - SUEZ/VWNA/DEGS of Lansing, LLC (80%)(DE 11.3.1999)
- SUEZ-DEGS of Orlando, LLC (100%)(DE 6.12.1998)
- SUEZ-DEGS of Owings Mills, LLC (49%)(DE 9.20.1999)
- SUEZ-DEGS of Rochester, LLC (49%)(DE 10.20.1999)
- SUEZ-DEGS of Silver Grove, LLC (49%)(DE 3.18.1999)
- SUEZ-DEGS of Tuscola, LLC (49%)(DE 8.21.1998)

Duke Energy Corporation

- Cinergy Corp. (100%)
 - Cinergy Investments, Inc. (100%)
 - Duke Energy Generation Services Holding Company, Inc. (100%)
 - DEGS Wind I, LLC (100%)

DEGS Wind I, LLC (100%)(DE 5.23.2007)

- Ball Hill Windpark, LLC (100%)(DE, 9.29.06)
- Cimarron Windpower II, LLC (100%)(DE 3.7.2011)
- Catamount Energy Corporation (100%)(VT 6.23.1992)
 - (see Appendix G for subsidiaries)
- DEGS Wind Supply, LLC (100%)(DE, 12.11.2007)
- DEGS Wind Supply II, LLC (100%)(DE 8.26.2008)
- Green Frontier Windpower Holdings, LLC (100%)(DE 02.22.2010)
 - Green Frontier Windpower, LLC (100%)(DE 05.13.2010)
 - Three Buttes Windpower, LLC (100%)(DE 8.26.2008)
 - Silver Sage Windpower, LLC (100%)(DE 4.16.2007)
 - Happy Jack Windpower, LLC (100%)(DE 10.27.2006)
 - Kit Carson Windpower, LLC (100%)(DE 6.23.09)
 - North Allegheny Wind, LLC (100%)(DE 5.31.06)
- Ironwood Windpower Holdings, LLC (100%)(DE 12.8.2010)
 - Ironwood Windpower, LLC (100%)(DE 12.8.2010)
- Los Vientos Windpower I Holdings, LLC (100%)(DE, 1.27.2011)
 - Los Vientos Windpower IA, LLC (100%)(DE, 1.27.2011)
 - Los Vientos Windpower 1B, LLC (100%)(DE 7.11.2011)
- Notrees Windpower, LP (99%)(DE 9.30.2005)
- Ocotillo Windpower, LP (99%)(DE 12.22.2004)
- Shirley Wind, LLC (100%)(WI 10.20.2006)
- TE Notrees, LLC (100%)(DE 9.30.2005)
 - Notrees Windpower, LP (1%)(DE 9.30.2005)
- TE Ocotillo, LLC (100%)(DE 12.21.2004)
 - Ocotillo Windpower, LP (1%)(DE 12.22.2004)

Duke Energy Corporation
 └─ Cinergy Corp. (100%)
 └─ Cinergy Investments, Inc. (100%)
 └─ Duke Energy Generation Services Holding Company, Inc. (100%)
 └─ DEGS Wind I, LLC (100%)

DEGS Wind I, LLC (100%)(DE 5.23.2007)

└─ Catamount Energy Corporation (100%)(VT 6.23.1992) [DEGS Wind Vermont, Inc. (VT, 06.20.2008)]
 └─ Equinox Vermont Corporation (100%)(VT 5.1.1990)
 └─ Catamount Rumford Corporation (100%)(VT 4.11.1989)
 └─ Ryegate Associates (33.1126%)(UT 4.30.1990)
 └─ Catamount Sweetwater Corporation (100%)(VT 6.17.2003)
 └─ Sweetwater Development LLC (100%)(TX 11.5.2002)
 └─ Sweetwater Wind 6 LLC (100%)(DE 4.29.2004)
 └─ Sweetwater Wind Power L.L.C. (100%)(TX 11.5.2002)
 └─ Catamount Sweetwater Holdings LLC (100%)(VT 6.20.2005)
 └─ Catamount Sweetwater 1 LLC (100%)(VT 12.12.2003)
 └─ Sweetwater Wind 1 LLC (13.59%)(DE 6.24.2003)
 └─ Catamount Sweetwater 2 LLC (100%)(VT 5.5.2004)
 └─ Sweetwater Wind 2 LLC (13.14%)(DE 4.19.2004)
 └─ Catamount Sweetwater 3 LLC (100%)(VT 6.3.2004)
 └─ Sweetwater Wind 3 LLC (13.18%)(DE 4.29.2004)
 └─ Catamount Sweetwater 4-5 LLC (100%)(VT 3.8.2005)
 └─ Sweetwater 4-5 Holdings LLC (18.72%)(DE 4.18.2007)
 └─ Sweetwater Wind 4 LLC (100%)(DE 4.29.2004)
 └─ Sweetwater Wind 5 LLC (100%)(DE 4.29.2004)
 └─ Laurel Hill Wind Energy, LLC (100%)(PA 12.14.2004)
 └─ CEC Wind Development LLC (100%)(VT 1.12.2007)
 └─ Searchlight Wind Energy LLC (100%)(NV 1.17.2008)
 └─ Willow Creek Wind Energy LLC (100%)(DE 6.18.2007)
 └─ Top of the World Wind Energy Holdings LLC (100%)(DE 11.15.2010)
 └─ Top of the World Wind Energy LLC (100%)(DE 3.13.2008)
 └─ Catamount Sweetwater 6 LLC (100%)(VT 9.7.2005)
 └─ CEC UK1 Holding Corp. (100%)(VT 9.11.2002)
 └─ Catamount Energy SC 1 (1%)(Scotland 10.8.2002)
 └─ Catamount Energy SC 2 (99%)(Scotland 10.8.2002)
 └─ Catamount Energy SC 2 (1%)(Scotland 10.8.2002)
 └─ Catamount Energy SC 3 (99%)(Scotland 10.8.2002)
 └─ Catamount Energy SC 3 (1%)(Scotland 10.8.2002)
 └─ Andershaw Wind Power Limited (50%)(England and Wales, 12.19.2011)
 └─ Barmoor Wind Power Limited (50%)(England and Wales, 9.10.2010)
 └─ Catamount Celtic Energy Limited (100%)(Scotland 6.8.2007)
 └─ Catamount Energy Limited (50%)(UK 8.15.2002)
 └─ CEC UK2 Holding Corp. (100%)(VT 9.11.2002)
 └─ Catamount Energy SC 1 (99%)(Scotland 10.8.2002)

Duke Energy Corporation

- Cinergy Corp. (100%)
 - Cinergy Investments, Inc. (100%)
 - Duke Energy Generation Services Holding Company, Inc. (100%)
 - Duke Energy Generation Services, Inc. (100%)

Duke Energy Generation Services, Inc. (100%)(DE 6.2.2000)

- Cinergy Solutions Partners, LLC (100%)(DE 9.12.2000)
 - CST Limited, LLC (100%)(DE 5.18.2001)
 - CST Green Power, L.P. (99%)(DE 5.23.2001)
 - CST General, LLC (100%)(TX 5.22.2001)
 - CST Green Power, L.P. (1%)(DE 5.23.2001)
- CSGP General, LLC (100%)(TX 4.5.2001)
- CSGP Limited, LLC (100%)(DE 4.5.2001)
- DEGS O&M, LLC (100%)(DE 8.30.2004)
- DEGS of Delta Township, LLC (100%)(DE 12.15.2004)
- DEGS of Lansing, LLC (100%)(DE 6.25.2002)
- DEGS of Monaca, LLC (100%)(DE 12.16.2003)
- DEGS of Narrows, LLC (100%)(DE 3.17.2003)
- DEGS of Philadelphia, LLC (100%)(DE 5.11.2001)
- DEGS of San Diego, Inc. (100%)(DE 1.9.2004)
- DEGS of Shreveport, LLC (100%)(DE 6.28.2002)
- DEGS of South Charleston, LLC (100%)(DE 8.24.2004)
- DEGS of St. Bernard, LLC (100%)(DE 1.6.2003)
- Duke Energy Industrial Sales, LLC (100%)(DE 6.6.2006)
- Oklahoma Arcadian Utilities, LLC (40.8%)(DE 12.5.2000)
- Shreveport Red River Utilities, LLC (40.8%)(DE 10.16.2000)
- Teak Mountain Products, LLC (100%)(DE 5.1.2007)
- Willow Mountain Products, LLC (100%)(DE 5.1.2007)

Information contained in the GEMS database takes precedence over information disclosed in this document.

Balance of ownership for entities <100% owned by a Duke entity can be referenced in GEMS.

436822

Changes to Corporate Structure – Fourth Quarter 2011

Entities Removed

Attiki Denmark ApS (51%)(Denmark 10.1.2000) – In liquidation
Catalytic Solutions, Inc. (12.9%)(CA 1.31.1996) – sold effective 1.25.2011
DukeTec LLC (100%)(DE 11.16.2000) – dissolved effective 12.31.2011
DukeTec I LLC (100%)(DE 11.16.2000) – dissolved effective 12.31.2011
DukeTec II LLC (100%)(DE 12.23.2003) – dissolved effective 12.31.2011
eVent Resources I LLC (80%)(DE 11.17.2000) – dissolved effective 12.31.2011
eVent Resources Holdings LLC (100%)(DE 12.13.2000) – dissolved effective 12.31.2011

Entities Added

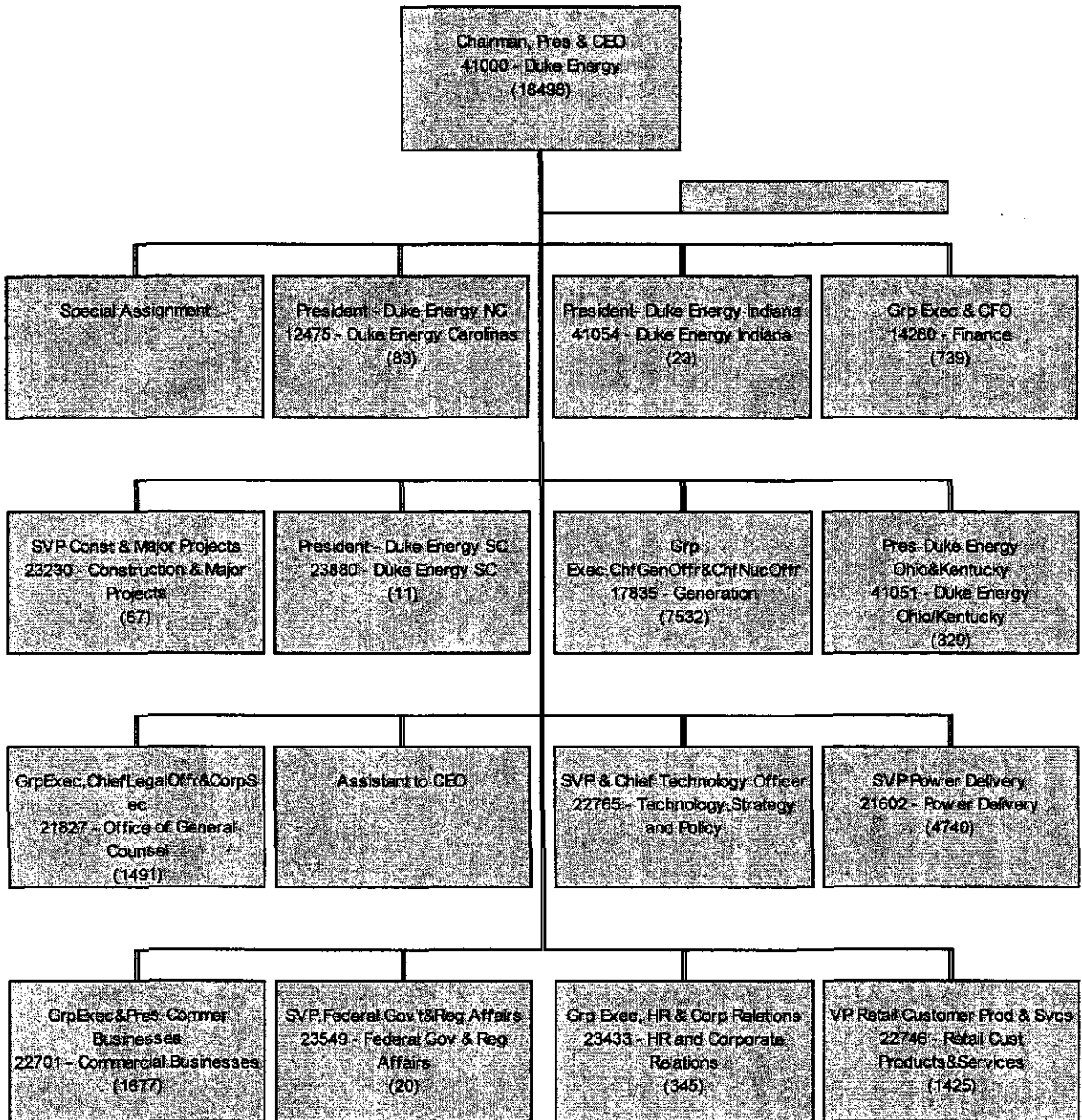
Andershaw Wind Power Limited (50%) formed in England and Wales on 12.19.2011
DOBCO PPA – Union Beach, LLC (100%)(NJ 11.10.2010) acquired effective 11.17.2011
DOBCO PPA – Monmouth, LLC (100%)(NJ 11.22.2010) acquired effective 12.8.2011
ISH Solar AZ, LLC (100%) formed in DE on 12.9.2011
ISH Solar CA, LLC (100%) formed in DE on 12.9.2011
ISH Solar Central, LLC (100%) formed in DE on 10.10.2011
ISH Solar Beach, LLC (100%) formed in DE on 11.18.2011
ISH Solar Mouth, LLC (100%) formed in DE on 12.9.2011
North Carolina Renewable Properties, LLC (100%)(NC 6.3.2010) acquired effective 10.26.2011
RE Bellflower LLC (100%)(DE 12.8.2009) acquired effective 12.12.2011
RE Fontana 2 LLC (100%)(DE 12.8.2009) acquired effective 12.12.2011
RE Irvine LLC (100%)(DE 11.30.2009) acquired effective 12.20.2011
RE San Diego LLC (100%)(DE 12.17.2009) acquired effective 12.5.2011

Entities Restructured

DOBCO PPA – CRSD, LLC merged with and into ISH Solar Central, LLC effective 10.10.2011
DOBCO PPA – Union Beach, LLC merged with and into ISH Solar Beach, LLC effective 11.21.2011
DOBCO PPA – Monmouth, LLC merged with and into ISH Solar Mouth, LLC effective 12.13.2011

Name Changes

None



DUKE ENERGY CORPORATION
PRINCIPLES FOR CORPORATE GOVERNANCE
(Amended and Restated as of February 19, 2009)

An effective Board will positively influence shareholder value and enhance the reputation of Duke Energy Corporation (the "Company") as a constructive resource in the communities where it does business. Good governance practices will provide a framework for timely responses to issues affecting the Company and thereby maximize the effectiveness of the Board. The Board of Directors of the Company adopts these Principles for Corporate Governance to signal its strong commitment to good corporate governance practices.

Principles for Corporate Governance

1. Responsibilities of Directors

- The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.
- A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities.
- A director is expected to regularly attend meetings of the Board and committees on which the director serves and be adequately prepared to participate fully in any discussion.
- A director should at all times discharge his or her responsibilities with the highest standards of ethical conduct, in conformity with applicable laws and regulations, and act solely in the best interest of the Company's shareholders.
- The directors are entitled to have the Company purchase reasonable D&O liability insurance on their behalf; to receive the benefits of indemnification to the fullest extent permitted by law and the Company's charter, bylaws and any indemnification agreements; and to benefit from exculpation as provided by state law and the Company's charter.

2. Director Nominations

- The Corporate Governance Committee will have the primary responsibility for nominating candidates for election to the Board.
- Nominees will be leaders in their field, have broad experience, show familiarity with national and international issues, possess sound business judgment, and have other attributes that will enhance shareholder value.

- The Board will seek acting or former executive officers of complex businesses, leading academics, successful entrepreneurs and individuals who will add diversity to the Board.
- The Board will possess certain experiences and core competencies that are identified as essential to the success of the Company.
- Each Director or Director nominee also should:
 - Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness.
 - Have a genuine interest in the Corporation and a recognition that, as a member of the Board, one is accountable to the shareholders of the Corporation, not to any particular interest group.
 - Have, as a general rule, a background that includes broad business experience or demonstrates an understanding of business and financial affairs and the complexities of a large, multifaceted, global business organization.
 - Be the present or former Chief Executive Officer, Chief Operating Officer, or substantially equivalent level executive officer of a highly complex organization such as a corporation, university or major unit of government, or a professional who regularly advises such organizations.
 - Have no irreconcilable conflict of interest or legal impediment which would interfere with the duty of loyalty owed to the Corporation and its shareholders. (Review with the CEO, Chairman of the Board or Chairman of the Corporate Governance Committee any relationships of the Director or Director nominee with competitors, suppliers, customers or service providers to the Corporation, which might be construed as an irreconcilable conflict of interest).
 - Have the ability and be willing to spend the time required to function effectively as a Director.
 - Be compatible and able to work well with other Directors and executives in a team effort with a view to a long-term relationship with the Corporation as a Director.
 - Have independent opinions and be willing to state them in a constructive manner.
 - Be a shareholder of the Corporation (within a reasonable time of election to the Board).

- Directors will be selected on the basis of talent and experience without regard to race, religion, sex or national origin. The Corporation seeks a Board with a diversity of background among its members and a Board that will possess certain core competencies.
- The following procedure is recommended whenever a vacancy occurs on the Board or the Board wishes to add to its membership. First, potential candidates are identified through the efforts of an external search organization or otherwise. Next, the Chairman of the Board or the Chairman of the Corporate Governance Committee shall make initial exploratory contacts with the potential candidates. Then, an opportunity shall be arranged for the members of the Corporate Governance Committee or as many as can do so to meet the potential candidates. The Corporate Governance Committee shall then select a candidate to recommend to the Board of Directors for consideration and appointment. Board members appointed in this manner shall serve, absent unusual circumstances, until their election by the Corporation's shareholders at the next annual meeting of shareholders of the Corporation.
- The Committee will evaluate a director candidate recommended by a shareholder in the same manner and to the same extent as it evaluates director candidates identified by other means.

3. Voting for Directors

- In an uncontested election of directors, any nominee who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election will, within five days following the certification of the shareholder vote, tender his or her written resignation to the Chairman of the Board for consideration by the Corporate Governance Committee. As used herein, an "uncontested election of directors" is an election in which the number of nominees is not greater than the number of Board seats open for election.
- The Corporate Governance Committee will consider such tendered resignation and, promptly following the date of the shareholders' meeting at which the election occurred, will make a recommendation to the Board concerning the acceptance or rejection of such resignation. In determining its recommendation to the Board, the Corporate Governance Committee will consider all factors deemed relevant by the members of the Corporate Governance Committee including, without limitation, the stated reason or reasons why shareholders who cast "withhold" votes for the director did so, the qualifications of the director (including, for example, the impact the director's resignation would have on the Company's compliance with the requirements of the Securities and Exchange Commission, the New York Stock Exchange and these Principles for Corporate Governance), and whether the director's resignation from the Board would be in the best interests of the Company and its shareholders.

- The Corporate Governance Committee also will consider a range of possible alternatives concerning the director's tendered resignation as members of the Committee deem appropriate including, without limitation, acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Corporate Governance Committee to have substantially resulted in the "withheld" votes.
- The Board will take formal action on the Corporate Governance Committee's recommendation no later than 90 days following the date of the shareholders' meeting at which the election occurred. In considering the Corporate Governance Committee's recommendation, the Board will consider the information, factors and alternatives considered by the Corporate Governance Committee and such additional information, factors and alternatives as the Board deems relevant.
- Following the Board's decision on the Corporate Governance Committee's recommendation, the Company will promptly disclose, in a Form 8-K filed with the Securities and Exchange Commission, the Board's decision, together with a full explanation of the process by which the decision was made and, if applicable, the Board's reason or reasons for rejecting the tendered resignation.
- No director who, in accordance with this policy, is required to tender his or her resignation, shall participate in the Corporate Governance Committee's deliberations or recommendation, or in the Board's deliberations or determination, with respect to accepting or rejecting his or her resignation as a director. If a majority of the members of the Corporate Governance Committee received a greater number of votes "withheld" from their election than votes "for" their election, then the independent directors then serving on the Board who received a greater number of votes "for" their election than votes "withheld" from their election will appoint an ad hoc Board committee from amongst themselves (the "Ad Hoc Committee"), consisting of such number of directors as they may determine to be appropriate, solely for the purpose of considering and making a recommendation to the Board with respect to the tendered resignations. The Ad Hoc Committee shall serve in place of the Corporate Governance Committee and perform the Corporate Governance Committee's duties for the purposes of this policy. Notwithstanding the foregoing, if an Ad Hoc Committee would have been created but fewer than three directors would be eligible to serve on it (including in circumstances where the entire Board receives a greater number of votes "withheld" from their election than votes "for" their election", the entire Board (other than the directors whose resignation is being considered) will make the determination to accept or reject the tendered resignation without any recommendation from the Corporate Governance Committee and without the creation of an Ad Hoc Committee.

4. Director Orientation

- New directors will receive a comprehensive package of orientation materials.
- Senior managers and other appropriate personnel and outside advisors will brief new directors on the Company and the industry, including the Company's strategic plans, internal control procedures, compliance programs, code of ethics and related policies, management and internal and independent auditors.
- Directors will be encouraged to take advantage of field visits to Company facilities.

5. Combination of Chairman and Chief Executive Officer

- The positions of Chairman of the Board and Chief Executive Officer may be held by the same individual.

6. Lead Director

- Unless an independent director is filling the role of Chairman of the Board, the Board will elect a Lead Director, from among the independent members of the Board, who will serve as a liaison between the Board, the Chairman of the Board and the Chief Executive Officer. The Lead Director will have the following specific duties and responsibilities, among others:
 - Lead, in conjunction with the Corporate Governance Committee, the process for review of the Chief Executive Officer and Board.
 - Preside at all meetings of the Board at which the Chairman of the Board and the Chief Executive Officer is not present, including executive sessions of the outside members of the Board, and apprise the Chairman of the Board and the Chief Executive Officer of the issues considered, as appropriate.
 - In the event of the death or incapacity of the Chairman of the Board or in other situations where it is not possible or appropriate for the Chairman to assume leadership of the Board, become the acting Chairman of the Board until such time as a Chairman of the Board shall have been selected.
 - Assist the Chairman of the Board and the Chief Executive Officer in setting agendas and schedules of Board meetings.
 - Review and approve agendas and schedules of Board meetings, including advising on quality, quantity and timeliness of information.
 - Call meetings of the outside members of the Board when necessary and appropriate.

- Be available for consultation and direct communication with the Company's major shareholders.
 - The name of the Lead Director shall be disclosed in the Company's proxy statement for the annual meeting of shareholders, together with a method for interested parties to communicate directly with the Lead Director or with the non-management directors as a group.
7. **Size of the Board**
- Smaller boards tend to be more effective.
 - The current view is that a Board of 10-14 directors is the optimal size.
8. **Frequency of Meetings**
- The Board will meet as frequently as required to attend to the business of the Company.
 - Regular meetings will be supplemented by teleconference meetings as required.
9. **Independence of Directors**
- Independent directors will constitute a substantial majority of the Board.
 - The Corporate Governance Committee will confirm that the composition of relevant committees conforms to applicable director independence requirements.
10. **Service on Other Boards**
- Interlocking directorships will only be allowed in conformance with applicable laws and regulations.
 - Current directors will notify the Chairman of the Board when considering a request for service on another board, and the Corporate Governance Committee will discuss potential conflicts of interest and whether the service would interfere with such director's ability to properly discharge his or her duties.
 - Outside members of the Board will serve on no more than four other public company Boards without the prior approval of the Board.
 - The CEO will not serve on any other company Boards, other than not-for-profit organizations, without the prior approval of the Board.

11. Directors Whose Responsibilities Change

- A director whose occupational responsibilities change will, as a matter of course, submit a letter of resignation, except where the duties changed as a result of normal retirement.
- The Corporate Governance Committee will review letters of resignation to determine whether a resignation should be accepted.

12. Term Limits

- Limits will not be imposed on the terms of directors.

13. Retirement Age

- The normal retirement date will be the annual meeting following a director's 70th birthday.

14. Director Compensation / Share Ownership

- Director compensation and benefits will be competitive, reasonable and customary in comparison to companies that are similarly situated.
- The Board, upon the recommendation of the Compensation Committee, will approve director compensation and benefits.
- Stock ownership guidelines will require directors to have a financial stake in the Company.

15. Assessing the Board's Performance

- The Corporate Governance Committee will annually assess the Board's performance.
- The Corporate Governance Committee is responsible for coordinating the annual self-assessments of the individual directors.
- The Corporate Governance Committee will address any issues concerning the performance of an individual director.
- Directors are encouraged to make suggestions as to Board practices.

16. Board Interaction with Institutional Investors, Press, Customers

- The Chairman of the Board has primary responsibility for communications with various stakeholders.
- Board members who meet with stakeholders should first coordinate with management.

17. Board Access to Management

- Board members have complete access to management.
- The Board welcomes the exposure of top managers to the Board.

18. Selection of Agenda Items for Board Meetings

- The Chairman of the Board with the assistance of management and the Lead Director will establish the agenda for Board meetings.
- Board members are free to suggest agenda items.
- The Board annually reviews long-term strategic plans and reviews strategic updates.
- The Board annually reviews operating plans and specific goals at the beginning of the year and financial performance periodically.

19. Board Materials Distributed in Advance

- The Board will be fully informed of major proposals.
- Materials will be distributed in writing prior to each Board meeting.
- Materials will be brief but thorough.
- The Secretary will discuss adequacy of materials with Board members periodically.

20. Board Presentations

- Presentation materials shall be provided in advance of meetings.
- Sensitive matters may be discussed without written materials.
- Board members will review fully all materials and will be prepared for crisp and focused discussion on management proposals.

21. Number of Committees

- The committees shall include Audit, Compensation, Corporate Governance, Finance and Risk Management and Nuclear Oversight.
- Each committee will have a formal statement of responsibilities in the form of a charter complying with all applicable laws, rules and regulations.

22. Assignment and Rotation of Committee Members

- The Corporate Governance Committee will recommend to the Board the assignment of Board members to committees.

- The rotation of committee memberships will be encouraged, but not mandated.

23. Frequency and Length of Committee Meetings

- The committee chair will determine the frequency and length of meetings.
- Committee actions will be reported to the full Board.
- All directors are free to attend any committee meetings but may be excluded by the committee as the committee deems appropriate in order to carry out its responsibilities.

24. Evaluation of the Chief Executive Officer

- Directors are encouraged to comment to the Chief Executive Officer, the Chairman of the Board or the Chairman of the Corporate Governance Committee upon the performance of the Chief Executive Officer when circumstances warrant.
- The Corporate Governance Committee will conduct annually a formal evaluation of the Chief Executive Officer and will consider factors such as individual performance, the extent to which measures related to enterprise challenges are successfully achieved, the feedback of directors and the advice of outside experts when recommending changes to the Compensation Committee which shall establish the compensation of the Chief Executive Officer.

25. Succession Planning and Development Plan

- The Chairman of the Board and/or the Chief Executive Officer will review management succession plans at least annually with the Board of Directors.
- The Board will recommend Chief Executive Officer succession plans at least annually.
- The Board will seek to assure that the status of organizational strengths is equal to requirements of long-range goals.

26. Periodic Review

- The Corporate Governance Committee will review the Principles for Corporate Governance periodically and will make recommendations to the Board as appropriate.

27. Executive Sessions

- The outside members of the Board will hold regular meetings without management.

- The Lead Director will preside over executive sessions of the Board.

28. Continuing Education

- Directors are encouraged to take advantage of continuing education opportunities that will enhance their ability to fulfill their responsibilities.

**DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION*
SCHEDULE S-4.2**

Part 1 of 2

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*MPP as of July 1, 2012

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

DUKE ENERGY
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
POWER DELIVERY MIDWEST FIELD OPERATIONS

I. Policy and Goal Setting

The Department supports the corporate policies and objectives as described in the Policies section of the Employee Portal through the related Duke Energy procedures and practices. The Duke Energy Policies and Procedures are provided to all employees. These form the general guidelines for the Company in the areas of employee relations, compliance with laws or governmental directives and Company relationships with the communities we serve.

Goal setting at the department level is accomplished by the Vice President and other departmental leadership. The goals are formulated to support and complement the primary objectives and business plans of Power Delivery and Franchised Electric & Gas Operations. Specific initiatives developed from the goals identify objectives, implementation schedule, milestones, responsibilities, and resources required. The goals, once developed by the Department, are presented to the Power Delivery Senior Vice President for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the department is the responsibility of the Vice President of Power Delivery Field Operations with input from the General Managers, Directors and Managers. Strategic planning is coordinated and monitored collectively with all departments in Power Delivery utilizing input from key support groups such as technical services, transportation, materials management, finance, and human resources.

Each Department supports Power Delivery's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment
- Review customer service results and create action plans for improvement
- Develop, monitor and project department budgets for cost management
- Establish performance expectations and evaluate employees on a regular basis
- Evaluate and improve operational processes
- Use of special project teams to investigate and provide recommendations on process improvement opportunities

III. Organizational Structure

Power Delivery Field Operations Midwest is under the direction of a Vice President who reports to the Senior Vice President of Power Delivery. The Senior Vice President reports to the Chairman, President and Chief Executive Officer of Duke Energy. Eight positions report to the Power Delivery Field Operations Vice President:

- General Manager of Distribution Design Ohio/Kentucky/Indiana
- General Manager of Substation Operations & Maintenance Ohio/Kentucky/Indiana
- Manager of Construction & Maintenance Northern Indiana
- Manager of Construction & Maintenance Southwest Indiana
- Manager of Construction & Maintenance Southeast Indiana
- Manager of Construction & Maintenance Indiana Projects
- General Manager of Construction & Maintenance Ohio/Kentucky
- Manager of Performance Support Ohio/Kentucky/Indiana

Each General Manager has six to nine direct reports to them. Based on service area, Managers each have up to 15 direct reports to them.

The organizational charts for Power Delivery Field Operations Midwest are shown in Exhibit PDFO-1.

IV. Responsibilities

Power Delivery Field Operations Midwest has the responsibility for gas and electric distribution design, electric transmission and distribution construction, twenty-four hour a day operation and maintenance of the electric transmission and distribution system facilities. The department is also responsible for the reliability of the bulk power transmission system and facilities associated with all substations, transmission and distribution lines from the generating plants through the distribution system and to the customer. The objective of the department is to design, build, operate, and maintain the transmission and distribution systems in the safest, most economical and reliable manner.

All activities are done in accordance with applicable federal and state regulations. Field supervision is responsible for monitoring the progress of work and ensuring employees and contractors adhere to safe work practices.

Distribution Design

Distribution Design is responsible for the design of gas and electric facilities to provide service to customers. Distribution Design provides engineering for all residential, commercial, industrial, and governmental requests for new or upgrade of facilities serving customers. Employees routinely interact with customers and/or their representatives to ensure that service is provided that meets their needs. Distribution Design acquires easements and permits, determines customer contributions, identifies facilities, creates

construction drawings, prepares work orders, and reconciles work orders for recording assets.

Distribution Design's responsibilities also include oversight of electric system configuration; responding to customer inquiries about voltage fluctuations, outages, and radio frequency interference. Distribution Design includes responsibilities for electric line inspections, maintenance of the Graphical Information System (GIS) database, and coordination of joint utility construction of underground facilities which includes administering call before you dig program.

Construction & Maintenance

Duke Energy Ohio operates nine construction and operations centers. Kentucky operates out of one Erlanger construction and operations center. These centers are responsible for:

- Construction, maintenance and operation of transmission and distribution lines, owned either entirely or partially by Duke Energy.
- Twenty-four hour a day electric trouble restoration of overhead and underground electric circuits and associated equipment; and
- With assistance from the Corporate Strategic Sourcing Department, preparing bid packages, soliciting, evaluating and awarding bids for out-sourcing electric line construction to contractors; monitoring their work for correct charges, quality, adherence to safe work practices and progress. Management is responsible for the evaluation of bids and awarding of contracts as well as monitoring the progress of projects. Field Supervisors are responsible for the over-sight of work and ensuring that contractors adhere to safe work practices.

Substation Operations

Substation Operations is responsible for the reliability of all transmission and distribution substations and portions of the downtown Cincinnati underground network in the Duke Energy Ohio service area and similar facilities in the service territories of Duke Energy Kentucky and Duke Energy Indiana.

Performance Support

Performance Support is responsible for coordinating, developing and projecting capital and operating/maintenance budgets as well as financial plans for Power Delivery Field Operations. This team also supports field operations in financial analysis interpretation, application and understanding. Performance Support also supports other administrative initiatives such as rate case requests, interaction with corporate and other Power Delivery departments on financial issues, and billing of time and material (with the exception of DOT) jobs.

V. Practices and Procedures

Practices and procedures are written and defined in transmission and distribution work standards, safety standards, engineering standards and administrative standards, and are implemented by the appropriate qualified personnel and committees upon approval by upper management.

The standards and manuals utilized in performing work include:

- Safety and Health Manual
- System operations Switching and Tagging Manual
- Transmission and Distribution Standards
- Engineering Guide Manual
- Fusing Manual
- Manual Work Standards
- Information Requirements for Electric Service
- Gas Installer's Manual
- Gas Standards & Procedures

Employees have access to manuals and standards through paper copies and/or electronic resources.

Distribution Design

Distribution Design's primary activities are for the design of new electric overhead and underground distribution facilities for residential subdivisions, single family residences, commercial, industrial and governmental customers. Additional specific activities include, but are not limited to the following:

- Contact for all installation of gas and electric facilities explaining company's gas and electric policies, service requirements, and charges as they relate to customer's inquiries.
- Responding to customer reliability complaints, inquiries, and concerns from internal and external customers as required.
- Coordinate with representatives of other utilities, state and local authorities, permitting agencies and inspection agencies to coordinate work.
- Support storm restoration processes by providing field damage assessing to determine severity and repair needs before dispatching of field crews.
- Supply engineering designs material lists for construction of distribution system improvements, gas main extensions, electric distribution line extensions, and gas and electric services.
- Check and approve gas and electric service facilities for compliance with company requirements making visual inspections for rewires and new service.
- Analyze requirements and produce designs for application of various street lighting, traffic control and area lighting needs.
- Inspect distribution circuits on 5 year cycle, assuring public safety and good operating condition of infrastructure. Maintaining accurate distribution circuit records and maps.

- Manage joint subdivision design and underground construction to facilitate installation of gas, electric, telephone, and CATV in common trench and duct systems.
- Administer Call Before You Dig program, managing locating contractors to locate gas and electric facilities for underground excavation projects.
- Maintain Graphical Information System (GIS) data assets.
- Maintain specialized engineering knowledge to design, operate and maintain the metropolitan underground network and duct systems.
- Provide guidance to ensure compliance of governing codes (NESC, NEC, etc.) company safety practices, and company rates and tariffs.
- Support system reliability and integrity by supplying engineering resources to analyze customer outage and implement improvement plans.

Construction & Maintenance

Midwest Field Operations is responsible for the construction and maintenance of the overhead and underground transmission and distribution electric system throughout Duke Energy in Indiana, Ohio and Kentucky. This work is performed in such a way as to ensure reliable electric service and safety for our customers and employees. Functional responsibilities include district construction and maintenance offices, large project construction, Cincinnati downtown network, and heavy equipment.

Construction & Maintenance Practices and Procedures:

- Emergency Response & Storm Restoration:
 - Construction and Maintenance is staffed to provide 24 hour, 365 day response to emergencies and storm restoration.
- New Service Connections:
 - Construction and Maintenance crews are responsible for the construction of new electric overhead and underground facilities for residential subdivisions, single family residences, commercial, and industrial customers.
- Street Lighting:
 - Construction and Maintenance crews are responsible for the construction, repair and maintenance of company owned lights within the Midwest service territory.
- System Reliability and Government Mandated Projects:
 - Construction and Maintenance crews are assigned daily work required to construct and maintain the electric transmission and distribution system. Daily work includes capacitor maintenance programs, recloser maintenance, inspections, counter reads, road improvement, line extensions, system improvement and reliability projects.
- Network Services:
 - Network Services is responsible for maintaining the integrity and reliability of the underground electrical network in downtown Cincinnati including routine

maintenance of electrical vaults, manholes, transformers, street lights, and underground cable. Daily work includes installing, repairing, and replacing, large power, lead, oil-filled, and URD cable associated with transmission and distribution service, substations, and power plants throughout the Ohio/Kentucky territory .

- Heavy Equipment:
 - Heavy Equipment provides cranes, booms, digger derricks, bulldozers, loaders, dump trucks, excavators, and other heavy construction equipment services. This group supports internal and external customers by such ways as hauling poles, transformers, and other equipment for utility crews.
- Construction Management on Budget Projects:
 - Duke Energy currently has Field Supervisors that perform Construction Management on projects outsourced to contractors. This includes the Ground Line Inspection and Treatment programs for the distribution and transmission systems.

Substation Operations

Major duties of the Duke Energy Ohio Substation Maintenance and Construction Division include all activities associated with the construction, operation, and maintenance of substation equipment. These activities include, but are not limited to the following:

- Maintain a trained and adequately supervised work force including the necessary tools, equipment, spare parts and shops;
- Perform routine preventative maintenance activities, such as dissolved gas analysis (DGAs), infrared inspections, and monthly substation inspections. Respond to substation outage and /or emergency situations;
- Assist in system storm restoration efforts;
- Analyze the DGA and infrared test results and information from monthly inspections to be certain the equipment is still within all manufacturer, industry, internal standards specifications. Then, if the test results or inspection information warrant it, make all necessary repairs;
- Benchmarking and review of the maintenance practices to be certain Duke Energy's substation maintenance program is focused on the correct tests, procedures, and frequencies;
- The construction activities related to either new substations or additions to existing substations; and
- Construction project management is achieved through individuals within the substation construction department being charged to directly oversee assigned construction projects.
- Install and maintain all protective relay schemes as designed by the Engineering Department and engineering firms employed by the Company;
- Ensure quality control and quality assurance standards are followed to the highest degree possible in the testing of new and in-service equipment;

- Calibrate and test all electrical protective devices used to protect generating units, transformers, transmission and distribution lines of the system;
- Coordinate electrical tests on generating units, electrical boiler controls, and auxiliary plant equipment associated with power plants and gas turbine stations;
- Coordinate and direct electrical tests on all new substations and any revisions to existing stations;
- Direct the installation and maintenance of all supervisory control and data acquisition equipment used in conjunction with the Power Management System;
- Maintain a trained and adequately supervised work force of trained technicians including the necessary tools, equipment, spare parts and shops.

Performance Support

Major duties of Performance Support include:

- Interpret corporate and/or business unit financial directions and see that those directions are applied throughout Field Operations.
- Coordinate and develop the construction, operation/maintenance budgets for Field Operations.
- Tracking, analyzing, forecasting and reporting the budget to expenditure performance of the construction and operations/maintenance budgets.
- Implementing financial tracking changes (managerial reporting).
- Assisting the field with financial needs such as specific accounting directions and processing financial documents.
- Manage the construction overhead cost pool.
- Perform specific projects such as rate case data requests, vehicle utilization and assist in developing executive management presentations.
- Analyze, organize, and submit an invoice to Accounts Receivable for costs of billable time and material construction jobs.

VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Company policies, procedures and regulatory directives, and the authority to take effective action. The decisions made by specific levels of management are relevant to the basic purpose of their position.

Daily, monthly, and quarterly operational reports including outage and financial are used to monitor progress and provide a means of evaluating decision making.

VII. Internal and External Communication

Power Delivery Field Operations must work closely with a number of other departments within the Company in order to carry out its responsibilities. Because of the complexities involved in the daily operation and maintenance of the electric transmission and distribution system, the department maintains working relationships through various channels of communication with many departments including:

- Other Power Delivery Departments
- Duke Energy Ohio President
- Environmental Health & Safety
- Gas Operations
- Engineering Technical Services
- Information Technology
- Power Generation
- Government & Regulatory Affairs
- Real Estate & Facilities Services
- Customer Contact Centers
- Legal
- Supply Chain
- Human Resources

Internal communication channels (verbal, e-mail, suggestions, etc.) are structured in a way that provides information in a timely manner to all personnel within the department. Internal communication is accomplished through a variety of mechanisms. A large part of internal communication results from daily interaction among department personnel. In addition, meetings between the Vice President, General Managers, Directors and Managers augment this communicative effort. Whenever possible, formal written procedures and policies are used to convey information to personnel in the department. These may include handbooks for policies and procedures, Manual Work Standards, formal written job descriptions, Administrative Standards, Technical and Operating Procedures.

Communication with vendors and contractors is handled by field visits, telephone, e-mail, and meetings.

External communication includes frequent contact with residential, commercial and industrial customers through written communication, telephone, e-mail, and web based applications. Letters written by employees and sent outside the Company are signed by the appropriate level within the Department, depending on the nature of the letter.

Employees attend various meetings with other electric utilities, associations and organizations as delegates or committee members. They conduct joint studies, coordinate projects, and discuss common issues to the electric utility industry. Some employees address outside agencies as speakers and provide professional papers on technical subjects.

Power Delivery Field Operations employees also work with local, state, federal, as well as regulatory agencies to furnish information as requested and to coordinate inspections and audits of operations by these agencies.

VIII. Goal Attainment and Qualification

In general, the performance of Power Delivery Field Operations is measured by its contribution to the safe, reliable, and cost efficient operation of Duke Energy's electric system. In addition, the department remains abreast of technological developments and incorporates them when efficiencies can be gained.

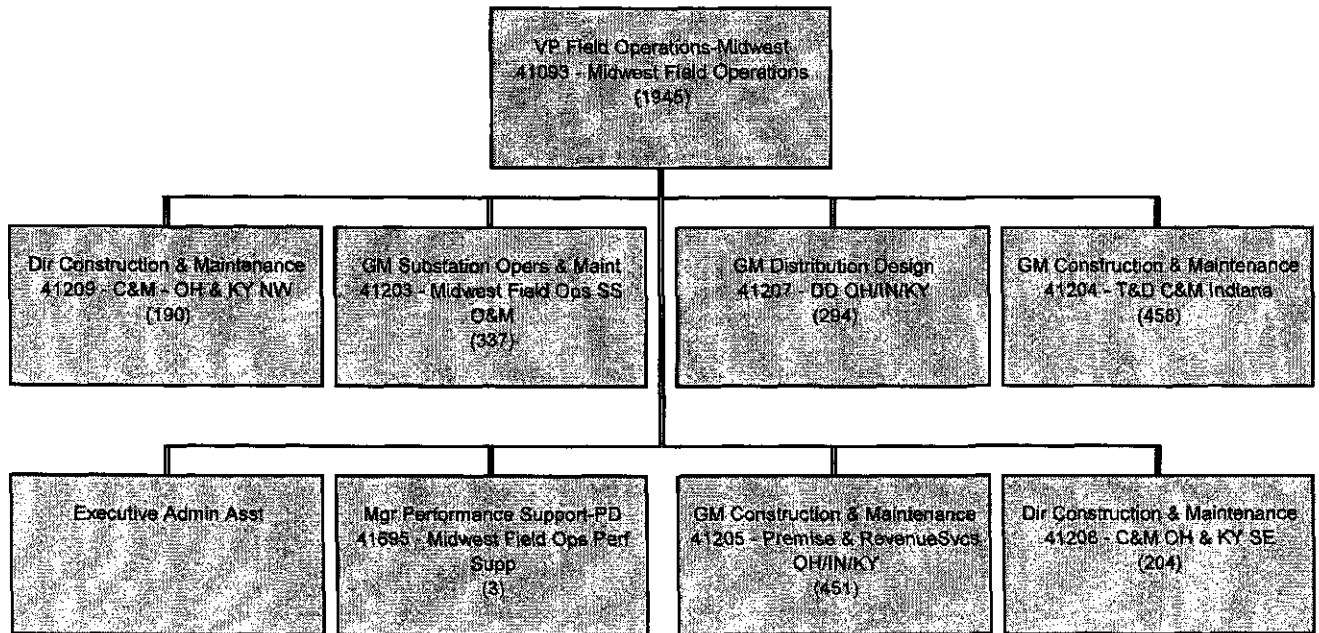
Power Delivery Field Operations provides updates for a consolidated monthly report submitted to the Power Delivery Senior Vice President detailing the progress in attaining the established Departmental goals.

Performance indicators are utilized by Power Delivery Field Operations as measures of performance. The following are example items that are used to measure performance:

- Reduction of Personal Injuries
- Reduction of Preventable Vehicle Incidents
- Customer Satisfaction
- Reliability and Restoration
- Budget and Cost Monitoring
- Project Monitoring

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

Vice President Field Operations - Midwest



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
POWER DELIVERY PERFORMANCE SUPPORT

I. Policy and Goal Setting

The Power Delivery Performance Support department (Department) supports the corporate policies and objectives as described in the policies section of the employee portal through the related Duke Energy Corporation (Duke Energy) procedures and practices. The Duke Energy Policies and Procedures are provided to all employees. These form the general guidelines for Duke Energy in the areas of employee relations, compliance with laws or governmental directives, and relationships with the communities we serve.

Goal setting at the department level is accomplished by the Vice President and other departmental leadership. The goals are formulated to support and complement the primary objectives and business plans of Power Delivery and U.S. Franchised Electric & Gas Operations. Specific initiatives developed from the goals identify objectives, implementation schedule, milestones, responsibilities, and resources required. The goals, once developed by the Department, are presented to the Power Delivery Senior Vice President for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the Department is the responsibility of the Vice President of Performance Support with input from the General Managers, Directors and Managers. Strategic planning is coordinated and monitored collectively with all departments in Power Delivery utilizing input from key support groups such as technical services, transportation, materials management, finance, and human resources.

Each Department supports Power Delivery's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment;
- Review customer service results and create action plans for improvement;
- Develop, monitor and project department budgets for cost management;
- Establish performance expectations and evaluate employees on a regular basis;
- Evaluate and improve operational processes; and
- Use of special project teams to investigate and provide recommendations on process improvement opportunities.

III. Organizational Structure

Power Delivery Performance Support is under the direction of a Vice President who reports to the Senior Vice President of Power Delivery. Seven positions report to the Power Delivery Performance Support Vice President:

- Director of Contract Labor Strategy;
- Director of Technology Integration;
- Manager of Asset Contract Administration;
- Manager of Technical Training;
- Director of Processes and Business Planning;
- Director of Design and Technical Services; and
- Manager of Business Support.

Three supervisors report to the Manager of Technical Training, two managers report to the Director of Technology Integration, two supervisors report to the Manager of Business Support, and two supervisors report to the Director of Processes and Business Planning.

The organizational charts for Power Delivery Performance Support are shown in Exhibit PDPS-1.

IV. Responsibilities

Performance Support provides centralized guidance and services to Power Delivery and drives operational excellence and continuous improvement in safety, reliability, customer service and cost.

Process Improvement

Process Improvement is responsible for the following:

- Manages process development, integration, and evaluation;
- Facilitates and tracks merger integration plans and activities;
- Provides project management support for Power Delivery initiatives;
- Develops and coordinates service level agreements with support organizations; and
- Develops and maintains the Power Delivery workforce plan.

Contract Labor Strategy

Contract Labor Strategy is responsible for coordinating support activities for Power Delivery including the following:

- Oversees contractor compliance, monitors contractor headcount, and reports contractor safety incidents and statistics;
- Serves as liaison for internal labor relations;

- Develops and maintains Emergency Plan and Business Continuity Plan, including oversight of testing and critiquing previous events;
- Manages resource support for emergency outage situations including mutual assistance efforts among other utilities during major outage events;
- Provides oversight for contract administration and system level relationship with Power Delivery service providers; and
- Develops and maintains internal and external labor strategies to include competitive outsourcing options, staffing levels and diversity plans.

Technology Integration

Technology Integration is responsible for the strategic and tactical planning for deployment of new technology to achieve business results including the following:

- Upgrades and maintains existing technology;
- Assists with change management for technology deployments and upgrades; and
- Coordinates technology deployment, integration, project implementation and progress.

Asset Contract Administration

Asset Contract Administration is responsible for managing the use of Duke Energy assets by other entities and managing asset contracts with Government and Railroad entities. Activities include the following:

- Administers and manages Joint Use Contracts and Pole Attachment Agreements with utilities and non-utility entities. Responsible for the strategy, planning, negotiation, billing, inventory, and standards compliance related to the rental of poles, conduits and other utility assets;
- Manages state and local interaction with the Ohio Department of Transportation for reimbursable projects. Responsible for billing and collecting recoverable expenses for power line relocations;
- Manages the easement relationship with railroad companies for all crossings and occupations. Responsible for strategy, negotiations, documentation, and payments associated with railroad agreements; and
- Coordinates municipal permitting activities for Duke Energy distribution and transmission facilities. Responsible for monitoring ordinances and interpreting when permit fees are appropriate.

Technical Training

Technical Training is responsible for providing training and work procedures to Power Delivery employees including the following:

- Coordinates and ensures compliance training is completed on time;
- Provides classroom and field training for craft employees;
- Coordinates, documents, and delivers work methods & procedures;

- Facilitates new hire process for craft employees; and
- Conducts quality audits of overhead construction work.

Processes and Business Planning

Business Planning is responsible for coordinating support activities for Power Delivery including the following:

- Provides project management for departmental improvement initiatives;
- Reports performance measures, key indicators, and scorecards;
- Maintains strategic and operational plans;
- Coordinates development of capital and operating budgets with Corporate Finance;
- Facilitates Industry benchmarking activities;
- Monitors trends and evaluates business opportunities;
- Administers departmental cash incentive plan; and
- Facilitates budget optimization of large capital and O&M projects.

Design and Technical Services

Design and Technical Services provides maintenance policy and technical support for the enterprise vehicle fleet including the following:

- Develop and support specifications for vehicles and associated equipment;
- Facilitate vehicle and equipment standardization work team; and
- Manage long term supplier agreements.

Business Support

Business Support manages change, internal communications and workforce development for Power Delivery through the following:

- Develops training plans and strategies;
- Supplies training support and job aids for new technology deliverables and process enhancements;
- Develops and maintains workforce plan, including new hire process and recruitment;
- Coordinates change management and internal communications; and
- Investigates, bills and collects for incidents of damage to Duke Energy facilities.

V. Practices and Procedures

Performance Support continuously networks with all departments in Power Delivery to coordinate activities including business plans, performance measures, field support, training, work procedures and documentation, labor & resource strategies, process

improvement initiatives, technology implementation, vehicle standards and contract asset administration.

VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Company policies, procedures and regulatory directives, and the authority to take effective action. The decisions made by specific levels of management are relevant to the basic purpose of their position.

Daily, monthly, and quarterly operational reports including outage and financial are used to monitor progress and provide a means of evaluating decision making.

VII. Internal and External Communication

Power Delivery Performance Support must work closely with a number of other departments within Duke Energy in order to carry out its responsibilities. Because of the complexities involved in the daily operation and maintenance of the electric transmission and distribution system, the Department maintains working relationships through various channels of communication with many departments including:

- Other Power Delivery Departments;
- Duke Energy Ohio President;
- Environmental Health & Safety;
- Gas Operations;
- Engineering Technical Services;
- Information Technology;
- Power Generation;
- Government & Regulatory Affairs;
- Real Estate & Facilities Services;
- Customer Contact Centers;
- Legal;
- Supply Chain; and
- Human Resources.

Internal communication channels (verbal, e-mail, suggestions, etc.) are structured in a way that provides information in a timely manner to all personnel within the department. Internal communication is accomplished through a variety of mechanisms. A large part of internal communication results from daily interaction among department personnel. In addition, meetings between the Vice President, General Managers, Directors and Managers augment this communicative effort. Whenever possible, formal written procedures and policies are used to convey information to personnel in the Department. These may include handbooks for policies and procedures, Manual Work Standards, formal written job descriptions, Administrative Standards, Technical and Operating Procedures.

Communication with vendors and contractors is handled by field visits, telephone, e-mail, and meetings.

External communication includes frequent contact with residential, commercial and industrial customers through written communication, telephone, e-mail, and web based applications. Letters written by employees and sent outside Duke Energy are signed by the appropriate level within the Department, depending on the nature of the letter.

Employees attend various meetings with other electric utilities, associations and organizations as delegates or committee members. They conduct joint studies, coordinate projects, and discuss common issues to the electric utility industry. Some employees address outside agencies as speakers and provide professional papers on technical subjects.

Power Delivery Performance Support employees also work with local, state, federal, as well as regulatory agencies to furnish information as requested and to coordinate inspections and audits of operations by these agencies.

VIII. Goal Attainment and Qualification

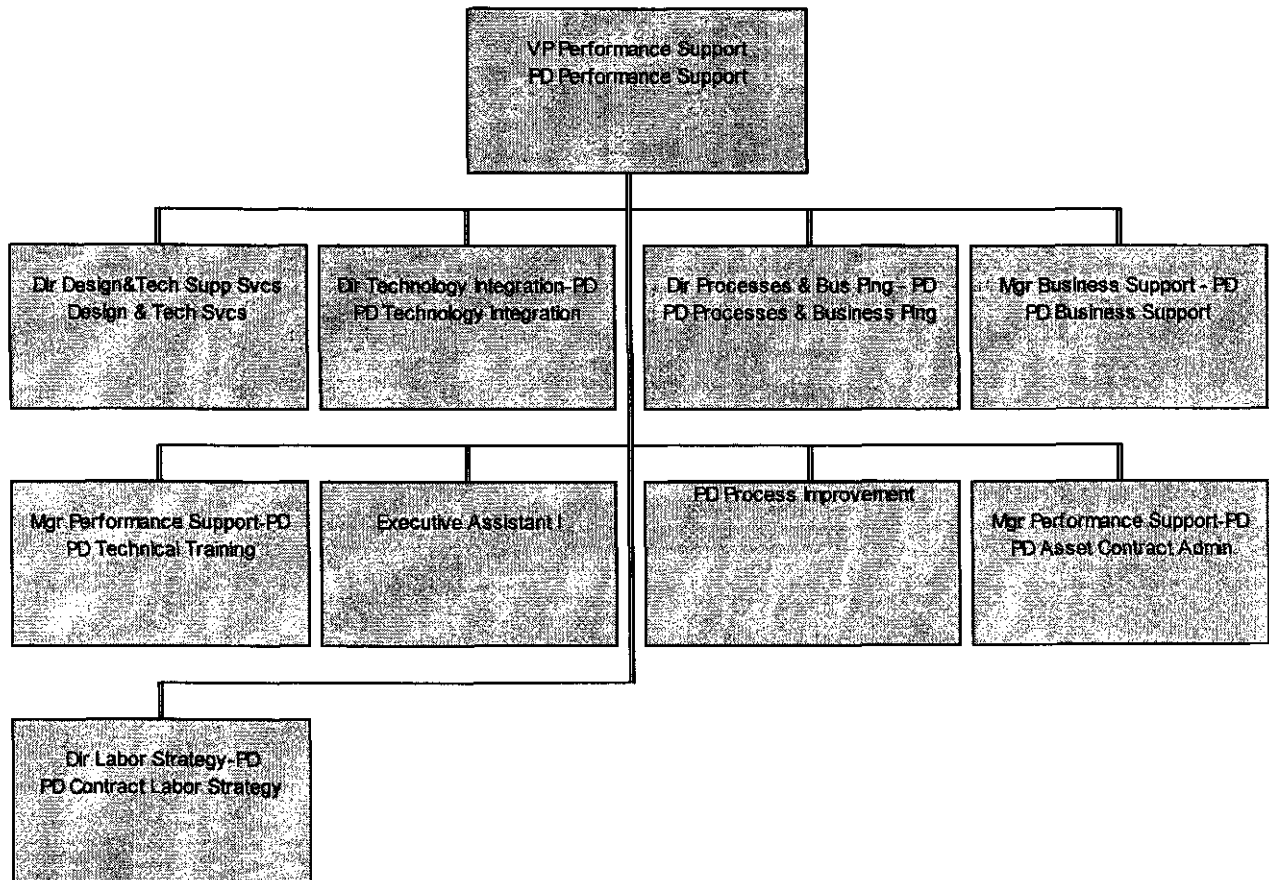
In general, the performance of the Department is measured by its contribution to the safe, reliable, and cost efficient operation of Duke Energy's electric system. In addition, Performance Support remains abreast of technological developments and incorporates them when efficiencies can be gained.

Performance Support provides updates and coordinates a monthly report submitted to the Power Delivery Senior Vice President detailing the progress in attaining the established Departmental goals.

Performance indicators are utilized by the Department as measures of performance. The following are example items that are used to measure performance:

- Reduction of Personal Injuries;
- Reduction of Preventable Vehicle Incidents;
- Customer Satisfaction;
- Reliability and Restoration;
- Budget and Cost Monitoring; and
- Project Monitoring.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
POWER DELIVERY CENTRAL OPERATIONS

I. Policy and Goal Setting

The Power Delivery Central Operations Department (Department) supports the corporate policies and objectives as described in the policies section of the employee portal through the related Duke Energy Corporation (Duke Energy) procedures and practices. The Duke Energy Policies and Procedures are provided to all employees. These form the general guidelines for Duke Energy in the areas of employee relations, compliance with laws or governmental directives, and Duke Energy relationships with the communities we serve.

Goal setting at the department level is accomplished by the Vice President and other departmental leadership. The goals are formulated to support and complement the primary objectives and business plans of Power Delivery and U.S. Franchised Electric & Gas Operations. Specific initiatives developed from the goals identify objectives, implementation schedule, milestones, responsibilities, and resources required. The goals, once developed by the Department, are presented to the Power Delivery Senior Vice President for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the Department is the responsibility of the Vice President of Central Operations with input from the General Managers, Directors and Managers. Strategic planning is coordinated and monitored collectively with all departments in Power Delivery utilizing input from key support groups such as technical services, transportation, materials management, finance, and human resources.

Each Department supports Power Delivery's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment;
- Review customer service results and create action plans for improvement;
- Develop, monitor and project department budgets for cost management;
- Establish performance expectations and evaluate employees on a regular basis;
- Evaluate and improve operational processes; and
- Use of special project teams to investigate and provide recommendations on process improvement opportunities.

III. Organizational Structure

Power Delivery Central Operations is under the direction of a Vice President who reports to the Senior Vice President of Power Delivery. The four management positions report to the Power Delivery Central Operations Vice President:

- General Manager of Routine Work & Trouble Operations
- General Manager of Fleet Services
- General Manager of Vegetation Management
- General Manager of Smart Grid Field Deployment

Seven managers with twelve supervisors, three coordinators and five shift leads report to the General Manager of Routine Work and Trouble Operations. Two directors and one supervisor with one manager and two supervisors report to the General Manager of Right of Way Management. Two directors and one manager with fourteen supervisors report to the General Manager of Fleet Services. Four managers with three supervisors report to the General Manager of Smart Grid.

The organizational chart for Power Delivery Central Operations is shown in Exhibit PDCO-1.

IV. Responsibilities

Power Delivery Central Operations provides support to all Duke Energy service areas for centralized activities, including routine work and trouble operations, vegetation management, fleet services, and Smart Grid field deployment.

Routine Work and Trouble Operations

Power Delivery Work Centers are responsible for scheduling, dispatching and monitoring all routine customer service work (premises orders, light repair, electric and gas connect and disconnect orders, etc) as well as outage dispatch. This group also develops, deploys and supports mobile work management tools and strategies.

Fleet Services

Fleet Services provides and manages transportation resource control systems that require accurate reporting and encourage efficient utilization, reduced investment, and operational care of transportation equipment. The group provides transportation equipment and services to support operations in a manner that is competitive with outside contractors for lease alternatives and sufficient to safely satisfy normal and emergency operations. Fleet services distribute transportation costs equitably to the user vehicle assignments on the basis of actual operation, maintenance, depreciation, and other vehicle-related costs. Also, the group responsible for activities related to replacing, servicing and maintaining the fleets of vehicles.

Vegetation Management

Vegetation Management is responsible for line clearing along existing electric feeders, and gas distribution lines, and coordinating clearing for new line construction. Bare ground weed treatments are also coordinated in and around company-owned and select customer-owned substations, storage yards, and district headquarters. Aerial patrols are routinely performed on the transmission system and occasional vegetation management consulting is provided to other operating departments by request.

Vegetation control is accomplished by following nationally accepted guidelines on tree pruning, tree removal and herbicide use. The pruning procedures enable Duke Energy to obtain acceptable clearances between the tree limbs and electrical conductors as required by the National Electrical Safety Code. Herbicides are used in targeted locations and provide the most cost-effective and environmentally friendly means of controlling undesirable vegetation. The herbicides used are safe for humans and pets. Mowing is also used to remove brush from the utility right-of-ways.

The trimming procedures are general guidelines for establishing line clearance to those parts of the electrical system that will most improve reliability. Reasonable judgment is used to balance the needs of customers, resources, reliability and safety. Line clearances are established by trimming or removing vegetation to provide approximately ten feet of clearance away from the electric conductors.

Generally, Duke Energy will use natural pruning methods and base-cut limbs to a suitable lateral whenever possible to best preserve the health of the tree. In addition, Duke Energy will remove all small overhanging limbs from primary lines and address other overhangs as necessary. If less clearance is to be obtained due to customer request, then appropriate documentation will be maintained regarding the concern and location.

Smart Grid Field Deployment

Smart Grid Field Deployment is responsible for the field installation of smart meters, and distribution automation design and installation. This group bridges Smart Grid Innovation and Energy Systems and Power Delivery with the installation and use of new smart grid systems. It is responsible for field installation of meters, communication nodes, and distribution automation devices. The group leads training, change management and process development required for the new systems. For field deployment, this group acts as contract managers for installation vendors to resolve issues such as safety, access, or customer concerns.

Direct customer interaction from a community planning or issue perspective is handled by this group. It responds to individual concerns through appropriate communications means either verbally or in face-to-face settings. They also work closely with RCPS and Community Relations when responding to customers.

V. Practices and Procedures

Practices and procedures of the Vegetation Management department involve setting the annual schedule for feeder line clearing, controlling costs of distribution and transmission line clearing work, evaluating line clearing contractor work performance, overseeing property owner notification of line clearing work to be performed, maintaining records of work activities and resource costs, resolving customer inquiries involving clearances, and representing Duke Energy in community and civic activities.

Work Centers for scheduling and dispatching routine work operate twenty four hours each day to ensure customer requests are met and outage restoration is expedited. Work Centers interface with Customer Contact Centers to receive customer requests electronically via work and outage management systems. Work is continuously scheduled, monitored and updated through two way mobile technologies. The Work Centers also initiate storm response plans as needed.

Fleet Services maintains all vehicles and most large equipment in the Duke Energy fleet. This would include all cars, trucks, trailers, derricks, bulldozers, tractors, boats, forklifts and specialized equipment. Equipment is maintained on a periodic basis as well as repaired.

Smart Grid Field Deployment executes the plans developed in the overall SmartGrid strategy and timeline, sourcing labor, contractors and material. It also leads development of processes and procedures to integrate the new technology and systems in Power Delivery's day-to-day work.

VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Duke Energy policies, procedures and regulatory directives, and the authority to take effective action. The decisions made by specific levels of management are relevant to the basic purpose of their position.

Daily, monthly, and quarterly operational reports including outage and financial are used to monitor progress and provide a means of evaluating decision making.

VII. Internal and External Communication

The Department must work closely with a number of other departments within Duke Energy in order to carry out its responsibilities. Because of the complexities involved in the daily operation and maintenance of the electric transmission and

distribution system, the Department maintains working relationships through various channels of communication with many departments including:

- Other Power Delivery Departments;
- Duke Energy Ohio President;
- Environmental Health & Safety;
- Gas Operations;
- Engineering Technical Services;
- Information Technology;
- Power Generation;
- Government & Regulatory Affairs;
- Real Estate & Facilities Services;
- Revenue Services;
- Customer Contact Centers;
- Legal;
- Supply Chain; and
- Human Resources.

Internal communication channels (verbal, e-mail, suggestions, automated reports, etc.) are structured in a way that provides information in a timely manner to all personnel within the Department. Internal communication is accomplished through a variety of mechanisms. A large part of internal communication results from daily interaction among Department personnel. In addition, meetings between the Vice President, General Managers, Directors, and Managers augment this communicative effort. Whenever possible, formal written procedures and policies are used to convey information to personnel in the Department. These may include handbooks for policies and procedures, Manual Work Standards, formal written job descriptions, Administrative Standards, and Technical and Operating Procedures.

Communication with vendors and contractors is handled by field visits, telephone, e-mail, and meetings.

External communication includes frequent contact with residential, commercial, and industrial customers through written communication, telephone, e-mail, and web-based applications. Letters written by employees and sent outside Duke Energy are signed by the appropriate level within the Department, depending on the nature of the letter.

Employees attend various meetings with other electric utilities, associations and organizations as delegates or committee members. They conduct joint studies, coordinate projects, and discuss common issues to the electric utility industry. Some employees address outside agencies as speakers and provide professional papers on technical subjects.

Power Delivery Central Operations employees also work with local, state, and federal, agencies to furnish information as requested and to coordinate inspections and audits of operations by these agencies.

VIII. Goal Attainment and Qualification

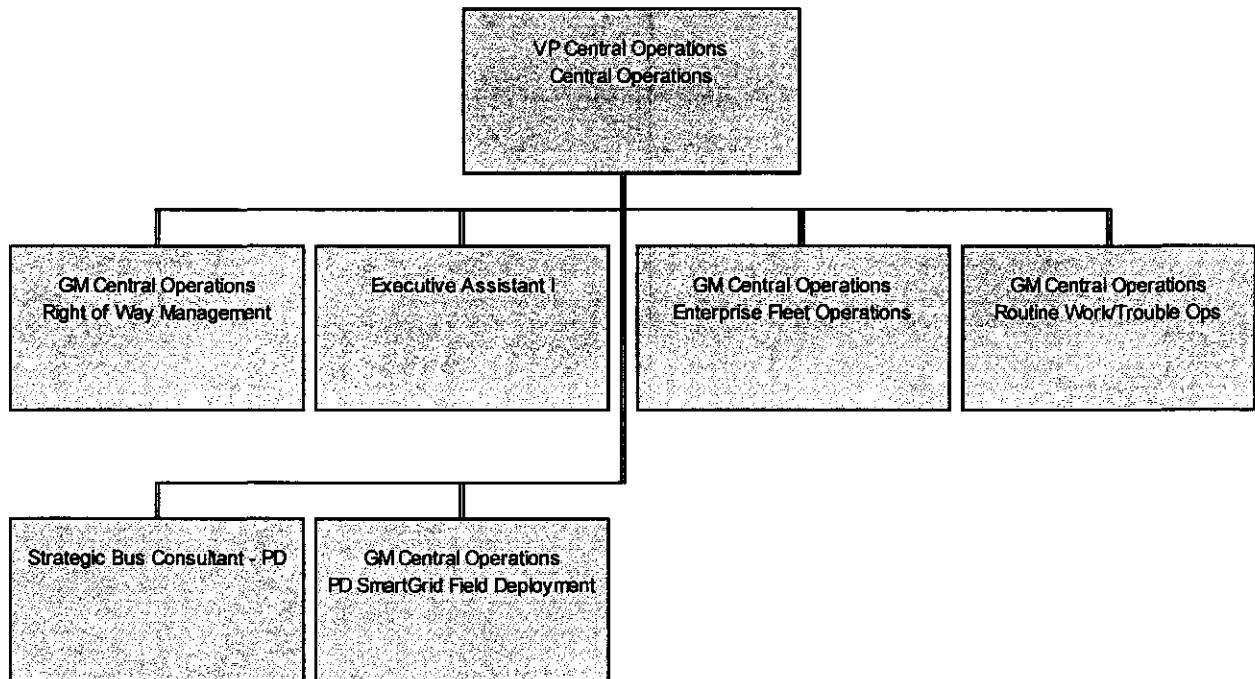
In general, the performance of Power Delivery Central Operations is measured by its contribution to the safe, reliable, and cost-efficient operation of Duke Energy's electric system. In addition, the Department remains abreast of technological developments and incorporates them when efficiencies can be gained.

Power Delivery Central Operations provides updates for a consolidated monthly report submitted to the Power Delivery Senior Vice President detailing the progress in attaining the established Department goals.

Performance indicators are utilized by Power Delivery Central Operations as measures of performance. The following are example items that are used to measure performance:

- Reduction of Personal Injuries;
- Reduction of Preventable Vehicle Incidents;
- Customer Satisfaction;
- Reliability and Restoration;
- Budget and Cost Monitoring; and
- Project Monitoring.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
POWER DELIVERY SYSTEM PLANNING AND OPERATIONS

I. Policy and Goal Setting

The Power Delivery System Policies, Practices and Organization department (Department) supports the corporate policies and objectives as described in the Policies section of the Employee Portal through the related Duke Energy procedures and practices. The Duke Energy Policies and Procedures are provided to all employees. These form the general guidelines for the Company in the areas of employee relations, compliance with laws or governmental directives and Company relationships with the communities we serve.

Goal setting at the department level is accomplished by the Vice President and other departmental leadership. The goals are formulated to support and complement the primary objectives and business plan of the Duke Energy business unit. Specific initiatives developed from the goals identify objectives, implementation schedule, milestones, responsibilities, and resources required. The goals, once developed by the Department, are presented to the Power Delivery Senior Vice President for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the Department is the responsibility of the Power Delivery System Planning and Operations Vice President with input from the General Managers, Directors, and Managers. Strategic planning is coordinated and monitored collectively with all departments in Power Delivery utilizing input from key support groups such as technical services, transportation, materials management, finance, and human resources.

Each Department supports Power Delivery's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment
- Review customer service results and create action plans for improvement
- Develop, monitor and project department budgets for cost management
- Establish performance expectations and evaluate employees on a regular basis
- Evaluate and improve operational processes
- Use of special project teams to investigate and provide recommendations on process improvement opportunities

III. Organizational Structure

The Department is under the direction of a Vice President who reports to the Senior Vice President of Power Delivery and the Chief Executive Officer of Duke Energy. Five positions report to the Power Delivery System Planning and Operations Vice President:

- General Manager of System Planning and Business Services
- Director of Midwest Transmission & Distribution Operations
- Director of Carolinas Transmission Operations
- Director of Control Area Operations
- Director of System Operations Reliability Services

Three managers report to the Director of Midwest Transmission & Distribution Operations. Two directors report to the General Manager of System Planning and Business Services (Business Services). The Director of Control Area Operations is responsible for both Carolinas Control Area Operations and Midwest Control Area Operations.

The organizational charts for the Senior Vice President of Power Delivery and Vice President System Planning and Operations are shown in Exhibit PDSPO-1.

IV. Responsibilities

The objective of System Planning and Operations is to operate and control the transmission and distribution systems in the safest, most economic and reliable manner, as well as coordinate interchange with interconnected systems and monitor the balance of resource and demand to help ensure system reliability in the region as well as within the service territory. System Planning and Operations is also responsible for the development of a long-range electric transmission expansion plan to meet customer demands and ensure system reliability.

Midwest Control Area Operations is responsible for the coordination of all electric energy transfers between Duke Energy and interconnected systems in the Midwest, the coordination and exchange of operating data with the Midwest Independent Transmission System Operator (MISO) and PJM Interconnection LLC (PJM), the balance of resources and demand, and the coordination of emergency procedures, as required by the North American Electric Reliability Corporation (NERC) reliability standards, ReliabilityFirst Corporation (RFC) regional reliability standards, and applicable regulatory responsibilities.

System Operation Reliability Services is responsible for maintaining the emergency plans and supporting materials for bulk power and civil emergencies, providing engineering support to the Department, creating, maintaining and interpreting transmission-related contracts and tariffs, regulatory reporting activities, and

providing project management for special projects within the Department including NERC compliance and Operator training.

Business Services is responsible for the execution of the Regional Transmission Organization (RTO) activities at Duke Energy and supporting the Duke Energy initiatives regarding RTOs. Business Services is also responsible for after-the-fact energy accounting, MISO metered data management agent activity, and provision of services associated with retail choice in Ohio, including the calculation of the loads of all Certified Retail Electric Providers serving switched retail load in the Duke Energy Ohio system.

Midwest Transmission Planning is responsible for the long-range planning needs of Duke Energy Ohio, Inc. (Duke Energy Ohio or Company), Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc. The Department constantly analyzes the expected performance of the transmission system over a wide range of scenarios and proposes reinforcement and changes when necessary to meet Duke Energy, NERC, RFC, MISO and PJM requirements. In fulfilling this role, the Department works closely with numerous other departments within the company and with MISO, PJM, RFC and other companies to coordinate plans.

Midwest Transmission & Distribution Operations is responsible for the day to day safe, economic, and reliable operations of the electric transmission and distribution system using a computer based Energy Management System (EMS) for supervisory control and data acquisition (SCADA); and for planning and scheduling transmission and distribution system maintenance outages.

V. Practices and Procedures

The major duties of Midwest Control Area Operations (MCAO) are as follows:

- Implement emergency procedures up to and including the reduction of firm load to maintain the integrity of Duke Energy's Transmission System and the Eastern Interconnection;
- Monitor the Security Coordinator Information System (SCIS) the MISO Messaging System, and PJM "All Call" system for emergency notices for forwarding to proper personnel. MCAO is the primary contact between Duke Energy's Midwest Transmission & Distribution Operations and the MISO and PJM Reliability Coordinators;
- Enter Generation outages into the MISO Outage Scheduler, and PJM's eDART system as needed. Information is updated in real-time as necessary so that MISO and PJM can use the information in the calculation of their network model and reliability-constrained economic dispatch;
- Monitor the status of transmission system RTUs, and ICCP links, reporting any outages to Duke Energy internal support, MISO, or PJM;
- Monitor Transmission system voltage at generating stations;

- Provide direction to generation dispatch related to voltage support on the transmission system as coordinated with Midwest Transmission and Distribution Operations;
- Monitor tie line interconnections and generation in real-time, taking action as necessary to correct problems impacting generation control or the provision of accurate data to PJM and the MISO;
- Coordinate dynamic schedules with applicable Balancing Authorities, MISO and PJM;
- Send five-minute non-conforming load forecasts to MISO at one-minute frequency;
- Verify all actual interchange with each interconnected system.

The major duties of Business Services are as follows:

- Represent Duke Energy's interests at MISO/PJM stakeholder meetings;
- Support the MISO/PJM Transmission Owners;
- Provide input into MISO/PJM business practices;
- Monitor MISO/PJM filings and business practices;
- Monitor the regulatory environment for changes in rules regarding RTOs;
- Provide testimony regarding MISO/PJM costs and benefits in state regulatory proceedings in Ohio, Kentucky and Indiana;
- Verify the transfer of power associated with jointly owned generating units on an hourly basis, after the fact including units operated by American Electric Power, Dayton Power and Light, and Duke Energy;
- Calculates loads for all Network Transmission Customers on the system. This data is used to calculate various ancillary services charges, which are billed. These loads are also provided to the Midwest ISO;
- Acts as the Meter Data Management Agent for all Certified Retail Electric Providers, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky, Indiana Municipal Power Agency, Wabash Valley Power Authority, Hamilton, Buckeye, Ohio Municipalities, etc. In this role, Business Services provides hourly generation and load data to the MISO for market settlements.

The major duties of Midwest Transmission Planning are as follow:

- Develop transmission models of the transmission system;
- Perform scenario analysis; recommend any required changes to the transmission system;
- Coordinate with MISO and PJM, attend planning meetings, provide input into the RTO planning processes;
- Manage capital budget for Midwest Transmission projects;
- Develop Integrated Resource Plans as required;
- Coordinate plans with adjacent utilities;
- Provide expert testimony as required related to transmission projects.

The major duty of Midwest Transmission & Distribution Operations (Midwest T&D Operations) is to control and operate the Duke Energy Ohio and Duke Energy Indiana transmission and distribution systems in a safe and economical manner consistent with federal, state, local, and industry guidelines. In order to perform its duties, Midwest T&D Operations must on a daily basis:

- Work with MCAO, PJM and the MISO to assure the transmission system is operated within transmission line loading limits and service voltage constraints;
- Coordinate, process, and prepare switching operations for the daily equipment outage work requests on the transmission and distribution system for Power Delivery Field Operations;
- Coordinate planned bulk transmission outages with MISO/PJM;
- Utilize Power Flow system security analysis application programs to identify potential problems or contingencies and study steps to relieve contingency related problems. All actions for 138kV facilities and above to be directed by and coordinated with the MISO.
- Maintain operation of the system in a reliable manner in conjunction with MISO, PJM, MCAO, and System Operations Reliability Services, and take the necessary steps to:
 - Implement the NERC TLR process;
 - Initiate Generation re-dispatch via MISO/PJM procedures;
 - Complete any necessary system reconfiguration;
 - Implement Manual Load Curtailment.
- Prepare switching operation procedures for the line and substations equipment;
- Analyze daily service interruptions;
- Direct and coordinate all switching operations on the transmission and distribution system.

In addition to its daily activities, Midwest T&D Operations must:

- Maintain and provide information used for system statistics and reports used by regulatory and other governmental agencies;
- Prepare operating instructions for the system substations;
- Represent the Company in the area of system operations at hearings and other legal proceedings of various regulatory agencies;
- Represent the company at utility meetings in the area of system operations;
- Plan and schedule network outages and coordinate emergency service restoration; and
- Perform the following duties to support and administer the policies and direction set by the Company;
 - Develop, maintain and drill the emergency plans and supporting materials for bulk power and civil emergencies;
 - Support the administration and planning for operator training to achieve and maintain NERC certification for operating personnel;

- Provide engineering and information systems support for System Planning and Operations;
- Provide responses to inquiries made by the State (Indiana Utilities Regulatory Commission, Kentucky Public Service Commission, Public Utilities Commission of Ohio, and Federal Commissions (Federal Energy Regulatory Commission);
- Prepare, maintain and interpret transmission and distribution related contracts and tariffs;
- Represent the Company at utility meetings and various operating committee meetings in the area of transmission services;
- Direct and assist in the preparation of interconnection agreements and other transmission related agreements with neighboring utilities, PJM and the MISO;
- Represent Duke Energy at various NERC, RFC, MISO and PJM committees and meetings.

VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Duke Energy policies, procedures and regulatory directives, and the authority to take effective action. The decisions made by specific levels of management are relevant to the basic purpose of their position.

Daily, monthly, and quarterly operational reports including outage and financial are used to monitor progress and provide a means of evaluating decision making.

VII. Internal and External Communication

Power Delivery System Planning and Operations must work closely with a number of other departments within Duke Energy in order to carry out its responsibilities. Because of the complexities involved in the daily operation and maintenance of the electric transmission and distribution system, the Department maintains working relationships through various channels of communication with many departments including:

- Other Power Delivery Departments
- Duke Energy Ohio President
- Environmental Health & Safety
- Gas Operations
- Engineering Technical Services
- Information Technology
- Power Generation
- Government & Regulatory Affairs
- Real Estate & Facilities Services
- Customer Contact Centers
- Legal

- Supply Chain
- Human Resources

Internal communication channels (verbal, e-mail, suggestions, etc.) are structured in a way that provides information in a timely manner to all personnel within the Department. Internal communication is accomplished through a variety of mechanisms. A large part of internal communication results from daily interaction among department personnel. In addition, meetings between the Vice President, General Managers, Directors and Managers augment this communicative effort. Whenever possible, formal written procedures and policies are used to convey information to personnel in the Department. These may include handbooks for policies and procedures, Manual Work Standards, formal written job descriptions, Administrative Standards, Technical and Operating Procedures.

Communication with vendors and contractors is handled by field visits, telephone, e-mail, and meetings.

External communication includes frequent contact with residential, commercial and industrial customers through written communication, telephone, e-mail, and web based applications. Letters written by employees and sent outside the Company are signed by the appropriate level within the Department, depending on the nature of the letter.

Employees attend various meetings with other electric utilities, associations and organizations as delegates or committee members. They conduct joint studies, coordinate projects, and discuss common issues to the electric utility industry. Some employees address outside agencies as speakers and provide professional papers on technical subjects.

Power Delivery System Planning and Operations employees also work with local, state, federal, as well as regulatory agencies to furnish information as requested and to coordinate inspections and audits of operations by these agencies.

VIII. Goal Attainment and Qualification

In general, the performance of Power Delivery System Planning and Operations is measured by its contribution to the safe, reliable, and cost efficient operation of Duke Energy's electric system. In addition, the Department remains abreast of technological developments and incorporates them when efficiencies can be gained.

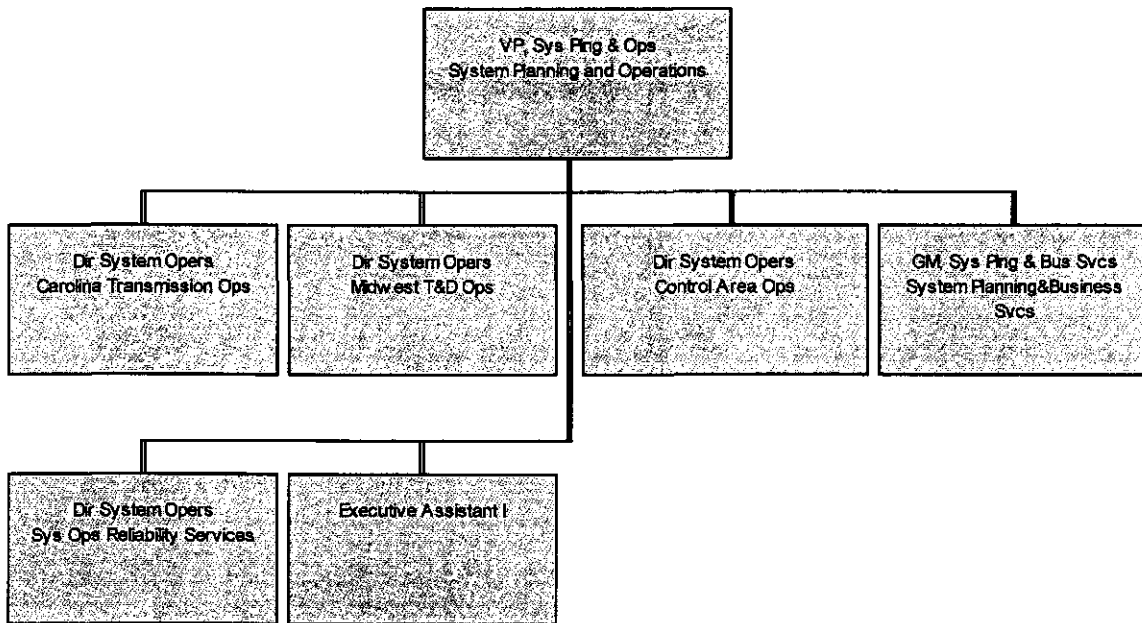
The Department provides updates for a consolidated monthly report submitted to the Power Delivery Senior Vice President detailing the progress in attaining the established Departmental goals.

Performance indicators are utilized by the Department as measures of performance. The following are example items that are used to measure performance:

- Reduction of Personal Injuries

- Reduction of Preventable Vehicle Incidents
- Customer Satisfaction
- Reliability and Restoration
- Budget and Cost Monitoring
- Project Monitoring

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
POWER DELIVERY COMPLIANCE AND SERVICE DELIVERY

I. Policy and Goal Setting

The Power Delivery Compliance and Service Delivery Department supports the corporate policies and objectives as described in the policies section of the employee portal through the related Duke Energy Corporation (Duke Energy) procedures and practices. The Duke Energy Policies and Procedures are provided to all employees. These form the general guidelines for Duke Energy in the areas of employee relations, compliance with laws or governmental directives, and Duke Energy relationships with the communities we serve.

Goal setting at the department level is accomplished by the Vice President and other departmental leadership. The goals are formulated to support and complement the primary objectives and business plans of Power Delivery and U.S. Franchised Electric & Gas Operations. Specific initiatives developed from the goals identify objectives, implementation schedules, milestones, responsibilities, and resources required. The goals, once developed by the Department, are presented to the Power Delivery Senior Vice President for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the Department is the responsibility of the Vice President of Power Delivery Compliance and Service Delivery, with input from the General Managers and Managers. Strategic planning is coordinated and monitored collectively with all departments in Power Delivery utilizing input from key support groups such as technical services, transportation, materials management, finance, and human resources.

Each Department supports Power Delivery's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment;
- Review customer service results and create action plans for improvement;
- Develop, monitor and project department budgets for cost management;
- Establish performance expectations and evaluate employees on a regular basis;
- Evaluate and improve operational processes; and
- Use of special project teams to investigate and provide recommendations on process improvement opportunities.

III. Organizational Structure

Power Delivery Compliance and Service Delivery is under the direction of a Vice President who reports to the Senior Vice President of Power Delivery. The Senior Vice President reports to the Chief Executive Officer. The following eleven positions report to the Power Delivery Compliance and Service Delivery Vice President:

Compliance:

- Program Manager, Compliance;
- Senior Analysts (3); and
- Analyst (1).

Field Operations:

- Manager, Midwest Meter Reading and Ohio/Kentucky Field Metering;
- Manager, Ohio/Kentucky Service Delivery;
- General Manager, Metering Services;
- Manager, Indiana Field Metering and Service Delivery;
- Manager, Southeast Field Metering; and
- Administrative Assistant.

Each General Manager or Manager has a minimum of seven direct reports, including front-line supervisors. Based on the service area, each supervisor may have up to 25 employees reporting to them, with the average being approximately 18.

The organizational chart for Power Delivery Compliance and Service Delivery is shown in Exhibit PDCSD-1.

IV. Responsibilities

Power Delivery Compliance and Service Delivery has the responsibility for meter reading, field metering including large customer meter installations and maintenance, meter services including meter lab services such as testing of electric meters and rubber gloves, service delivery including non-climbing gas and electric trouble work in Ohio/Kentucky, disconnect for non-payments, and routine customer-requested meter services such as turn ons and turn offs. The objective of the Department is to operate metering in the most-effective way possible in order to provide customers with the timely and accurate bills and services they need. All activities are done in accordance with applicable federal and state regulations. Field supervision is responsible for monitoring the progress of work and ensuring employees and contractors adhere to safe work practices.

Field Metering:

The Field Metering organization (Ohio/Kentucky) is responsible for the day-to-day installation, configuration, maintenance, and testing of polyphase and high-end commercial and industrial metering. Additionally, the organization is responsible for the completion of potential fraud and or tamper investigations for these installations, as

well as coordinating and completion of regulatory mandated sample and periodic meter tests and interconnection metering points with other utilities. Responsibilities include:

- Installation, maintenance, and programming for all polyphase meters and installations, including Advanced Metering Infrastructure (AMI) Gap meter applications;
- Monthly reading and interrogation of Load Research and IEE meter applications; and
- Trouble shooting and resolution of complex metering installations for industrial customers and station metering; fraud and tamper; as well as the completion of all investigative orders including disconnection for non-payment (DNP) for transformer-rated type metering.

Meter Reading:

The Midwest Duke Energy Meter Reading organization is responsible for manually reading 1.7 million electric and gas meters each month in the Indiana (Contractor), Kentucky and Ohio (Duke Energy employees) service territories. In addition, Meter Reading personnel complete Special Read and Succession Read requests for all residential and small commercial accounts. Of the 1.7 million read monthly, approximately 80,000 meters are read with employees operating a mobile van or truck or utilizing a Radio Frequency (RF) through computers or a hand held device.

Itron Room Operators

- Complete the Meter Reading Import (MRI) and Meter Reading Export (MRE) of all customer read files (55,000 – 85,000) and data transfer back to the Customer Management System (CMS) for billing.

Meter Reading Back Office Coordinators (MRBOS)

- Complete the daily Meter Reading reports and work files, assist with the resolution of Meter Reading-related customer complaints and inquiries, investigative order resolution, including Switched Meters and the day-to-day meter reading work files.

Key Room

- Manage all activities associated with 65,000 customer keys (key adds, deletes, and returns for customers) and the internal distribution and refilling of keys for operations departments. (Service Delivery, Meter Operations, Transmission & Distribution Operations and Gas Measurement Center).

Meter Services

The Meter Services organization is responsible for developing programs and processes required to maintain the reliability and accuracy of metering equipment used for all customer classifications. In addition, the organization is responsible for supplying, testing, and maintaining rubber goods and test equipment used for employee personal protection at Duke Energy. The organization includes the following departments: Meter Support Services; Meter Lab; and Tool Repair Shop & Rubber Goods Testing. Some of the activities performed by the departments are as follows:

Meter Support Services

- Provide meter engineering design and support for large or complex projects;
- Provide project management for projects and programs;
- Provide technical support and training for field metering team and meter labs;
- Provide meter communications support and telecomm device management;
- Support Smart Grid and New Technology deployments;
- Develop and maintain meter programs to correlate to rate structure and billing requirements;
- Perform evaluation and analysis on metering equipment;
- Develop and maintain standards for meter equipment and procedures;
- Coordinate the sample and periodic testing processes and analyze test results;
- Respond to customer inquiries and/or complaints;
- Complete regulatory compliance reporting for metering; and
- Respond to metering data requests.

Meter Lab

- Perform revenue grade electric meter testing and recycling;
- Manage inventory (repair or ordering) for residential meters;
- Manage inventory and distribute high end communication ready meters;
- Provide instrument (electronic tools) calibration and repair for the Midwest region;
- Maintain Duke Energy's master watt-hour standard with National Institute of Standards and Technology (NIST) traceability;
- Provide calibration and repair of gas and electric meter test equipment;
- Support power quality monitor installations in the field;
- Perform Dissolved Gas Analysis (DGA) of transmission equipment oil samples; and
- Perform equipment maintenance on miscellaneous items including: capacitor controls, field test leads, lineman load pick-up jumpers, meter optic probe repair, metering current and voltage transformers, Smart Grid communication boxes, confined space monitors.

Tool Repair & Rubber Goods Testing

- Perform maintenance and repairs for small power tools and hydraulic equipment;
- Perform hot-stick testing, repair, and maintenance within designated time intervals;
- Perform testing and repair of personal protective grounds;
- Perform testing, repair, and maintenance of various hoists within the designated time intervals; and
- Perform visual, air, and electric testing for rubber gloves, sleeves, hoses, blankets, etc. to ensure reliability and integrity of personal protection for employees.

Service Delivery

The Service Delivery organization (Ohio/Kentucky) is responsible for the installation and maintenance of residential and small commercial electric meters and all gas meters. Responsibilities include first response to gas and electric trouble calls. Additionally the organization is responsible for the disconnection and reconnection of customers for non-payment and pursuant to the customer request. The organization is also responsible for gas and electric compliance programs, including designated building leak survey and electric meter sample tests.

The following are some of the activities performed by the Service Delivery (Ohio/Kentucky) organization:

- Staff twenty-four hours a day, seven days a week as first responders for all reported gas emergencies;
- Investigate customer premises related gas and electric problems including, but not limited to, gas and electric outages, gas pressure, and electric voltage issues;
- Assist in storm restoration efforts;
- Investigate and replace non-functioning Smart Grid communication nodes
- Perform gas and electric meter related activities including, but not limited to:
 - Install new gas and electric residential meter sets;
 - Install and maintain gas commercial and industrial meter and regulator sets;
 - Disconnect/reconnect meter for non-pay;
 - Disconnect/reconnect meter at customer request;
 - Install meter base surge suppression devices;
 - Customer-requested field meter tests; and
 - Suspect tamper investigations on gas meters.
- Perform required programs including:
 - Designated building gas leak surveys;
 - Gas regulator and relief valve inspections;
 - Electric meter random sample tests; and
 - Electric meter sample field tests.

Compliance:

Compliance is an enterprise-wide function responsible for the administrative and record-keeping functions associated with North American Electric Reliability Corporation (NERC). The Compliance group is responsible for tasks such as:

- Implementing and maintaining the computer-based compliance system;
- Ensuring timely reporting of all required self-certifications;
- Ensuring thorough and adequate investigation of potential compliance violations;
- Ensuring timely reporting of potential violations;
- Facilitating development and completion of mitigation plans;
- Serving as the single point of contact for all applicable regions, NERC, and Federal Energy Regulatory Commission (FERC);
- Coordinating audits;
- Ensuring complete documentation of both Compliance Statements and Evidence; and

- Educating employees through regular training of compliance obligations.

V. Practices and Procedures

Practices and procedures are written and defined in the workplace practices manual, safety standards, engineering standards, and administrative standards, and are implemented by the appropriate qualified personnel and committees upon approval by upper management.

The standards and manuals utilized in performing work include:

- Safety and Health Manual;
- System operations Switching and Tagging Manual;
- Engineering Guide Manual;
- Manual Work Standards;
- Information Requirements for Electric Service;
- Gas Installer's Manual; and
- Gas Standards & Procedures.

Employees have access to manuals and standards through paper copies and/or electronic resources.

VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Duke Energy policies, procedures, and regulatory directives, and the authority to take effective action. The decisions made by specific levels of management are relevant to the basic purpose of their position.

Daily, monthly, and quarterly operational reports including outage and financial are used to monitor progress and provide a means of evaluating decision making.

VII. Internal and External Communication

Power Delivery Compliance and Service Delivery must work closely with a number of other departments within Duke Energy in order to carry out its responsibilities. Because of the complexities involved in the daily operation and maintenance of the electric transmission and distribution system, the Department maintains working relationships through various channels of communication with many departments including:

- Other Power Delivery Departments;
- Duke Energy Ohio President;
- Environmental Health & Safety;
- Gas Operations;
- Engineering Technical Services;

- Information Technology;
- Power Generation;
- Government & Regulatory Affairs;
- Real Estate & Facilities Services;
- Customer Contact Centers;
- Legal;
- Supply Chain; and
- Human Resources.

Internal communication channels (verbal, e-mail, suggestions, etc.) are structured in a way that provides information in a timely manner to all personnel within the Department. Internal communication is accomplished through a variety of mechanisms. A large part of internal communication results from daily interaction among Department personnel. In addition, meetings between the Vice President, General Managers, Directors, and Managers augment this communicative effort. Whenever possible, formal written procedures and policies are used to convey information to personnel in the Department. These may include handbooks for policies and procedures, Manual Work Standards, formal written job descriptions, Administrative Standards, and Technical and Operating Procedures.

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VIII. Goal Attainment and Qualification

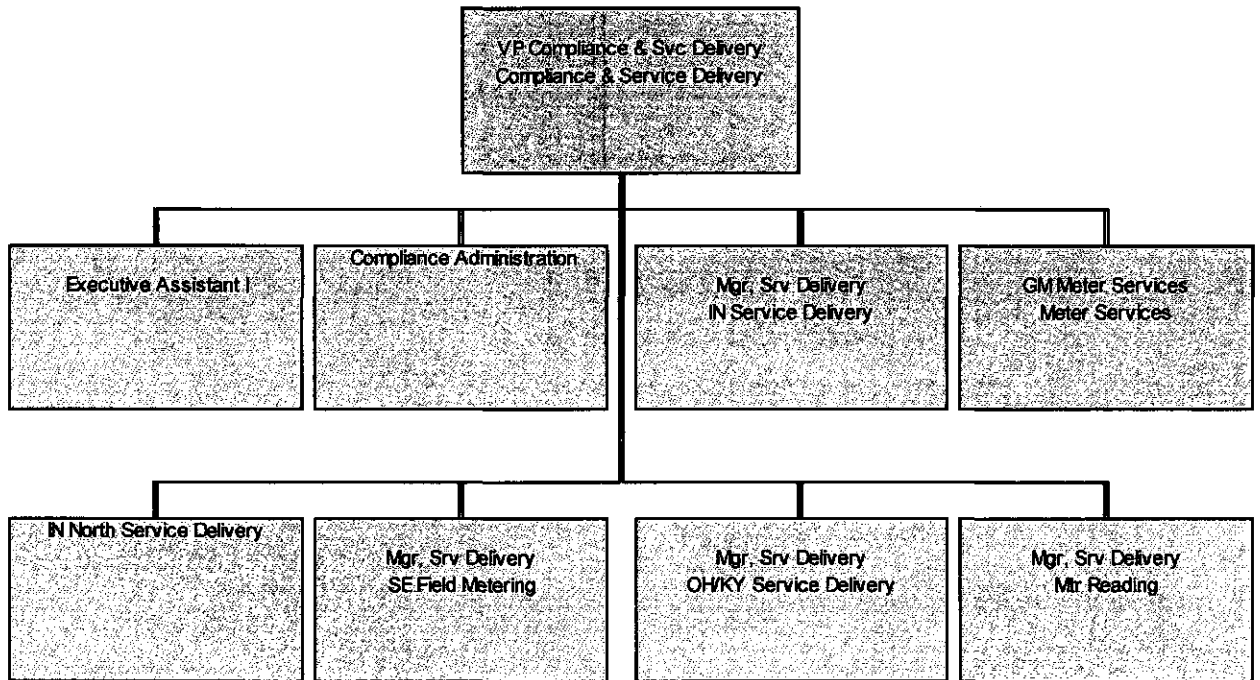
In general, the performance of the Department is measured by its contribution to the safe, reliable, and cost-efficient operation of Duke Energy's electric system. In addition, Power Delivery Compliance and Service Delivery remains abreast of technological developments and incorporates them when efficiencies can be gained.

Power Delivery Compliance and Service Delivery provides updates and coordinates a monthly report submitted to the Power Delivery Senior Vice President detailing the progress in attaining the established Department goals.

Performance indicators are utilized by the Department as measures of performance. The following are example items that are used to measure performance:

- Reduction of Personal Injuries;
- Reduction of Preventable Vehicle Incidents;
- Customer Satisfaction;
- Reliability and Restoration;
- Budget and Cost Monitoring; and
- Project Monitoring.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
POWER DELIVERY ENGINEERING

I. Policy and Goal Setting

The Power Delivery Engineering (Department) supports the corporate policies and objectives as described in the policies section of the Employee Portal through the related Duke Energy Corporation (Duke Energy) procedures and practices. The Duke Energy Policies and Procedures are provided to all employees. These form the general guidelines for the Company in the areas of employee relations, compliance with laws or governmental directives and Duke Energy relationships with the communities we serve.

Goal setting at the department level is accomplished by the Vice President and other departmental leadership. The goals are formulated to support and complement the primary objectives and business plans of Power Delivery and U.S. Franchised Electric & Gas Operations. Specific initiatives developed from the goals identify objectives, implementation schedule, milestones, responsibilities, and resources required. The goals, once developed by the Department, are presented to the Power Delivery Senior Vice President for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the Department is the responsibility of the Power Delivery Engineering Vice President in partnership with extended leadership team of the department. Strategic planning is coordinated and monitored collectively with all departments in Power Delivery utilizing input from key support groups such as technical services, transportation, materials management, finance, and human resources.

Each Department supports Power Delivery's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment
- Review customer service results and create action plans for improvement;
- Develop, monitor, and project department budgets for cost management;
- Establish performance expectations and evaluate employees on a regular basis;
- Evaluate and improve operational processes; and
- Use of special project teams to investigate and provide recommendations on process improvement opportunities.

III. Organizational Structure

Power Delivery Engineering is under the direction of a Vice President who reports to the Senior Vice President of Power Delivery. Seven organizations report to the Power Delivery Engineering Vice President through the following positions:

- General Manager of Project Engineering;
- Director of System Protection Engineering;
- Director of Project Management and Controls;
- Director of Engineering Services;
- Director of Distribution Planning Carolinas;
- Director of Distribution Planning Midwest; and
- Director of Reliability & Integrity Planning.

The organizational chart for Power Delivery Engineering is shown in Exhibit PDPDE-1.

IV. Responsibilities

Power Delivery Engineering provides cost effective engineering and project services associated with the conversion, delivery and sale of energy and energy services. Additionally, thru its planning groups, it provides for the development of projects and maintenance programs that assure continued safe and reliable operation.

Project Engineering

Project Engineering is responsible for the design of both substation and transmission line projects. Two functional efforts exist. First, Substation Engineering is the group focused on substation projects and the development of technical resources with a depth of understanding in substation design and operations. Next, Transmission Engineering is focused on delivering transmission line projects and the development of technical resources with an in-depth understanding of transmission system design and operations. Project Engineering performs the following specific duties:

- Create construction drawings and associated bills of material for various projects;
- Specify and obtain materials/equipment specific to a project;
- Support siting and permitting processes;
- Support equipment specification and standards process;
- Develop project scopes and estimates;
- Provide construction support;
- Perform special studies as needed; and
- Perform line encroachment investigations.

System Protection Engineering

System Protection Engineering is responsible for the design of the protective relaying systems, used on the electric system, that protect employees, equipment, and the public from the various events and issues that occur. As such they:

- Specify relays and associated communication systems;
- Design protective relay systems and work with Substation Engineering in the development of project drawings;
- Specify settings for protective relays;
- Maintain engineering records associated with relays and protective systems;
- Support field craft in the installation and troubleshooting of relay systems;
- Support event investigations; and
- Coordinate protective systems between grid and generators as well as with other interconnected electric utilities and large customers.

Project Management and Controls

Project management is responsible for the coordination of the various resources needed, both internal and external to Duke Energy, to deliver capital projects on time, within budget and as scoped. Three functions are leveraged to do this. Project Managers are the individuals tasked to lead the implementation of projects and are accountable for successful implementation. Project Controls is the function that schedules projects, sets up financials, runs reports, gathers status updates, etc. that are used by Project Management and others to manage the projects and their work. Additionally, Project Controls is integral to the capital budget development process as a project portfolio is developed and administered within the project scheduling tool. Siting and Development is the function that works within Duke Energy to coordinate our siting efforts for new substation and transmission line facilities. The group works externally to Duke with state and local regulators and agencies to ensure compliance with applicable requirements. Specific duties include:

- Manage/administer project siting process;
- Project initiation and kick off meetings;
- Project permitting;
- Project monitoring and control;
- Project issue facilitation and resolution;
- Project reporting (schedule and cost);
- Project forecasting;
- Project closeout; and
- Capital portfolio administration, reporting and forecasting.

Engineering Services

Engineering Services includes several general engineering services functions that support Power Delivery and Power Delivery Engineering. These functions include Substation Engineering Standards', Distribution Engineering Standards, Power Quality; and New Technology Design. Substation Engineering Standards is primarily

responsible for the development of standard substation designs and associated equipment specifications that are utilized by design staff located in Substation Engineering across the service territory. Distribution Engineering Standards is primarily responsible for the development of distribution line standards and associated equipment specifications that are utilized by design staff located in Distribution Design across the service territory. Power Quality is primarily responsible for addressing power quality issues as they arise on the electric system and to support customers who experience power quality issues. New Technology Design is responsible for the initial installation and validation of new technology applications on the electric system. Once successful application is demonstrated, standards groups take over to implement technology in standard designs. Specific duties of Engineering Services include:

- Development of standard designs and equipment specifications;
- Support of both engineering and field in the application of standards;
- Investigation and mitigation of power quality issues for both Duke Energy and its customers;
- Support initial screening and development of new technologies;
- Pilot new technologies to validate their application to the electric system; and
- Perform engineering studies and analysis as needed on various topics.

Distribution Planning (Carolinas and Midwest)

Distribution Planning is responsible for planning and designing the electrical distribution system to ensure system reliability and acceptable service standards within the service territory regions. Distribution Planning performs the following specific duties:

- Annually reviews the capacity requirements of the distribution system;
- Prepares distribution capacity expansion plans compatible with long-term expansion objectives and their associated budget proposals;
- Maintains system simulation computer programs and databases;
- Reviews trends and new developments in electric power system analysis and design to ascertain applications to the Duke Energy system;
- Conducts system loss studies as required by the Rate Department;
- Determines the method of supply for distribution electric customers with new loads or loads in excess of 300kW;
- Conducts electrical system simulation and analysis studies as required to improve system efficiency, system reliability, and quality of service to customers;
- Conducts joint system analysis studies with other utilities as required;
- Monitors operational constraints/issues that affect system dispatch and develops system switching recommendations; and
- Directs and assists in the preparation of interconnection agreements with customers that have on-site generation.

Reliability & Integrity Planning

Reliability & Integrity Planning is responsible for evaluating, designing, and planning maintenance programs and requirements for electrical distribution and transmission systems to ensure system reliability and acceptable service standards within the service territory regions. Reliability & Integrity Planning performs the following specific duties:

- Design maintenance programs and requirements for inspecting equipment, identifying problems, and correcting those problems;
- Monitor and analyze the performance of maintenance programs;
- Specify reliability improvement programs and plans where needed;
- Monitor and report on reliability performance using industry standard measures such as SAIFI, CAIDI, SAIDI, etc;
- Analyze the current age and condition of transmission, distribution, and substation assets; and
- Design replacement programs and requirements for equipment that needs replacement.

V. Practices and Procedures

The major practices and procedures of Power Delivery Engineering include:

- Develop and maintain optimization/prioritization criteria and models;
- Design reliability and integrity maintenance programs and requirements
- Create reliability improvement plans;
- Create project estimating and scope development at various stages of project life;
- Track electric system performance and analyze for improvements;
- Develop major project capital budgets and Operation and Maintenance program budgets;
- Develop reliability and integrity maintenance and capital budgets;
- Analyze risk and value of projects to prioritize funding;
- Review monthly financial objectives;
- Siting and permitting process for substation and transmission line facilities;
- Design and implement projects as assigned;
- Setup and closeout of projects in financial and scheduling tools;
- Manage projects and capital program as assigned;
- Resource planning and coordination to support capital plan;
- Power quality investigation; and
- New technology deployment.

VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Duke Energy policies, procedures and regulatory directives, and the authority to take effective action.

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Employees attend various meetings with other electric utilities, associations and organizations as delegates or committee members. They conduct joint studies, coordinate projects, and discuss common issues to the electric utility industry. Some employees address outside agencies as speakers and provide professional papers on technical subjects.

Power Delivery Engineering employees also work with local, state, and federal, agencies to furnish information as requested and to coordinate inspections and audits of operations by these agencies.

VIII. Goal Attainment and Qualification

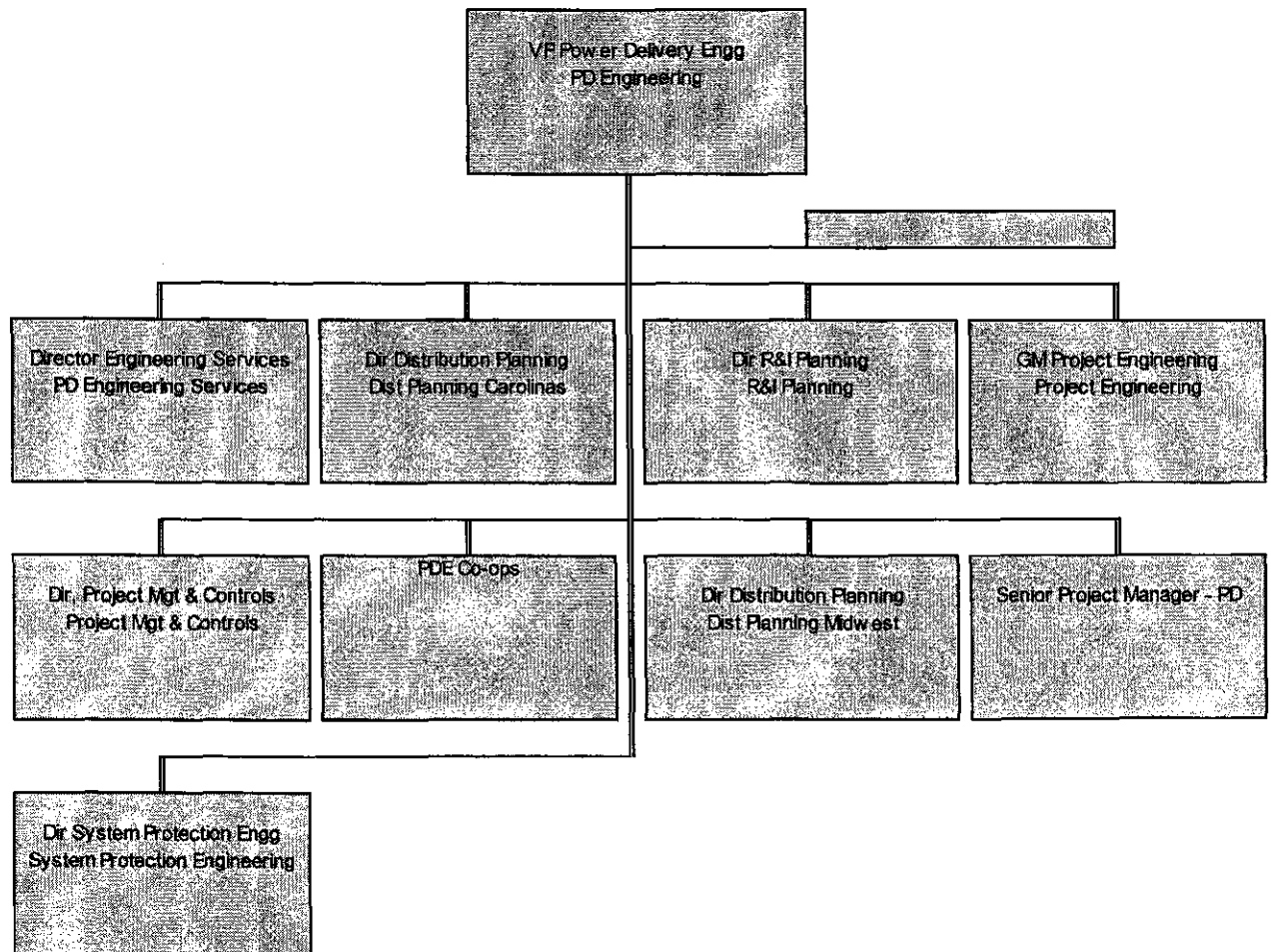
In general, the performance of Power Delivery Engineering is measured by its contribution to the safe, reliable, and cost-efficient operation of Duke Energy's electric system. In addition, the Department remains abreast of technological developments and incorporates them when efficiencies can be gained.

Power Delivery Engineering provides updates for a consolidated monthly report submitted to the Power Delivery Senior Vice President detailing the progress in attaining the established Department goals.

Performance indicators are utilized by Power Delivery Engineering as measures of performance. The following are example items that are used to measure performance:

- Reduction of Personal Injuries;
- Reduction of Preventable Vehicle Incidents;
- Customer Satisfaction;
- Reliability and Restoration;
- Budget and Cost Monitoring; and
- Project Monitoring.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
SUPPLY CHAIN

I. Policy and Goal Setting

Corporate work policies are established by executive management and are embodied in the Duke Energy Corporation (Duke Energy) Code of Business Ethics, which is provided to all employees. These policies, which establish guidelines by which Duke Energy employees are expected to conduct business, are supported by Supply Chain. In addition, employees of Supply Chain are required to adhere to all corporate policies directly relating to the various materials and contract services functions.

The annual goals for Supply Chain are established in conjunction with the annual business plans for Duke Energy. Supply Chain leadership works closely in conjunction with operational leadership to establish sourcing and service goals for the organization.

II. Strategic Planning

Supply Chain uses a planning process that is updated annually for annual budgeting purposes and for long range planning with regard to inventory levels, personnel, facilities, and equipment needs. The operating units provide similar information through their business plan to assist the Supply Chain Department in planning decisions regarding the sourcing of material and services.

The Supply Chain Department has the following goals that support the Corporate business plan:

- Deliver savings through sourcing activities that directly contribute to the target financial goals;
- Performance-driven, customer-focused culture that emphasizes and delivers optimal cost and productivity;
- Create a streamlined organization focused on internal customer satisfaction and continuous improvement that delivers a low cost, high value portfolio of services; and
- Deliver continuous process improvements in back office operations and supply chain support systems.

III. Organizational Structure

The Supply Chain Department reports to the Senior Vice President and Chief Procurement Officer. The Corporate/Enterprise Supply Chain supports corporate and enterprise-wide departments in Duke Energy. The Power Delivery Supply Chain supports the needs of the electric transmission and distribution and the gas distribution operations. The Fossil Hydro Generation Supply Chain supports the needs of the power generation facilities. The Nuclear Generation Supply Chain supports the needs of the nuclear power generation facilities. Supply Chain Operations provides back office support, including Accounts Payable and systems support for the other groups and end users of supply chain systems. Asset Recovery is also managed out of the Supply Chain Operations group.

The Corporate/Enterprise Supply Chain is responsible for sourcing (including the purchasing function).

The organizational charts for the Supply Chain Department is attached as Exhibit SC-1.

The Power Delivery Supply Chain is organized into five major functions:

- Sourcing (including the purchasing function);
- Trucking and Repair Operations;
- Materials Planning and Integrated Supply Management;
- Supplier Diversity; and
- Warehousing and Tool Repair.

The Fossil Hydro Generation Supply Chain is organized into five major functions:

- Strategic Sourcing (including the purchasing function);
- Materials Planning and Integrated Supply Management;
- Craft Labor Strategy and Sourcing,
- Supplier Diversity; and
- Warehousing

The Nuclear Generation Supply Chain is organized into three major functions:

- Strategic Sourcing (including the purchasing function);
- Materials Planning and Integrated Supply Management; and
- Warehousing.

Supply Chain Operations is organized into four primary functions:

- Corporate Accounts Payable;
- Transaction Support;
- Financial Controls; and
- Asset Recovery.

IV. Responsibilities

The Sourcing and Purchasing functions within the Corporate/Enterprise, Power Delivery, Fossil Hydro Generation, and Nuclear Generation Supply Chains have the responsibility for all sourcing, procurement, and contracting activities with the exception of the non-strategic material procured through the Integrated Supply function for Power Delivery, Fossil Hydro Generation, and Nuclear Generation.

The Supplier Diversity function in the Power Delivery and Fossil Hydro Generation Supply Chains is responsible for the development and implementation of various strategies to manage the identification and inclusion of diverse suppliers in the sourcing and purchasing process.

The Integrated Supply function within the Power Delivery Supply Chain is assigned the responsibility for managing the sections of the contract with the Integrated Supplier (IS) that pertain to Power Delivery. The IS has been contracted to perform the purchasing, inventory management and replenishment functions for approximately 70 percent of material required by the Power Delivery business unit. Contracts for strategic materials are negotiated by the Power Delivery Sourcing function, with the IS assuming responsibility for execution against those contracts.

The Material Planner function is responsible for working with the Power Delivery internal customers to address issues around design changes, new products, and changes in delivery locations and date, and to work with the internal customer groups to improve business processes and practices.

The Integrated Supply function within the Fossil Hydro Generation and Nuclear Generation Supply Chains is assigned the responsibility for managing the sections of the contract with the IS that pertain to Fossil Hydro Generation and Nuclear Generation. The IS has been contracted to perform the purchasing, inventory management and replenishment functions for certain maintenance, repair, and operations (MRO) material required by the Fossil Hydro Generation and Nuclear Generation business units.

The Warehousing function for Power Delivery, Fossil Hydro Generation, and Nuclear Generation is responsible for the overall management of inventory for their associated plants and/or area warehouses.

The Craft Labor program management function within the Fossil Hydro Generation Supply Chain is responsible for the overall program management associated with craft labor contractors, including contracting strategy, contract negotiation and implementation.

The Corporate Accounts Payable function in Supply Chain Operations is responsible for maintaining accounts payable systems to provide control over the proper disbursement of corporate assets, provide management with information for use in the decision-making process, to maintain the vendor master file, and assure that accounts payable records are accurately maintained.

The Transaction Support function in Supply Chain Operations is responsible for end user system support, system administration of supply chain systems, and maintenance of the stock item catalog.

The Financial Controls function in Supply Chain Operations is responsible for Sarbanes-Oxley testing and documentation processes and operational auditing of the supply chain function.

The Asset Recovery function in Supply Chain Operations is responsible for the recovery, liquidation and disposal of identified surplus and obsolete materials.

V. Practices and Procedures

The Supply Chain provides corporate leadership in supply chain management by challenging conventional methods and creating superior value in an environmentally responsible manner.

The responsibilities assigned to the Supply Chain Department are executed through the application of various practices and procedures. The principal practices or procedures are as follows:

- To source and procure material, equipment and services in accordance with prescribed specifications at the most favorable total cost of ownership, terms and conditions. To perform routine and emergency sourcing, competitive bidding, ordering, expediting and logistics operations;
- To maintain confidentiality of competitive bidding and prices;
- To develop competition among reputable and responsible suppliers, including minority suppliers, and to ensure that Duke Energy receives quality products and services;
- To establish and maintain fair, equitable, and ethical relationships with suppliers;
- To review, on a continual basis, all purchased materials and supplies to add stock, reduce stock, or remove from stock as the review indicates;
- To establish and maintain information for inventory authorized by the operating departments for regular and special requirements;
- To create business processes and procedures that ensure processes are controlled and accurate;
- To leverage industry and trade best practices in the design of new business processes for Duke Energy;

- To train others in Duke Energy to utilize capabilities of our systems and in the general policies and guidelines related to purchasing;
- To process supplier invoices for payment in accordance with Accounts Payable policies, guidelines, and contract terms;
- To perform various accounting balancing activities for accounts payable accounts in the general ledger; and
- To provide special studies and reports that meet customer, regulatory, legal, and audit requests.

The Supply Chain Departments directly support all other departments of Duke Energy. Close working relationships exist through cross-functional teams and participation in materials standards committees.

Presently, Duke Energy utilizes the Maximo and Passport systems for all activities related to the Supply Chain Departments. These systems are used to manage inventory investment and provide up-to-date information to support the Sourcing, Integrated Supply, and Materials Planning functions. Aided by the Maximo and Passport systems, the Supply Chain Department optimizes inventory management by:

- Establishment of inventory and service level targets;
- Usage forecasting;
- Calculation of economic reorder quantities (EOQ);
- ABC classification of inventory;
- Materials requirement planning;
- Purchase order tracking and expediting;
- Obsolescence reviews; and
- Maintenance of the material catalog.

VI. Decision Making and Control

The Supply Chain Department supports decision-making at the lowest appropriate level within the department. Decisions are vested throughout the department through management as appropriate. Guidelines for making decisions are provided by various corporate policies, departmental policies, and procedures and authorized approval levels.

Monthly reports of performance are used to monitor performance.

VII. Internal & External Communication

Supply Chain Department staff meetings between the leadership and their direct reports are held on a monthly or more frequent basis. Topics concerning personnel, operations, facilities, equipment, goals, and processes are discussed as necessary at each staff meeting.

The Supply Chain Department provides certain key control reports on a regular basis to supply chain employees for remediation, such as blocked invoices.

Daily reports on operations metrics are published on-line and are available to all Duke Energy employees. These metrics include inventory balances expediting reports and open purchase orders.

External communication with Duke Energy's supplier base occurs on a daily basis through a variety of means. Bid quotes are obtained on an oral or written basis by purchasing personnel or by use of an e-sourcing tool. This tool is a controlled, on-line means of exchanging information, drawings, and questions and ultimately of obtaining pricing from our suppliers. A comprehensive supplier focused-website at Duke-Energy.com is used to communicate important information to suppliers, including links to the supplier code of conduct, electronic tools, registration, and diversity certification.

Many suppliers receive purchase orders through an electronic marketplace. This marketplace increases the speed of orders by using the internet and allows suppliers to send electronic purchase order acknowledgements and electronic invoices.

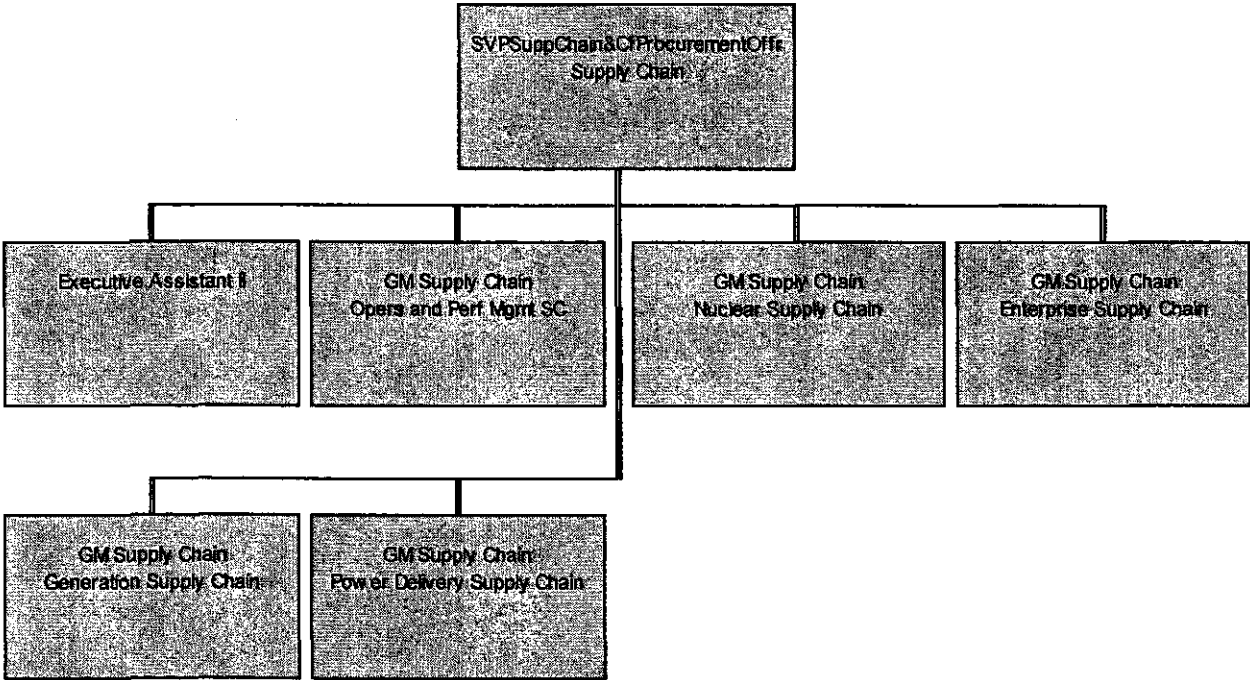
Suppliers and internal company users utilize the Supply Chain Help Desk to make inquiries and receive answers. This one-stop shop provides a centralized clearing house for the supply chain to understand user's issues and to work to answer supplier's questions in doing business with the organization.

VIII. Goal Attainment and Qualification

The Supply Chain Department has developed a number of quantifiable indicators that are used to establish metrics which reflect our success in supporting Company goals and objectives. Goals are identified in the departments Short Term Incentive Plans. Listed below are a few performance metrics employed by the Supply Chain Department:

- Savings achieved from sourcing activities;
- Integrated supplier performance;
- Supplier diversity spend;
- Financial performance;
- Help Desk resolution performance;
- Increase in supplier automation;
- Inventory reduction;
- Recycling percentage for waste materials; and
- Safety.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
CORPORATE ENVIRONMENTAL HEALTH & SAFETY SERVICES

I. Policy and Goal Setting

Corporate Environmental, Health & Safety Services (CEHS) is a governance and service organization that provides Environmental Health, and Safety (EHS) policy direction, leadership, guidance, and field support to all business units and functions within Duke Energy Corporation (Duke Energy) by overseeing the development, deployment, and implementation of corporate policies, strategies and systems designed to protect the environment and the health and safety of employees, contractors, and the public.

CEHS is responsible for establishing internal policies, procedures and practices that address environmental, health, and safety issues or concerns based on the best available technical information and judgment. The department ensures that programs and management systems are in place to comply with all laws, regulations, and standards promulgated by federal, state, and local agencies and that assessment and reporting programs within each business unit and operating area are established to meet all regulatory requirements and obligations.

CEHS ensures that prevention and mitigation programs exist that evaluate and reduce risks and exposures from potential hazards in the workplace, and provides leadership across all business units and functions to drive an injury-free workplace and world-class safety culture.

CEHS gains insights and provides input into legislative agendas at both the federal and state levels and works with key internal and external stakeholders on strategic EHS issues to develop collaborative and consensus positions within Duke Energy that appropriately considers the diversity of all operational activities.

CEHS provides EHS support and services to all businesses in Duke Energy, enterprise including Duke Energy International (DEI).

Utilizing departmental directives, procedures, and practices, CEHS supports corporate policies and objectives described in the documents such as:

- Duke Energy Charter;
- Code of Business Ethics;
- Safety Vision and Principles;
- Safe Work Practices;
- EHS Policy and Management System;
- Workforce Environment Policy Manual; and
- EHS Compliance Manual.

CEHS develops and publishes policy and practice guidelines as required in order to uniformly administer corporate directives and policies set by upper management. These policies are generally developed within the department, taking into account specific work conditions, schedules, department-specific practices, industry standards, and processes developed through past experience. Policies and practices documents employed by management are available to the general employee population through departmental and corporate websites.

Each year the Vice President of CEHS requires that all direct reports use the Duke Energy Performance Management system to provide personal performance goals and competencies that are used to align and measure departmental performance with the corporate standards for performance set by Duke Energy Leadership and the Board of Directors. The CEHS Vice President's core accountabilities generally consist of high-level targets set for safety, Operation & Maintenance, reliability, environmental performance, etc. that are supportive of the corporate goals and business plan. As groups and individuals further down the management line develop their associated core accountabilities, they become more specific to the actual processes and procedures necessary to complete the work and attain the goals. The focus is on fixed, known, and measurable indicators of performance to avoid subjective evaluation of results.

II. Strategic Planning

CEHS contributes to the development of long-range plans in support of the Non-Nuclear Generation, Nuclear Generation, Power Delivery, Duke Energy Corporate Groups, and DEI business plans. CEHS's input into the strategic planning process is to ensure that new electric generation assets that are planned, constructed, and operated are done so in a manner that satisfies all EHS regulatory requirements and regulations.

Short-term planning provides near-term direction in several areas of CEHS. Operation of the department, execution of the CEHS business plan, staff development, and performance measurement against core accountabilities are some functions at the manager level. CEHS is a service provider to the Nuclear, Non-Nuclear Generation, Power Delivery, Customer Group, and International business units. As a service provider, short-term planning is used to ensure that needs of the customer are planned into the day-to-day operation of the groups. Short-term planning between the departments are used to develop the forward strategy.

III. Organizational Structure

The CEHS Department is organized under the Vice President, CEHS. This position reports directly to the Senior Vice President, Environmental, Health & Safety and President of the Duke Foundation. The Senior Vice President, Environmental, Health & Safety and President of the Duke Foundation reports to Group Executive and Chief Generating Officer/Chief Nuclear Officer of U.S. Franchised Electric & Gas. Under the

Vice President of CEHS, there are General Managers, Managing Directors, Directors, and Managers assigned to lead various core functions of the department.

There are six major functions within CEHS, which are Environmental, Health & Safety, Compliance Support & Business Planning; Nuclear Development Support & Integration; Scientific Services; Duke Energy International EHS; and Sustainability & Security.

The organizational chart for CEHS is attached as Exhibit CEHS-1.

IV. Responsibilities

Overall responsibilities for the six major functions within CEHS are as follows:

Environmental

This function provides environmental policy direction, leadership, guidance, and field support to all business units and functions within the organization by overseeing the development, deployment, and implementation of corporate policies, strategies, and systems designed to protect the environment. This function directs and oversees the development of internal policies, procedures, and practices in the areas of air, water, and waste that address environmental concerns based on the best available technical information and judgment. The function ensures that programs and management systems are established to comply with all laws, regulations and standards promulgated by federal, state, and local agencies and that assessment and reporting programs within each business unit and operating area are in place to meet all regulatory requirements and obligations. This function also provides meteorological support including load forecasting, weather-related consulting services, storm planning and response, and other related technical services across Duke Energy.

Health & Safety

This function provides health and safety policy direction, leadership, guidance, and field support to all business units and functions within the organization by overseeing the development, deployment, and implementation of corporate policies, strategies, and systems designed to protect the health and safety of employees, contractors, and the public. This function directs and oversees the development of internal policies, procedures, and practices for Duke Energy that address health and safety issues or concerns based on the best available technical information and judgment. The function ensures that programs and management systems are established to comply with all laws, regulations, and standards promulgated by federal, state, and local agencies and that assessment and reporting programs within each business unit and operating area are in place to meet all regulatory requirements and obligations. This function ensures that prevention and mitigation programs exist that evaluate and reduce risks and exposures from potential hazards in the workplace, and provides leadership across all business units and functions to drive an injury-free workplace and world-class safety culture. This

function ensures that new and pending regulatory changes and developments are understood and implemented across the enterprise as appropriate.

Compliance Support & Business Planning

This function provides direction and oversight for a number of critical EHS support functions across Duke Energy. This function oversees and directs the development and implementation of EHS Management Information System and the implementation of the Duke Energy EHS Management System. It is responsible for overseeing a comprehensive EHS compliance auditing program to identify and correct sources of programmatic and operational risk and share challenges and best practices across environmental and health/safety organizations and business units. The function is responsible for the development and implementation of the EHS Information Technology strategy, including identifying and deploying applications to drive efficiencies in EHS data management and reporting. This function supports corporate groups within Duke Energy by providing them EHS compliance support and also serves as a facilitator for the CEHS strategic and business planning process.

Nuclear Development Support & Integration

This function supports the Nuclear Generation business unit in its efforts to site and develop nuclear facilities in Duke Energy service territories. As part of its responsibilities, this function coordinates all aspects and inputs into environmental permits and licenses for future nuclear facilities.

Scientific Services

The function is responsible for activities associated with performing internally or externally contracted chemical laboratory analyses associated with environmental programs and generating plant process systems testing. This function directs field and laboratory analyses to isolate, identify, and quantify constituents of soil, water, air, biological, and other samples in accordance to state and federal standards and facility specifications. It includes organizations responsible for field monitoring to collect environmental samples and field data for regulatory reporting and station support.

EHS Field Support

This function provides EHS compliance support and direction in support of the Duke Energy's Power Delivery, Gas Operations, and Duke Energy Generation Services (DEGS) organizations. As part of the DEGS support, the focus includes Duke Energy's renewables operations that are part of its Commercial Businesses Group.

DEI EHS, Sustainability & Security

This function provides support, direction and leadership for planning and implementing EHS programs in support of DEI operations. DEI operations include generating assets

in six Latin American countries, including Peru, Brazil, Argentina, Ecuador, Guatemala, and El Salvador.

V. Practices And Procedures

EH&S policies, procedures, practices, and other related documents are located on an internal Duke Energy employee portal. These documents provide administrative and functional information and guidance for use by CEHS and other areas of Duke Energy to facilitate uniform management practices across the organization. This material provides guidance and consistency to application of Duke Energy policies and ensures that the latest version of the policy is available at all times.

The Health & Safety function within CEHS provides resources to develop, monitor, train, and audit compliance with a variety of safety and health laws, regulations, and policies. Safety and health specialists are strategically located at generating stations, regional offices, and corporate offices such that they can provide expertise and guidance for the administration of safety policies to managers and employees located over a regional geographic area. The safety specialists also provide consulting and liaison functions to other departments, as well as liaison functions outside groups such as regulators, agencies, vendors, contractors, and other utilities. They are required to attain safety certifications applicable to the power industry.

The Health & Safety function develops and maintains a wide variety of safety-related policies and procedures for all business and operating areas across Duke Energy. These policies and procedures are developed to ensure compliance with applicable laws and to maintain a high internal focus on employee safety. The health and safety specialists are also available to assist in the training and interpretation of these policies and procedures. Although most of the safety services are required directly by the various businesses of Duke Energy, the safety organization is located in the CEHS Department. This is to ensure that auditing of compliance to procedures and reporting of safety statistics by the safety group is completed by an “outside” resource not in direct line control of the primary operating groups.

Although most of the safety services are required directly by the various businesses of Duke Energy, the safety organization is located in the CEHS Department. This is to ensure that auditing of compliance to procedures and reporting of safety statistics by the safety group is completed by an “outside” resource not in direct line control of the primary operating groups.

The Environmental function, including air, water, waste and remediation teams, operates in a similar fashion and has similar responsibilities each for its specific areas. These groups contain highly qualified environmental scientists, engineers, and professionals who provide their services to facility managers and capital project teams that require assistance with environmental program or regulatory compliance issues. They study, review, and interpret requirements and provide guidance to management and engineers in the performance of their work. They may acquire outside environmental consulting

firms to supplement internal resources. In addition to ensuring that monthly continuous emission data and discharge data is quality-assured and supplied to government agencies, these groups also perform, arrange, coordinate, and oversee environmental testing services as required to demonstrate compliance with issued permits and applicable laws.

This CEHS Department interfaces with the Environmental Policy and Governmental Affairs organizations, which regularly interact with government agencies, industry committees, vendors, contractors, consultants, and working groups to ensure a good flow of accurate and up-to-date information is both received and supplied by all parties involved with environmental decision making. CEHS maintains programs to help ensure compliance with federal, state, and other requirements, such as air, water, and waste regulations and permits for use by the Non-Nuclear Generation operating and Power Delivery groups.

VI. Decision Making and Control

With few exceptions, personnel at all levels are provided general supervision and granted latitude to make daily decisions, plan activities, coordinate schedules, and travel as required to perform their core functions. Directors and Managers review employee activities regularly, but not continuously, to monitor compliance with Duke Energy policies and standards of conduct. If anomalies are discovered or decision-making seems inappropriate, a higher degree of control and monitoring is initiated and documented. Training and counseling can be provided in an attempt to improve performance. General Managers and Directors review Manager activities at a frequency appropriate for the experience level of the employee. All employees are expected to comply with Duke Energy policies and formally document completion of required training programs.

Control of individual purchasing activities and access to cash reimbursements are strictly controlled by each level of management in accordance with the authorized approvals manual and expenditure authority level. Specific policies are in place within the Supply Chain Department for sourcing of all purchased materials, equipment, and services. Electronic systems provide verification of authorization levels and compliance with procedures before contracts are issued or payments disbursed.

VII. Internal and External Communication

Informal verbal communication may be conducted between individuals directly or by telephone. Telephone calls are normally conducted on an informal basis and are not generally documented.

Formal verbal communications are used in special circumstances involving direct orders, instructions, or reports. Formal verbal communication is used in certain disciplinary actions and is normally confirmed by documents.

Verbal communications include conducting of meetings and conference calls. In general, meetings are held regularly to communicate internally within and between the work groups, to receive updates, review department performance, strategy, and progress towards goals, evaluate methods, and discuss changes required to achieve goals.

Each functional area conducts regular staff meetings to exchange information relative to the CEHS department and to pass on information gained from the next level of management. These meetings are generally not documented with meeting minutes. Conference calls are also used for this purpose.

Electronic Mail is used extensively, along with internal departmental websites to exchange both formal and informal communication. It is also used as a method of transmitting reports providing access to the latest up-to date policies and procedures. Most procedures that require the use of specific forms and documents are designed such that the forms are submitted and filed electronically.

CEHS communicates with other shared service entities regularly to exchange information in the normal course of business. A partial listing includes Sourcing, Treasury, Tax, Finance, Business Unit Planning and Analysis, Payroll, Accounting, Fuels, Human Resources, Information Technology, Corporate Communications, and the Office of the General Counsel.

External communications would include contacts with:

- Vendors, suppliers, contractors, and service providers
 - These contacts are in the form of general communication required to receive services or products from outside sources. In addition, employees are included in users groups and process improvement committees that meet regularly;
- Government Agencies
 - Communication with these agencies is both formal and informal.
 - Procedures generally dictate the formal contacts;
- Utilities
 - With co-owned units; and
- Professional Societies and Industry Trade Groups
 - The group also participates in a variety of industry committees and professional societies maintaining membership as well as leadership positions within these groups.

VIII. Goal Attainment Quantification

Meeting or exceeding the annually established goals is the measure of accomplishment of CEHS.

Performance indicators utilized by the organization are measures of goal performance. Examples of performance indicators that relate to specific goal performance are listed below:

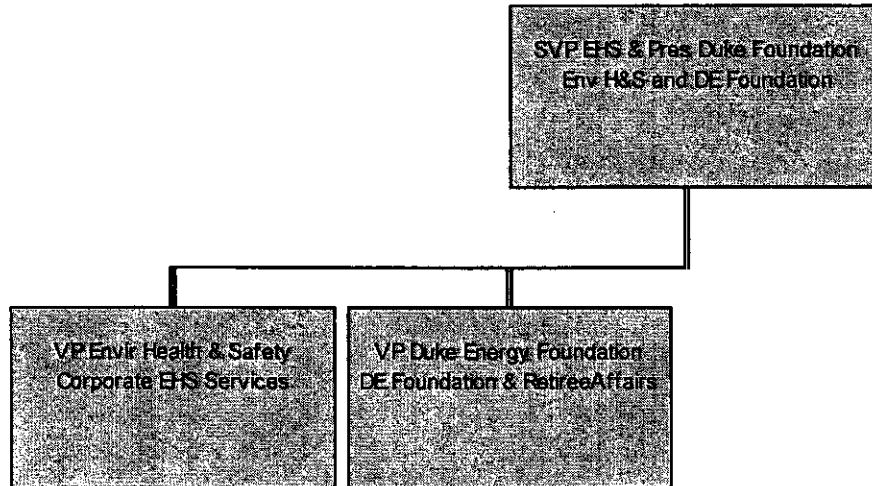
- Safety - Lost Time Incidents and Rates;
- Safety – Contractor safety performance;
- Financial - O & M Budget Variance;
- Financial - Capital Budget Variance;
- Environmental – Compliance; and
- Environmental – Planning process for future environmental policies.

Timely collection and reporting of information is essential to providing adequate control of department performance:

- Safety and Environmental statistics are reported at least monthly in accordance with industry standards and internal procedures;
- Corporate data systems provide financial information related to each department's O&M performance and capital budget performance on a monthly basis. Significant variances must be explained and new projections provided each month; and
- Environmental compliance is a function of both electronic data submittals to the state Environmental Protection Agency and testing to demonstrate compliance with permits.

Employees receive semi-annual performance reviews to measure and report progress toward individual goals in support of the department and corporate goals.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
GAS CUSTOMER ACCOUNTS & PROJECTS DEPARTMENT

I. Policies and Goal Setting

The policies of the Gas Customer Accounts & Projects Department (Department) evolve from and support the objectives of Duke Energy Corporation (Duke Energy or Company). The Manager, Gas Customer Accounts & Project, implements the policies and objectives under the direction of the Senior Vice President, Gas Operations. These include policies for providing gas transportation service for end users. The Department also supports the corporate policies and objectives through department directives, procedures and practices.

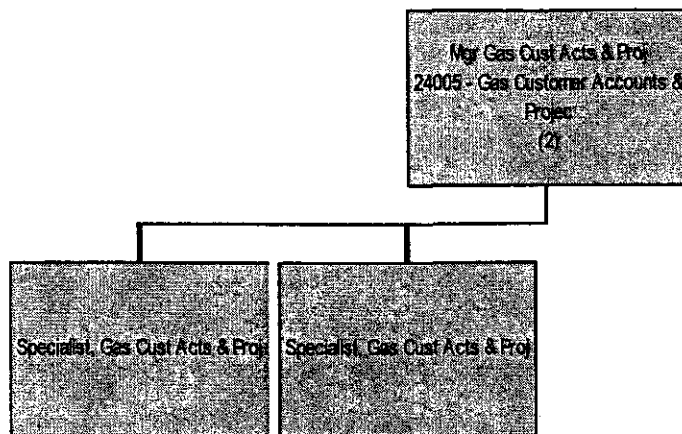
The goals of the Department are designed to support the goals of Gas Operations and business plan of the U.S. Franchised Electric & Gas (USFE& G) unit. Determination of the objectives and goals is based on a decision process involving the Vice-President, Gas Operations, the Manager, Gas Customer Account & Projects; and the staff of the Department.

Review of these objectives and policies is continuous and revisions are made at least annually. Some may be revised more frequently based on their sensitivity to changing economic and market conditions.

II. Organizational Structure

A manager who reports directly to the Senior Vice President, Gas Operations heads the Department. Gas Customer Accounts & Projects consists of two Specialists.

An organization chart of Gas Customer Accounts & Projects Department is provided below:



III. Responsibilities

The Department provides customer account management, technical analyses, and marketing functions in order to maximize revenue, facilitate gas operations activities with outside agencies, and help to ensure the viability of large customer gas transportation programs. These responsibilities include such items as managing large customer gas transportation programs, consulting with, educating as necessary and providing the day-to-day liaison with customers on issues such as gas supply and transportation options; gas market fundamentals and technical information; usage requirements; balancing options; contracts; measurement, telemetering and billing set-up; and billing for variances from requirements, all in accordance with the Company's approved tariffs. Gas Customer Accounts & Projects also manages the rate Interruptible Transportation (IT) gas curtailment program, which includes management of gas curtailment implementation, if required. Gas Customer Accounts & Projects also performs a quality assurance function with respect to the billing of large volume gas customers, such as resolution of complex billing adjustments involving third-party agreements for the transportation of gas; analyzing metering reports for indications of equipment malfunction; and resolving any issues that may arise.

IV. Practices and Procedures

The practices and procedures of the organization are continually being formulated and refined to provide the necessary guidelines for all personnel in meeting the goals and objectives of the organization and the Company.

Because of the dynamic changes in the gas industry both at the federal and state level, the Department's practices and procedures are reviewed and revised continuously to assure that all functional areas are operating at maximum efficiency and in compliance with all applicable laws and regulations.

Specific duties of the Gas Customer Accounts & Projects Department include, but are not limited to:

- Effectively manage the interruptible transportation program; and
- Develop processes to be implemented in the event of emergencies, such as significant interruptions to the delivery of gas.

V. Decision Making and Control

In making decisions, recommendations and information are received by the Manager, Gas Customer Accounts & Projects from the direct reports. The Manager initiates action after discussion with and approval from the Senior Vice-President, Gas Operations. The Group Executive & President of USFE&G is consulted as deemed appropriate.

The individual direct reports of the Manager, Gas Customer Accounts & Projects make day-to-day operational decisions that are within the framework of existing policies, strategies, and procedures.

VI. Internal and External Communication

As a means of assisting in the decision-making process, both internal and external communications are maintained. Internal communications are accomplished within the Department by the preparation of weekly status reports, informal meetings, periodic staff meetings, and daily discussions. Also, internally, discussions and input are obtained as needed from the Gas Construction and Maintenance, Gas Engineering, Gas Performance Support, Rates and Legal Departments.

VII. Goal Attainment and Qualification

Department employees are evaluated annually on the attainment of the annual individual key performance measures, which are established in support of department key performance goals.

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
GAS ENGINEERING

I. Policy and Goal Setting

Gas Engineering supports the Duke Energy Corporate (Duke Energy) policies and objectives through department directives, procedures and practices.

The goals of Gas Engineering are designed to support the business plans of Gas Operations and the U.S. Franchised Electric & Gas (USFE&G).

Annually, the Director of Gas Engineering meets with the supervisory staff of Gas Engineering to develop a work plan to support the business plans of Gas Operations and USFE&G. Through a participative process, individual and team goals are developed. These goals are provided to the Vice President of Gas Operations for incorporation into the USFE&G business plan.

Gas Engineering goals are published to make all employees aware of the department expectations. To assure continuous attention to the team and individual goals, departmental goals become part of the annual key performance appraisal process for department employees.

The Director and supervisors of Gas Engineering periodically review goals. Staff meetings are held regularly to review the progress of work plans. When problems are identified, corrective actions are established and target deadlines are set.

Gas Engineering, in conjunction with the other operating areas of Gas Operations, is responsible for the development of practices, policies and procedures for the installation, operation, and maintenance of gas facilities. These practices, policies, and procedures are reported in the Gas Operations Standards Manual for Design, Construction, System Operations, and Maintenance.

Gas Engineering is responsible for maintaining, revising, and updating the Gas Operations Standards Manual for Design, Construction, System Operations, and Maintenance. This includes keeping all employees within Gas Operations informed of all changes in policies, practices, and procedures.

II. Strategic Planning

Strategic planning is accomplished at the officer level and is used to develop the USFE&G business plan. The goal and budgeting processes support strategic direction, as follows:

- A strategic plan has been developed for Gas Operations. Gas Engineering is involved as part of the planning team, as well as during implementation;
- Gas Engineering performs gas system analysis and planning of the physical gas system to maintain reliability and provide capacity to serve future customers and changing gas delivery requirements;
- Gas Engineering assists in the staffing and training of new employees and on-going development of personnel to provide safe, reliable and economic service to customers and maintain the integrity of the system; and
- Gas Engineering identifies, develops and implements new methods and equipment to perform the job better in the future.

Gas Engineering supports the USFE&G business plan through its goals and budgeting processes, as follows:

Budgeting

Gas Engineering, Gas Performance Support, and Gas Field and System Operations jointly develop a Construction Budget for all of Gas Operations. The budget is reviewed monthly and variances are addressed. Blanket budgets are reviewed monthly and midyear for necessary adjustments. The total Construction Budget may be increased by way of non-contemplated items, if approved by the Vice President of Gas Operations, or decreased by scheduling changes.

An operating and maintenance budget is developed solely for costs incurred by Gas Engineering. This budget is further separated into sub-departments so the expenses of each division within the department may be better analyzed. Also, labor, material and expenses are broken down within each sub-department account. Variance Reports are prepared on a monthly basis for each department.

Maintenance

Gas Engineering's planning and budgeting activities are aimed at keeping the existing gas system in a safe and reliable condition and extending it to meet present and future energy competition. Evaluation programs have been developed to choose the highest priority segments or pipe for replacement on a year-to-year basis.

Development and Training

A strong, continuous effort is maintained to train and develop personnel. The demands on technical expertise and information systems are accelerating. Gas Engineering's personnel must obtain the knowledge and resources to keep pace. Gas Engineering's hiring practices are important as a foundation, but there is a constant focus on development. Training is obtained through attendance at seminars, on the job performance and rotation to other Gas Operating areas.

III. Organizational Structure

The Gas Engineering Department is headed by a Director who reports to the Vice President of Gas Operations. Gas Engineering is organized into five (5) sections:

- Distribution Engineering – Pipeline Design, Drafting and Major Projects;
- Systems Engineering; and Planning;
- Mapping and Records;
- Corrosion Engineering and Control; and
- Gas Measurement Center.

An organization chart of Gas Engineering is provided in Exhibit GE-1.

IV. Responsibilities

The primary responsibilities of Gas Engineering are to provide engineering services, map and records for Gas Operations to ensure system reliability and compliance with all federal, state, county, city, and municipal codes, rules, and regulations. In addition, Gas Engineering is responsible for planning, developing, and maintaining long-range planning objectives and goals for the Gas Distribution System as follows:

- Provide the staff support and engineering input for Gas Operations in connection with the delivery of gas to new customers. In addition, Gas Engineering provides support and input to the Gas Field and System Operations in connection with the installation of gas pipelines and other associated gas facilities necessary to serve new customers and expand the distribution of gas to new areas;
- Responsibility for the inspection and supervision of gas facility installation, replacement, and street improvement projects that are completed by contractor workforces;
- Responsible for the retention of maps, records and other documents relating to the installed gas facilities, with input from various other departments within Duke Energy;
- Responsible for maintaining the records required for the coordination of all federal, state, and local obligatory programs, provides contract administration services for Gas Field and System Operations for pipeline and various maintenance contracts. The majority of contracts are competitively bid on a unit cost basis;

- Responsible for the evaluation, selection, and use of gas construction materials, excluding procurement and storage;
- Provides analysis and design to optimize system consistent with efficient, safe, reliable, economical, and adequate operations;
- Provides expertise and guidance to Gas Operations as requested to achieve and sustain compliance with all applicable regulations, rules, and codes;
- Provides plans, engineering design, and administrative services for the construction, operation, maintenance, and records of the gas system;
- Prepares and maintains maps, drawings, and other records of gas facilities;
- Develops and coordinates construction standards and procedures for Gas Operations, including standardization of materials;
- Determines and preserves the physical condition of the gas system and develops control programs to mitigate or reduce system deterioration;
- Processes and coordinates, in a timely manner, work orders, special billings, and other procedures necessary to the installation of customer facilities; and
- Provides expertise and administers the cathodic protection program, including the Integrity Management Program and compliance associated with the cathodic protection program for the system.

V. Practices and Procedures

Gas Engineering has direct responsibilities in all areas relating to gas systems design, planning, engineering, and system records activities, including such duties as the following:

- Gas system planning improvements;
- Inspection and supervision of gas facility installation, replacement, and street improvement projects that are completed by contractor workforces;
- Budgeting and cost estimating for decision analysis and construction;
- Protection of facilities and providing documentation for the protection of these facilities;
- Designing and programming Supervisory Control and Data Acquisition Systems (SCADA);
- Analyzing pipe network pressure and flow;
- Engineering the design of distribution regulation and control, customer regulating and measuring facilities;
- Preparing gas operation standards, procedures and guidelines;
- Preparing and administering programs for procuring contractor service and assistance;
- Developing and maintaining computer record systems, and computer assisted drafting and engineering systems;
- Maintaining record storage and retrieval systems and providing access to system records;
- Coordinating construction projects with governmental and private agencies;
- Coordinating cathodic protection activities and design;
- Coordinating the Integrity Management Program;

- Installation and calibration of meter pressure and temperature correctors;
- Sample testing new meters and regulators; and
- Repairing meters and regulators.

Gas Engineering is supported by the Customer Management System (CMS) in connection with service order processing and meter and other customer information. This system also provides valuable information necessary for efficient gas system planning.

Capital Accounting provides original cost records and pipeline inventory records. Legal assistance is provided by the Office of the General Counsel Department on an “as required” basis.

Data processing is provided by the Information Technology Department in connection with the Gas Operations Job Control and Gas Pipeline Condition Reporting programs. These and other ongoing programs, including the Gas Operations Work Management System, provide essential data for main replacement, budgeting, job status reporting, and actual cost information.

Policies and procedures are established by each of the various operating divisions of Gas Engineering with input from Gas Field and System Operations. Day-to-day operations and job control decisions are made by the appropriate job sponsors on a timely basis. Job sponsors are first-line decision makers for engineering and customer problems or questions. Complex problems are referred to the appropriate manager or supervisor and then to the Director of Engineering.

Gas Engineering supports the maintenance of Gas Operations Policies and Procedures essential for the design, maintenance, and operation of the gas distribution system. These policies and procedures provide support to employees engaged in engineering, drafting, and record maintenance activities.

VI. Decision Making and Control

Decisions are made at the lowest level consistent with impact and authority (*i.e.*, if a decision were to impact only a group of clerical personnel, the supervisor of that group would make the decision and communicate with their superior as appropriate). Decisions with broad impact may be made at lower levels after discussion and approval at the overall impact level. The responsibility for compliance rests with the supervisory level that makes the decision. Communications and discussions concerning decisions which have been made are held with higher levels of supervision as needed. Normally this is an advisory process rather than a directive.

Intra-department decisions are made and discussed at levels appropriate to their impact. A decision that impacts only one section would be discussed with the manager if it is long range or a break from past practice.

Any decision that impacts a segment of the Company broader than Gas Engineering is discussed with appropriate management personnel. Depending on the type of decision and the degree of impact, this discussion would range from keeping management informed to getting formal approval.

VII. Internal and External Communication

Internal communication among the staff and management is frequent and convenient during daily activity. Conducive to the communication process is the fact that most personnel are in one location, spending the majority of their time in the same office area.

Internal communications consist of information and problem-solving meetings regularly held for each division of Gas Engineering between the supervisor and staff and between the Director and supervisors. Other internal meetings on a project level are coordinated on an "as required" basis by job sponsors and designers with appropriate departments within Gas Operations and across Duke Energy Corporation.

External communications consist of communicating and attending meetings with other utilities and agencies, such as the following:

- State, city, and county engineers;
- Engineers, architects, and local planners;
- National and state gas utility associations; and
- Professional organizations.

Written communications, including minutes of meetings, memoranda, letters, and specific procedures are a necessary follow-up for both internal and external communications.

VIII. Goal Attainment and Qualification

Engineering performance controlling processes are established by the special needs and engineering details of each project. Project need dates are translated into engineering completion target dates at the time that the project is received by the department. Goal attainment is quantified by establishing standards that meet or exceed or reflect an exceptional performance for each goal/objective within a department, team or for an individual. Each goal is weighed as to its relative importance. Review periods are established between a subordinate and supervisor; this period is established based on the business needs. A large portion of the employee performance management system is goal accomplishment.

Need dates for projects relating to governmental agencies requiring new, relocated, or replaced pipelines are furnished by the appropriate governmental sources.

Need dates for projects relating to internal construction budgets and improvements are established by special departmental sources and are generally targeted for "issue" for

construction during or shortly after the first quarter of the year, to ensure completion prior to the next heating season.

Engineering completion target dates are formulated and projects are prioritized so that construction completion meets the requirements of the customers and/or governmental agencies. Where unavoidable delays are identified, the project sponsor will advise the appropriate division and/or the appropriate governmental agency. Progress is continuously monitored by the appropriate supervisor and individual job sponsors using computerized edits and checks.

Work is continuously monitored by the appropriate supervisor using various manual and computerized reviews, edits, and checks. These include processing of work orders for mains and services, permit requests, facility plotting, drafting, mapping, record updates, and issuance of construction projects.

Performance indicator criteria are formulated by the appropriate supervisor to meet the special needs of the division and employees.

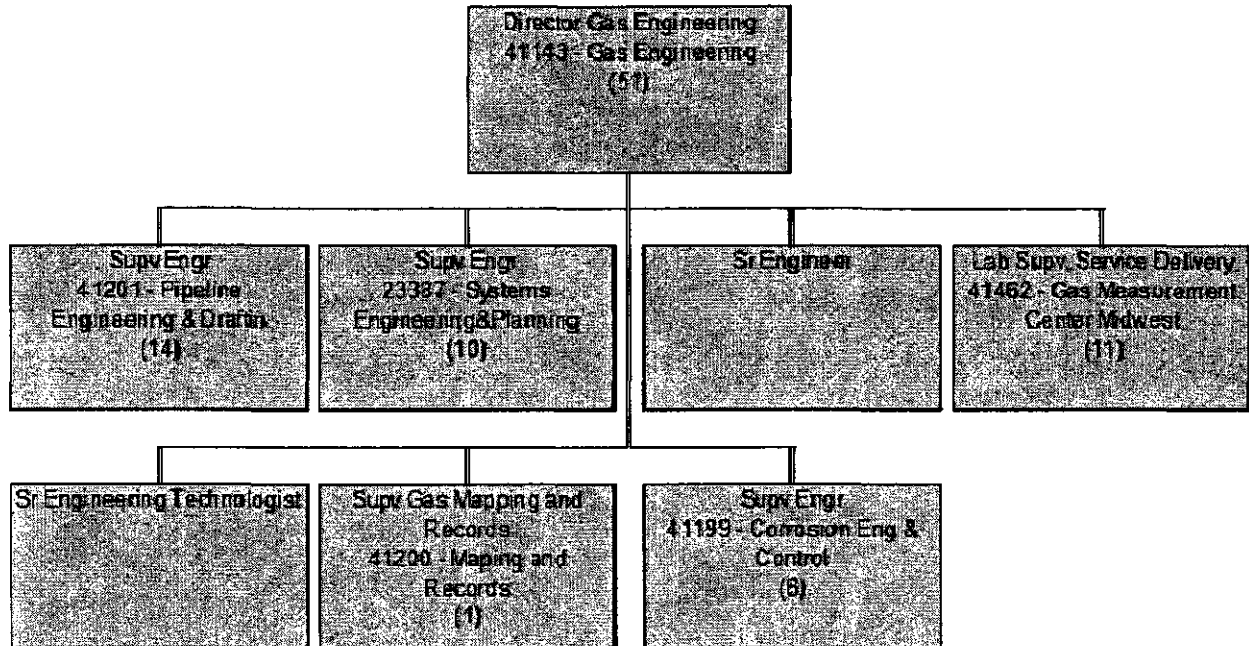
Each job sponsor is responsible for evaluating progress, identifying problems, updating customer sources, and scheduling their time to make necessary corrections or revising the target completion dates.

The complexity and special engineering needs of each project do not readily permit establishing standard times or specific performance parameters because most projects are unique. Engineering projects are classified into general categories as follows:

- New main extensions to serve new customers or new areas;
- Pipeline replacements for condition or service improvements;
- Customer meters, regulators, and distribution systems;
- Replacements due to governmental street and roadway improvements;
- System Improvements (Pressure, Meter-Regulator);
- Feeder mains to supply new areas; and
- Gas plants and gas processing equipment.

The required time allocated for the completion of a project within each category varies. Each project is monitored from the date of assignment by a job sponsor to the date of installation completion by the construction force.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
GAS COMPLIANCE AND TECHNICAL TRAINING DEPARTMENT

I. Policies and Goal Setting

The policies of the Gas Compliance and Technical Training Department (Department) evolve from and support the objectives of Duke Energy Ohio, Inc (Duke Energy or Company). The Manager of Compliance and Technical Training implements the policies and objectives under the direction of the Vice President, Gas Operations. These include policies regarding development and execution of employee training and safety programs and for regulatory code interpretation. The Department also supports the corporate policies and objectives through departmental directives, procedures, and practices.

The goals of the Department are designed to support the goals and objectives of Gas Operations, which align with the U.S. Franchised Electric & Gas (USFE&G) business plan. Determination of the objectives and goals is based on a decision process involving the Vice President, Gas Operations, the Director of Gas Performance Support, and the staff of the Department for the Gas Operations. A final review is conducted with the President, Duke Energy Ohio and Duke Energy Kentucky, Inc.

Compliance and Technical Training goals are published to make all employees aware of departmental expectations. To assure continuous attention to the team and individual goals, departmental goals become part of the annual key performance appraisal process for department employees.

The Manager of Compliance and Technical Training periodically reviews goals with personnel to assure their support and implementation. Staff meetings are held regularly to review progress of work plans. When problems are identified, corrective actions are established and target deadlines are set.

The Department is responsible for the development and execution of training and safety programs, regulatory code interpretation, process improvement, and providing audit support to all areas of Gas Operations.

II. Strategic Planning

Compliance and Technical Training strategic planning efforts directly support the strategic plan developed for Gas Operations. This business plan is used to develop the USFE&G business plan.

Examples of strategic planning by the Department are:

- Development of training programs around such things as new methods of installation and new equipment and tools;
- Analyzing the business and training impacts of new codes and regulations; and
- Benchmarking to determine ranking within, and performance compared to, the Natural Gas Distribution industry.

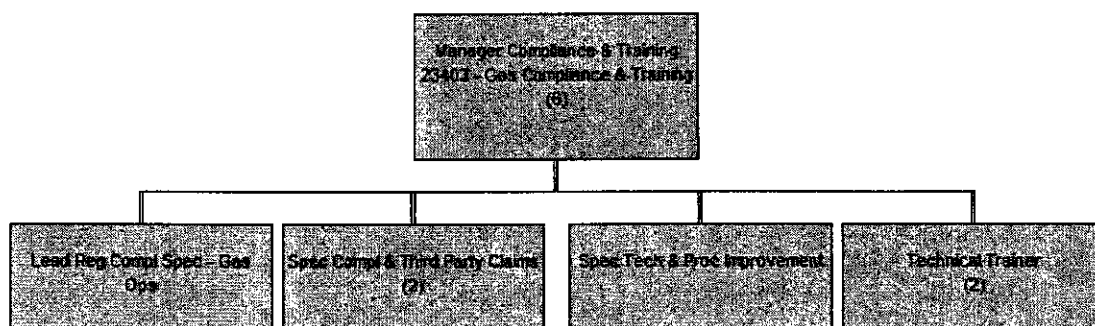
The strategic planning efforts of the department are accomplished within the Gas Operations management team and are in support of the corporate and USFE&G policies and goals.

III. Organizational Structure

The Compliance and Technical Training Department is headed by a manager who reports to the Vice President of Gas Operations. Compliance and Technical Training is organized by three functional areas:

- Training;
- Regulatory Compliance; and
- Process Improvement.

An organization chart of Compliance and Technical Training Support is provided below:



IV. Responsibilities

The Department has the responsibility of developing and executing employee training and safety programs. In addition, the Department develops and conducts training and safety programs for Company contractors, public authorities, and police and fire departments. The Department also develops standardized methods and procedures and requires proper and safe use of tools and equipment.

The Department has responsibility for regulatory code interpretation, assisting with the auditing process both internally and externally, and reporting to and follow-up with state and federal commission offices, when appropriate and within the compliance timelines.

The Department is responsible for process improvement activities throughout Gas Operations, as well as benchmarking with other companies within the Natural Gas Distribution industry to determine Duke Energy Ohio's ranking within, and performance compared to other companies.

The practices and procedures of the organization are continually being formulated and refined to provide the necessary guidelines for all personnel in meeting the goals and objectives of the organization and the Company.

V. Practices and Procedures

Specific duties of the Compliance and Technical Training Department include, but are not limited to:

- Developing and executing employee training and safety programs;
- Developing and executing training and safety programs for Company contractors, public authorities, and police and fire departments;
- Providing code and regulation interpretation, and coordinating compliance audits with state and federal regulatory agencies; and
- Coordinating process improvement and benchmarking efforts;

VI. Decision Making and Control

Decisions are made at the lowest appropriate level consistent with impact and authority. In making decisions, recommendations and information are received by the Manager, Compliance and Technical Training from the direct reports. All decision-making is designed to include a participative style of management.

Decisions that impact a segment of the Company broader than Compliance and Technical Training are discussed with the Vice President of Gas Operations. The President, Duke Energy Ohio Duke Energy Kentucky is consulted as deemed appropriate. Depending on the type of decision and the degree of impact, this discussion could range from merely informative to requiring formal approval. The Manager, Compliance and Technical Training and the Vice President, Gas Operations discuss, in

general terms, the activity of the Department on a routine basis. Although these discussions are informal in nature, they are ongoing, keeping both parties informed.

VII. Internal and External Communication

As a means of assisting in the decision-making process, both internal and external communications are maintained. Internal communications are accomplished within the Department by the preparation of weekly status reports, informal meetings, periodic staff meetings, and daily discussions. Also, internally, discussions and input are obtained as needed from the Gas Construction and Maintenance, Gas Engineering, Rates, Finance and Accounting, and Legal Departments.

External communications extend to: state and federal regulatory agencies, and other governmental agencies, participating in meetings with other utilities and actively participating on various committees of the American Gas Association, Ohio Gas Association, and Kentucky Gas Association.

VIII. Goal Attainment Quantification

Goals and the corresponding methods of measuring goal attainment are formulated annually by management. Department employees are evaluated annually on the attainment of individual goals. Individual goals are established in support of department goals. Some examples of specific goals are:

- Employee Safety;
- Meet all compliance requirements and continue open and effective relationships with regulators; and
- Offer employee development opportunities.

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

I. Policies and Goal Setting

The policies of the Gas Resources Department (Department) evolve from and support the objectives of Duke Energy Ohio, Inc. (Duke Energy Ohio or Company). The Manager, Gas Resources implements the policies and objectives under the direction of the Vice President, Gas Operations. These include policies regarding purchases of natural gas and upstream capacity. The Department also supports the corporate policies and objectives through department directives, procedures, and practices.

The goals of the Department are designed to support the goals of Gas Operations and business plan of the U.S. Franchised Electric & Gas (USFE&G). Determination of the objectives and goals is based on a decision process involving the Vice President, Gas Operations, the Manager, Gas Resources, and the staff of the Department. The internal criteria used in the decision process include, among others, the USFE&G business plan and the Load Forecasting Department's Gas Load Forecast. External criteria include energy market trends, projected demand for natural gas versus supply availability, availability of interstate pipeline capacity, interstate pipelines' tariffs, federal and state regulatory trends, and input from external consultants, including recommendations from auditors appointed by state regulatory commissions.

Duke Energy Ohio's primary objectives in securing natural gas for its firm sales customers are: (1) to purchase a reliable source of gas; (2) secure firm interstate pipeline capacity in order to transport the gas during extreme weather conditions; and (3) to purchase and transport the gas at an optimal cost, with significant consideration for minimizing price volatility for customers and supply diversity.

Review of these objectives and policies is continuous and revisions are made at least annually. Some may be revised more frequently based on their sensitivity to changing economic and market conditions.

II. Strategic Planning

The Department's plan for securing gas supply and pipeline capacity is discussed in Duke Energy Ohio's 2011 Long-Term Forecast Report for Gas Demand, Gas Supply, and Facility Projections which was filed with the Public Utilities Commission of Ohio (Commission) on June 1, 2011, and includes Duke Energy Ohio's Gas Supply Strategic Plan.

III. Organizational Structure

A manager who reports directly to the Vice President, Gas Operations heads the Department.

The organizational structure is presented on Exhibit GR-1.

IV. Responsibilities

The Department has the responsibilities of ensuring that the Company has a sufficient quantity of natural gas to meet the requirements of customers who continue to purchase gas from the Company rather than from a third-party supplier. In addition, Gas Resources analyzes future gas consumption and supply levels and ensures compliance with regulations that relate to the procurement, transportation, and production of gas supplies.

The Gas Resources Department also has the responsibility of negotiating transportation agreements and storage contracts with interstate pipeline gas transportation companies, North American Energy Standards Board (NAESB) gas supply contracts with producers and marketers, and asset management agreements. It also markets, administers, and complies with the federal regulation of KO Transmission Company, an interstate gas pipeline subsidiary of Duke Energy Ohio. In addition, this Department provides supply forecasting, analysis of gas costs and customer requirements, cash reporting, various statistical reports, and rate case work.

Gas Resources is also responsible for monitoring all federal and state legislative and regulatory actions involving gas supply matters, and intervening when appropriate. This Department also mediates service levels and costs with pipeline suppliers.

V. Practices and Procedures

The practices and procedures of the Department are continually being formulated and refined to provide the necessary guidelines for all personnel in meeting the goals and objectives of the Department and the Company.

Because of the dynamic changes in the gas industry both at the federal and state level, the Gas Resources Department's practices and procedures are reviewed and revised continuously to assure that all functional areas are operating at maximum efficiency and in compliance with all applicable laws and regulations.

Specific duties of the Gas Resources Department include, but are not limited to:

- Effectively manage gas supply portfolio, including propane peaking plants, to meet customer requirements;

- Represent the Company before state and federal regulatory agencies on gas supply, cost, and interstate pipeline matters;
- Prepare and maintain gas operations budgets including gas supply and cost forecasts and operating and maintenance; and
- Purchase natural gas supply and interstate pipeline transportation capacity.

VI. Decision Making and Control

In making decisions, recommendations and information are received by the Manager, Gas Resources from direct reports as well as others within Gas Operations or the Company. The manager initiates action after discussion with and approval from the Vice President, Gas Operations. The Group Executive & President of USFE&G is consulted as deemed appropriate.

The individual direct reports of the Manager, Gas Resources make day-to-day operational decisions that are within the framework of existing policies, strategies, and procedures.

Compliance is monitored internally and externally by state and federal regulatory agencies. In particular, every three years, an outside auditor selected by the PUCO audits the Gas Purchasing Policies and Practices of the Company extensively. The results of these audits are submitted to the Commission.

VII. Internal and External Communication

As a means of assisting in the decision making process, both internal and external communications are maintained. Since the Department is relatively small, internal communications are accomplished through informal meetings and daily discussions. Also, internally, discussions and input are obtained as needed from the Gas Construction and Maintenance, Gas Engineering, Gas Performance Support, Rates and Legal Departments.

External communications are very important in the decision process and consist of close association with outside legal personnel, consultants, and representatives of other pipeline and distribution companies. Also, the Gas Resources Department actively monitors proceedings before state and federal regulatory agencies on gas supply and transportation matters. This activity greatly enhances the decision-making capabilities of the department by making available to the Company knowledge of many gas supply options.

Information that Duke Energy Ohio customers and the general public need to know is passed on using the local media.

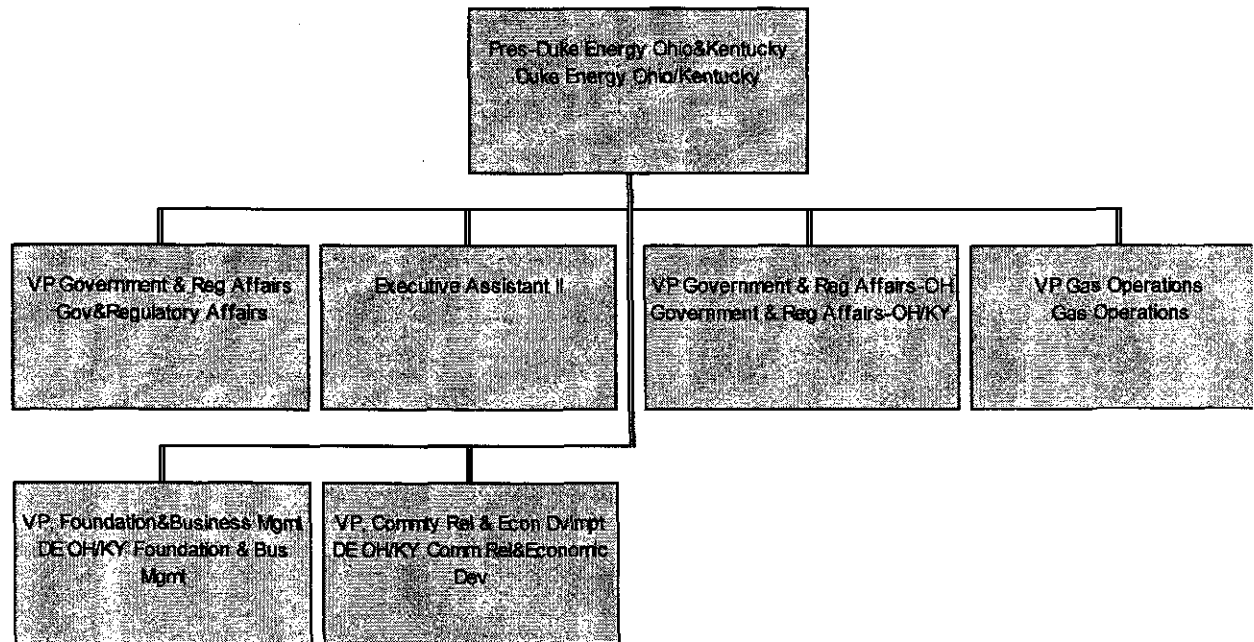
VIII. Goal Attainment and Qualification

The Gas Resources Department compares Duke Energy Ohio's Gas Cost Recover (GCR) rate to the Standard Service Offerings of the other three gas Local Distribution Companies in the state of Ohio as a benchmark.

Another measure of success of the Gas Resources Department is the Financial and Management Performance Audits of Duke Energy Ohio's GCR conducted by the Commission on a tri-annual basis.

Department employees are evaluated annually on the attainment of the annual individual key performance measures, which are established in support of department key performance goals.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
GAS PERFORMANCE SUPPORT DEPARTMENT

I. Policies and Goal Setting

The policies of the Gas Performance Support Department (Department) evolve from and support the objectives of Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and the overall Gas Operations department. The Director, Gas Performance Support implements the policies and objectives under the direction of the Vice President, Gas Operations.

The goals of the Department are designed to support the goals of Gas Operations and the business plan of U.S. Franchised Electric & Gas (USFE&G). Determination of the objectives and goals is based on a decision process involving the Vice President, Gas Operations, the Director, Gas Performance Support, and the staff of the department. A final review of the objectives and goals is conducted with the President, Duke Energy Ohio and Duke Energy Kentucky, Inc.

Gas Performance Support goals are published to make all Gas Operations employees aware of the department expectations. To assure continuous attention to the team and individual goals, departmental goals become part of the annual key performance appraisal process for department employees.

The Director of Gas Performance Support periodically reviews departmental goals and individual goals with personnel to assure their support and implementation. Meetings are held, as needed, to review progress of work plans. When problems are identified, corrective actions are established and target deadlines are set.

II. Strategic Planning

Gas Performance Support is responsible for creating the Gas Operations business plan. This business plan is used to develop the USFE&G business plan.

Examples of strategic planning by the Department are:

- Development of the Gas Operations business plan and associated Operations & Maintenance and capital budgets.

- Development of the departmental safety plan providing a vision and a mission for the department in support of the goal to achieve a Zero Injury – Zero Work Related Illness culture.
- Benchmarking is utilized to determine ranking within, and performance compared to, the Natural Gas Distribution industry.

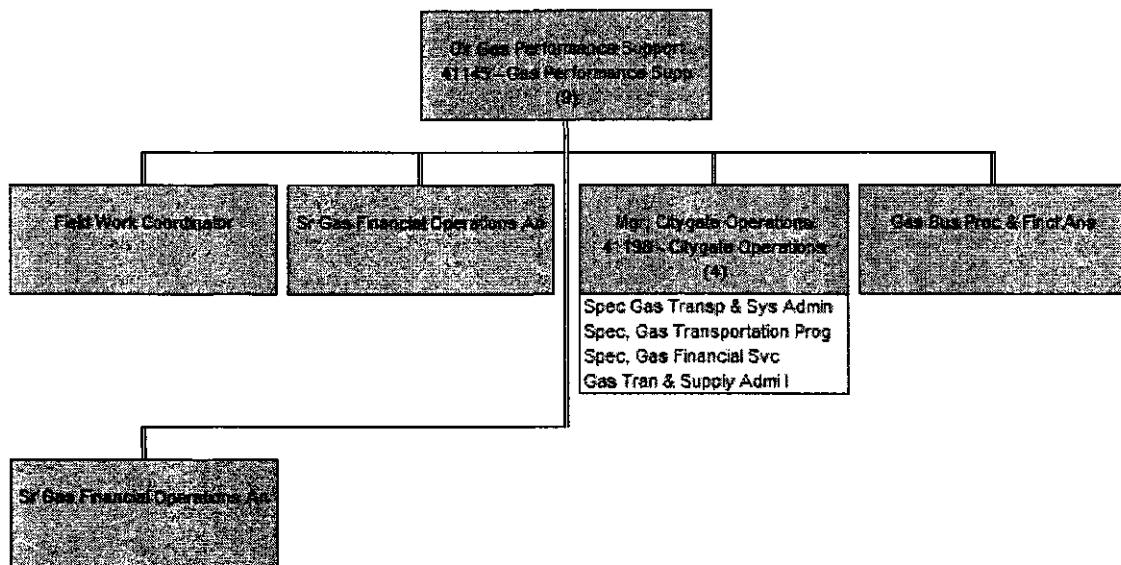
The strategic planning efforts of the department are accomplished within the Gas Operations management team and are in support of the corporate and USFE&G policies and goals.

III. Organizational Structure

The Gas Performance Support department is headed by a Director who reports to the Vice President, Gas Operations. Gas Performance Support is organized by three (3) functional areas:

- Financial
- City Gate Operations; and
- Field Work Coordination.

An organization chart of Gas Performance Support is provided below:



IV. Responsibilities

The Department is responsible for the financial leadership of the Gas Operations department. This includes annual budget preparation, creation of the business plan, variance analysis, financial modeling, and support of rate case requests.

The City Gate Operations team provides numerous services to gas transportation customers and suppliers, as necessary. Specific items include nomination confirmations, transporting, balancing, billing, load forecasting, and education regarding gas transportation tariffs and processes utilized to implement the tariffs.

Additional responsibilities include, but are not limited to, field work coordination for the support of the Field and System Operations department, development and administration of the Gas Operations Safety Plan, Gas Operations departmental performance/goal development and tracking, and benchmarking with other companies within the Natural Gas Distribution industry to determine Duke Energy Ohio's ranking within, and performance compared to, other companies.

V. Practices and Procedures

The practices and procedures of the organization are continually being created and refined to provide the necessary guidelines for all personnel in meeting the goals and objectives of the organization and the Company.

Specific duties of the Gas Performance Support Department include, but are not limited to:

- Effectively manage the financial results of the Gas Operations department;
- Effectively manage the distribution and transportation of gas to customers, including management of the interruptible transportation program;
- Reconcile invoices and process accounts payable related to natural gas purchases; and
- Coordinate the transportation programs needed to achieve the delivery of gas between supplier and end user.

VI. Decision Making and Control

Decisions are made at the lowest appropriate level consistent with impact and authority. In making decisions, recommendations and information are received by the Director, Gas Performance Support from the direct reports. All decision-making is designed to include a participative style of management.

Decisions that impact a segment of the company broader than Gas Performance Support are discussed with the Vice President, Gas Operations. The President, Duke Energy Ohio & Duke Energy Kentucky, Inc. is consulted as deemed appropriate. Depending on the type of decision and the degree of impact, this discussion could range from merely informative to requiring formal approval. The Director, Gas Performance Support and the Vice President, Gas Operations discuss, in general terms, the activity of the

department on a routine basis. Although these discussions are informal in nature, they are ongoing, keeping both parties informed.

VII. Internal and External Communication

As a means of assisting in the decision-making process, both internal and external communications are maintained. Internal communications are accomplished within the department by the preparation of weekly status reports, informal meetings, and daily discussions. Also, internally, discussions and input are obtained as needed from the other areas of the Gas Operations department as well as the Corporate Finance and Accounting, Rates, and Legal Departments.

External communications extend to state and federal regulatory agencies and, other governmental agencies, participating in meetings with other utilities, and actively participating on various committees of the American Gas Association, Ohio Gas Association, and Kentucky Gas Association.

VIII. Goal Attainment Quantification

Goals and the corresponding methods of measuring goal attainment are formulated annually by management. Department employees are evaluated annually on the attainment of individual goals. Individual goals are established in support of department goals. Some examples of specific goals are:

- Managing O&M and Capital expenditures to within an acceptable tolerance, relative to budget;
- Employee Safety;
- Manage supplier imbalances to within an acceptable tolerance; and
- Offer employee development opportunities.

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
GAS FIELD AND SYSTEM OPERATIONS DEPARTMENT

I. Policy and Goal Setting

Gas Field and System Operations Department (Department) supports corporate policies and objectives through department directives, procedures, and practices.

The goals of Gas Field and System Operations are designed to support the business plans of Gas Operations and the U.S. Franchised Electric & Gas (USFE&G). Annually, the General Manager of Gas Field and System Operations meets with the managers to develop strategies and goals to meet the business plan of Gas Operations. These goals are then submitted to the Vice President, Gas Operations to be included as part of the USFE&G business plan.

Gas Field and System Operations strategies and goals are published and reviewed with supervisors in each division to ensure their support and implementation. To assure continuous attention to team and individual goals, department goals become part of the individual employee performance appraisal process.

The General Manager and Managers of Gas Field and System Operations periodically review goals. Staff meetings are held regularly to review the progress of work plans. When problems are identified, corrective actions are established and target deadlines are set. Additionally, there are staff meetings between managers and their supervisors for the same purpose.

The Department, in conjunction with the other operating areas of Gas Operations, is responsible for the development of practices, policies, and procedures for the installation, operation, and maintenance of gas facilities. These practices, policies, and procedures are reported in the Gas Operations Standards Manual for Design, Construction, System Operations, and Maintenance. This manual provides the policies, practices, and procedures to department employees engaged in the installation and maintenance of gas facilities.

The Department maintains additional manuals to provide training and technical support for employees. These manuals provide information regarding quality assurance and emergency action to be taken when required. The Department also supports the

corporate policies and objectives through the department directives, procedures, and practices.

The primary responsibility of the Gas Field and System Operations is to install, operate, measure, monitor, and inspect work completed by contractor workforces, and maintain distribution facilities for the delivery of gas from the supplier and/or Duke Energy Ohio's plants and storage facilities to the customer in a safe, reliable, and economical manner. The Department supports the overall goals of Gas Operations, as well as, the business plan of USFE&G.

II. Strategic Planning

Gas Operations planning directly supports the USFE&G Business Plan. The strategy and goal process supports the strategic directions as follows:

- Develop a Zero Injury, Zero Work Related Illness culture where each employee takes personal responsibility for identifying and mitigating risks that are inherent to their work environment, removing exposures to hazards, and reinforcing safe behaviors to ensure the physics of an accident is never allowed to begin;
- Participate in planning sessions as well as implementation to ensure system integrity is maintained;
- Ensure compliance with all federal and state rules and regulations;
- Measure, monitor, and operate gas feeder/distribution system;
- Maintain pressure regulating facilities;
- Identify, develop, and implement new methods and equipment to improve service and reduce costs;
- Hire, train, and develop Duke Energy Corporation and contractor personnel to perform the job now and to be prepared to do so in the future;
- Maintain a qualified Company and contractor workforce;
- Analysis of workload verses resource availability in order to maintain schedule flexibility and to provide safe, reliable, and economic service to customers and to maintain system integrity;
- Monitor the condition of the gas system to identify areas that warrant replacement, upgrading, etc. to meet existing and future energy consumption; and
- Participative management is essential with employees sharing a common goal. Quality assurance and operator qualification are essential to assuring safe and reliable service. A continuous effort is maintained to train, qualify, and develop personnel.

III. Organizational Structure

Gas Field and System Operations is within the USFE&G and is headed by the General Manager of Gas Field and System Operations within Gas Operations. The Department is organized as follows into four (4) divisions/areas.

- System Operations and Production (Gas Plants);
- Field Operations;
- Contractor Construction Management; and
- Gas Control;

An organizational chart showing the divisions/areas is attached as Exhibit GCM-1.

IV. Responsibilities

The Department has general charge of the facilities and resources necessary for the safe, reliable, and economic installation, operation, and maintenance of facilities and equipment for the delivery of gas from the supplier and/or the Company's gas plants to the customer.

System Operations and Production (Division) has the responsibility of maintaining and ensuring proper operation of all propane plants and propane storage facilities and compliance programs such as regulator/relief valve and transmission/distribution valve inspections. In addition, this Division has the responsibility for installing and maintaining all Supervisory, Control and Data Acquisition field equipment and for the odorization of natural gas. It also maintains and assists in operating all pressure regulating facilities.

The Field Operations Division has responsibility for maintenance and repair of gas facilities, as well as compliance programs such as Leak Surveys and leak repair/evaluation. The specific responsibilities of Field Operations include installing, operating, and maintaining transmission and distribution facilities including mains, services, meters, and regulators; conducting leakage detection surveys and other Department of Transportation compliance programs; responding to gas trouble calls (investigate reports of escaping gas), emergencies and customers' requests for service; setting and removing residential meters; and inspecting residential house piping during new service installation.

Contractor Construction Management has the responsibility for the inspection and supervision of gas facility installation, replacement, and street improvement projects that are completed by contractor workforces.

Gas Control is responsible for the twenty-four hour continuous operation of the gas pipeline system, from transmission pressure delivery at the city gate stations to the distribution pressures throughout the piping network. Control room personnel monitor and take appropriate action to control gas pressures, flows, and odorant injection rates to enable safe, reliable, and continuous delivery of natural gas to customers in a cost effective manner.

V. Practices and Procedures

The Department has direct responsibility for review and revision of practices and procedures used within the Department. The Department's practices and procedures are reviewed and revised continuously to assure that all functional areas are operating at maximum efficiency and in compliance with all applicable laws and regulations. These policies and procedures provide support to employees engaged in the construction and maintenance and compliance activities.

The Department works closely with Gas Engineering, Gas Performance Support, Gas Compliance and Training, Gas Customer Accounts & Projects, Service Delivery, Enterprise Fleet, Distribution Design, Sourcing, and Legal. Engineering provides engineering services, expertise, and guidance for achievement of compliance with all applicable regulatory rules and codes, and for metering and regulating equipment. Gas Compliance and Training provides employee training and code and regulation interpretation. Gas Performance Support provides process improvement and financial support. Gas Customer Accounts & Projects provides information and guidance necessary to serve the large customer base. Service Delivery provides first contact gas emergency response and notifies the Department of emergencies requiring their expertise. Enterprise Fleet provides Gas Operations with maintaining transportation and excavating equipment to support the necessary department operations. Distribution Design assists the department by projecting what new work can be expected, permitting planning for future manpower, material, and equipment needs. The Office of General Counsel provides legal advice for management and/or employees acting on behalf of the Company. Sourcing provides the purchasing and stocking of routine materials used in day-to-day operations of Gas Operating.

Gas Field and System Operations works closely with and receives services from many departments within the Duke Energy Corporation. The Human Resources, Labor Management, Safety & Health Departments and the Staffing & Employee Development Department secure competent employee recruitment, provide employee emergency medical assistance, administer final stages of employee disputes, etc. Facilities Services, Office Services, Government and Regulatory Affairs, Accounting, Information Technology, and the Environmental Resource Management Departments interact with all the divisions/areas within the department in various ways.

VI. Decision Making and Control

Operation, goal, and policy decisions are made at the appropriate level consistent with impact and authority.

Decisions that impact a segment of the Company broader than Gas Field and System Operations are discussed with the Vice President of Gas Operations. The President of

Duke Energy Ohio & Duke Energy Kentucky, Inc, is consulted as deemed appropriate. Depending on the type of decision and the degree of impact, this discussion could range from merely informative to requiring formal approval. The General Manager of Gas Field and System Operations and the Vice President, Gas Operations discuss, in general terms, the activity of the Gas Field and System Operations (Department) on a routine basis. Although these discussions are informal in nature, they are ongoing, keeping both parties informed. Individual Managers hold regular meetings with their personnel to discuss Department policies.

The first-line supervisors are the decision makers on day-to-day routine matters. This reinforces the Department policy to allow decisions to be made at the lowest level possible. In the more complex matters, the decision could progress to a higher level, including the executive level, if necessary.

Decisions, such as personnel assignments, are typical of those made by a Field supervisor and a scheduler. Management in each division makes decisions such as job priority, work rules, and manpower assignments. All decision-making is designed to include participative style of management.

VII. Internal and External Communication

The General Manager of Gas Field and System Operations have contact, either by telephone or in person, on an ongoing basis with the Vice President of Gas Operations, the Directors of Engineering and Gas Performance Support, and the Managers of Compliance & Training, Gas Customer Accounts and Projects, and Gas Resources to review and discuss pending issues. The General Manager also meets regularly with the Vice President, Directors, and Managers, of Gas Operations and the Gas Operations Budget Specialists to discuss matters of mutual concern and planning strategies.

Internal department communication among the staff and management is frequent during daily activity. The department is dispersed among some eight different locations. The Managers visit these outlying facilities in an effort to communicate face-to-face with all employees on a regular basis.

Internal communications consisting of informational meetings are held as needed. These meetings are normally held by the Vice President, General Manager, and Managers who relay pertinent information to field personnel. Safety meetings are held with all department personnel at least quarterly and are conducted by Safety & Health personnel with managers present. The Emergency Plan, Department Procedure Manuals, inter-department memos, various letters, etc. are reviewed at least annually or as needed. Additionally, management has daily contact with their staff, which provides for various discussions including assistance in decision-making, progress of various jobs, personnel requirements, and other pertinent Company and/or department business.

External communications consist of participating in meetings with other utilities as well as actively participating on various committees of the American Gas Association, Ohio Gas Association, and Kentucky Gas Association. In addition, various personnel are selected to attend appropriate management training programs outside the Company.

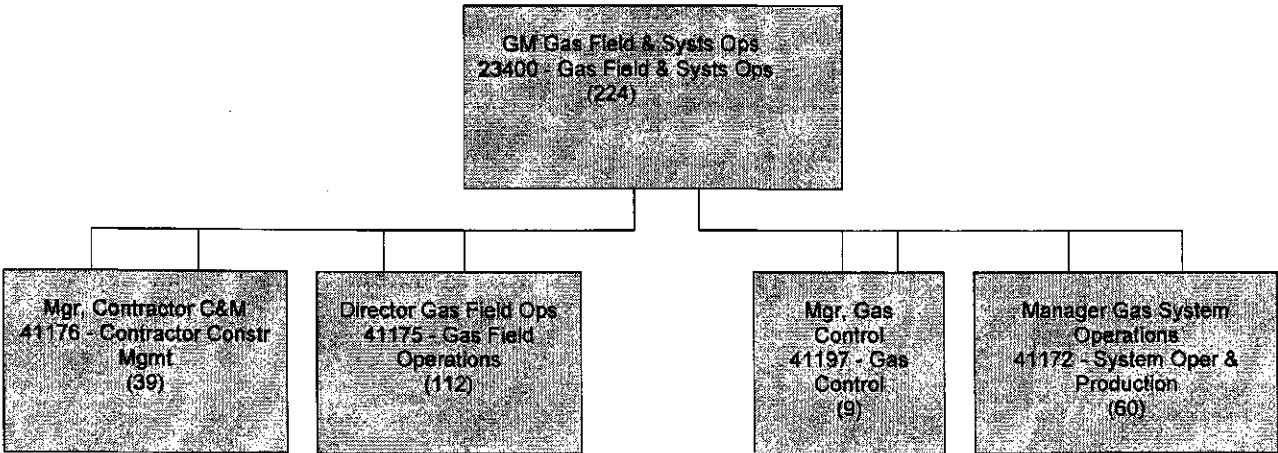
Ideas, suggestions, and information about new techniques are received and evaluated from all levels of employees within Gas Operations. In addition, management reviews trade magazines, literature, etc. to determine new ideas and methods of providing improved services while reducing Gas Operating Department costs. Additionally, Gas Operations participates in the American Gas Association's benchmarking program to gain lessons learned from others, determine how department processes compare to those of others in the industry, and learn of better means of providing service to the customers at the lowest possible cost. It is a responsibility of all Department supervisors to constantly seek new and better means of providing safe and reliable service to the customers at the lowest possible cost.

VIII. Goal Attainment and Qualification

Goals and the corresponding methods of measuring goal attainment are formulated by management to meet the special needs of their respective divisions/areas or employees. Some examples of specific goals are:

- Manage Operating Expenses and Capital Expenditures;
- Achieve reliability measures;
- Deliver safe and reliable 24/7 service;
- Encourage employee development and continuous improvement across the processes;
- Meet compliance requirements and continue open and effective relationships with the regulators;
- Improve upon current safety statistics.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC.
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
COST ALLOCATION METHODOLOGY AND FACTORS
IN RESPONSE TO STAFF LETTER DATED JUNE 20, 2012

I. Corporate Governance and Shared Services

Duke Energy affiliates may use joint corporate oversight, governance, corporate support and utility support systems and personnel. These services are provided by Duke Energy Business Services (Service Company) under a Service Company Utility Service Agreement.

Costs must be allocated or charged back on a fully distributed cost basis and are subject to review by state regulators. Charging methods are described below.

Costs for shared services are distributed to affiliates within Duke Energy through direct charges, distribution or allocation. Costs are direct charged to the extent possible. Costs that cannot be direct charged can be distributed to the applicable business units using specific percentages if known. Costs that cannot be direct charged or distributed are allocated to the business units receiving the benefit using reasonable allocation methods. Services are charged to Affiliates on a fully distributed cost basis and include labor and non-labor costs. As part of a fully distributed cost, an overhead component is charged to Affiliates as a percentage of Service Company labor costs, whether direct charged, distributed or allocated. This overhead represents the cost of shared services provided by shared services employees.

The Corporate Accounting group is responsible for developing the allocation factors which serve as the basis for the allocation of costs that have not been direct charged or distributed. Final allocation factors distributing costs to each affiliated sum to 100% for each cost pool, thus clearing out 100% of costs being allocated each month. Interim adjustments to allocation factors are made only for material transactions, such as an acquisition or divestiture of an affiliate, and for major company reorganizations.

Corporate Accounting reviews Service Company allocation factors annually. Typically during the budget process, rates are recalculated (with data 12 months ended June) and implemented for actuals at the beginning of the following year. These rates are reflected in the Service Company allocation rate schedule included in the Cost Allocation Manual.

The following procedure addresses employees' and management's responsibilities:

A. General Guidelines

1. Hours worked by Service Company employees in direct support of Duke Energy affiliates are charged directly to the affiliates;
2. First-line supervisors should review and approve, when appropriate, source documentation resulting in a charge by Service Company to Duke Energy affiliates (timesheets, employee expenses, etc.);

3. First-line supervisors are responsible for reviewing reports that show monthly charges to their responsibility center. These reports would include any charges incurred by the responsibility center to Duke Energy affiliates.
 4. Service Company to Duke Energy affiliate transactions are covered under the Service Company Utility Agreement.
- B. Time Reporting - When a Service Company employee provides direct support to Duke Energy affiliates:
1. Hours worked by Service Company employees in direct support of Duke Energy affiliates are charged directly to the affiliates.
 2. Management should review any non-exempt timesheet where a Service Company employee provides support to a Duke Energy affiliate. Management approvals are required for non-exempt employee timesheets, as well as exempt employee timesheets where banked or paid supplemental compensation is involved.
 3. The financial system will automatically load time reported to Duke Energy affiliates with labor loads of fringe benefits, payroll taxes, incentive pay and unproductive time, as applicable.

II. Description of Services and Determination of Charges for Services (Excerpt from Operating Companies Service Agreement, dated September 1, 2008, "Appendix A")

- I. The Service Company will maintain an accounting system for accumulating all costs on an activity, process, project, responsibility center, work order, or other appropriate basis. To the extent practicable, time records of hours worked by Service Company employees will be kept by activity, process, project, responsibility center or work order. Charges for salaries will be determined from such time records and will be computed on the basis of employees' labor costs, including the cost of fringe benefits, indirect labor costs and payroll taxes. Records of employee-related expenses and other indirect costs will be maintained for each functional group within the Service Company (hereinafter referred to as "Function"). Where identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs will be directly assigned to such activity, process, project, responsibility center or work order. Where not identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs within a Function will be distributed in relationship to the directly assigned costs of the Function. For purposes of this Appendix A, any costs not directly assigned or distributed by the Service Company will be allocated monthly.
- II. Service Company costs accumulated for each activity, process, project, responsibility center or work order will be directly assigned, distributed, or allocated to the Client Companies or other Functions within the Service Company as follows:
 1. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for a single Client Company or Function will be directly assigned and charged to such Client Company or Function.
 2. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for two or more Client Companies or Functions will be distributed among and charged to such Client Companies or Functions. The appropriate method of distribution will be determined by the Service Company on a case-by-case basis consistent with the nature of the work performed and will be based on the application of one or more of the methods described in paragraphs IV and V of this Appendix A. The distribution method will be provided to each such affected Client Company or Function.
 3. Costs accumulated in an activity, process, project, responsibility center or work order for services of a general nature which are applicable to all Client Companies or Functions or to a class or classes of Client Companies or Functions will be allocated among and charged to such Client Companies or Functions by application of one or more of the methods described in paragraphs IV and V of this Appendix A.
- III. For purposes of this Appendix A, the following definitions or methodologies shall be utilized:

1. Where applicable, the following will be utilized to convert gas sales to equivalent electric sales: 1 cubic foot of gas sales equals 0.303048 kilowatt-hour of electric sales (based on electricity at 3412 Btu/kWh and natural gas at 1,034 Btu/cubic foot).
2. "Domestic utility" refers to a utility which operates in the contiguous United States of America.
3. "Gross margin" refers to revenues as defined by Generally Accepted Accounting Principles, less cost of sales, including but not limited to fuel, purchased power, emission allowances and other cost of sales.
4. "Distribution" means electric distribution and local gas distribution as applicable.
5. "Distribution Lines" mean electric power lines at distribution voltages measured in circuit miles, and gas mains and lines, as applicable.

The weights utilized in the weighted average ratios in paragraph V of this Appendix A shall represent the percentage relationship of the activities associated with the function for which costs are to be allocated. For example, if an expense item is to be allocated on the weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the Total Property, Plant and Equipment ("PP&E") Ratio, and the activity to be allocated is one-third gross margin related, one-third labor related and one-third PP&E related, 33 percent of the Gross Margin Ratio would be utilized, 33 percent of the Labor Dollars Ratio and 34 percent of the PP&E Ratio would be utilized. To illustrate this application, assuming that the Gross Margin Ratio were 53.75 percent for Company A and 46.25 percent for Company B, the Labor Dollars Ratio were 25 percent for Company A and 75 percent for Company B, and the Total PP&E Ratio were 60 percent for Company A and 40 percent for Company B, the following weighted average ratio would be computed:

Activity	Weight	<u>Company A</u>		<u>Company B</u>	
		Ratio	Weighted	Ratio	Weighted
Gross Margin Ratio	33%	53.75%	17.74%	46.25%	15.26%
Labor Dollars Ratio	33%	25.00%	8.25%	75.00%	24.75%
Total Property, Plant and Equipment Ratio	<u>34%</u>	60.00%	<u>20.40%</u>	40.00%	<u>13.60%</u>
	100%		46.39%		53.61%

- IV. The following allocation methods will be applied, as specified in paragraph V of this Appendix A, to assign costs for services applicable to two or more clients and/or to allocate costs for services of a general nature.

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic

utility affiliates, where applicable), This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction-Expenditures Ratio

A ratio, based on the applicable projected construction expenditures for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Miles of Distribution Lines Ratio

In the case of electric Distribution, a ratio, based on the applicable installed circuit miles of domestic electric Distribution Lines, and in the case of gas Distribution, a ratio, based on the applicable installed miles of domestic gas Distribution Lines, in either case at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility

Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be

determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

19. Number of Meters Ratio

A ratio, based on the number of electric and/or gas meters, as applicable, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. Separate ratios will be computed for appropriate meter classifications (e.g., type of metering technology). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. O&M Expenditures Ratio

A ratio, based on the operation and maintenance (O&M) expenditures for a prior twelve month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total O&M expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually.

- V. A description of each Function's activities, which may be modified from time to time by the Service Company, is set forth below in paragraph "a" under each Function. As described in paragraph II, "1" and "2" of this Appendix A, where identifiable, costs will be directly assigned or distributed to Client Companies or to other Functions of the Service Company. For costs accumulated in activities, processes, projects, responsibility centers, or work orders which are for services of a general nature that cannot be directly assigned or distributed, as described in paragraph II, "3" of this Appendix A, the method or methods of allocation are set forth below in paragraph "b" under each Function. For any of the functions set forth below other than Information Systems, Transportation, Human Resources or Facilities, costs of a general nature to be allocated pursuant to this Agreement shall exclude costs of a general nature which have been allocated to affiliated companies not a party to this Agreement. Substitution or changes may be made in the

methods of allocation hereinafter specified, as may be appropriate, and will be provided to state regulatory agencies and to each Client Company. Any such substitution or changes shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

1. Information Systems

a. Description of Function

Provides communications and electronic data processing services. The activities of the Function include:

- (1) Development and support of mainframe computer software applications.
- (2) Procurement and support of personal computers and related network and software applications.
- (3) Development and support of distributed computer software applications (e.g., servers).
- (4) Installation and operation of communications systems.
- (5) Information systems management and support services.

b. Method of Allocation

- (1) Development and support of mainframe computer software applications - allocated between the Client Companies and other Functions of the Service Company based on the number of Central Processing Unit Seconds Ratio, or allocated among the Client Companies on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio as appropriate.
- (2) Procurement and support of personal computers and related network and software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Personal Computer Work Stations Ratio.
- (3) Development and support of distributed computer software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Information Systems Servers Ratio.
- (4) Installation and operation of communications systems - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.
- (5) Information systems management and support services - allocated to the Client Companies and to other Functions of the Service Company based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

2. Meters

a. Description of Function

Procures, tests and maintains meters.

b. Method of Allocation

Allocated to the Client Companies based on the Number of Customers Ratio.

3. Transportation

a. Description of Function

- (1) Procures and maintains vehicles and equipment.

- (2) Procures and maintains aircraft and equipment.
 - b. Method of Allocation
 - (1) The costs of maintaining vehicles and equipment are allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.
 - (2) The costs of maintaining aircraft and equipment are allocated to the Client Companies and to other Functions of the Service Company based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.
4. System Maintenance
- a. Description of Function

Coordinates maintenance and support of electric transmission systems and Distribution systems.
 - b. Method of Allocation
 - (1) Services related to electric transmission systems - allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.
 - (2) Services related to electric Distribution systems - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.
 - (3) Services related to gas Distribution systems – allocated to the Client Companies based on the Labor Dollars Ratio.
5. Marketing and Customer Relations
- a. Description of Function

Advises the Client Companies in relations with domestic utility customers.
The activities of the Function include:

 - (1) Design and administration of sales and demand-side management programs.
 - (2) Customer meter reading, billing and payment processing.
 - (3) Customer services including the operation of call center.
 - b. Method of Allocation
 - (1) Design and administration of sales and demand-side management programs - allocated to the Client Companies based on the Sales Ratio.
 - (2) Customer billing and payment processing - allocated to the Client Companies based on the Number of Customers Ratio.
 - (3) Customer Services - allocated to the Client Companies based on the Number of Customers Ratio.
6. Transmission and Distribution Engineering and Construction
- a. Description of Function

Designs and monitors construction of electric transmission and Distribution Lines and associated facilities. Prepares cost and schedule estimates, visits construction sites to ensure that construction activities coincide with plans, and administers construction contracts.
 - b. Method of Allocation
 - (1) Transmission engineering and construction allocated to the Client Companies based on the Electric Transmission Plant's Construction-Expenditures Ratio.

- (2) Distribution engineering and construction allocated to the Client Companies based on the Distribution plant's Construction-Expenditures Ratio.

7. Power Engineering and Construction

- a. Description of Function
Designs, monitors and supports the construction and retirement of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units, improvements to existing electric generating units, and the retirement of existing electric generating equipment, including developing associated operating processes with operations personnel. Prepares cost and schedule estimates and visits construction sites to ensure that construction and retirement activities meet schedules and plans.
- b. Method of Allocation
Allocated to the Client Companies based on the Electric Production Plant's Construction-Expenditures Ratio.

8. Human Resources

- a. Description of Function
Establishes and administers policies and supervises compliance with legal requirements in the areas of employment, compensation, benefits and employee health and safety. Processes payroll and employee benefit payments. Supervises contract negotiations and relations with labor unions.
- b. Method of Allocation
Allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.

9. Materials Management

- a. Description of Function
Provides services in connection with the procurement of materials and contract services, processes payments to vendors, and provides management of material and supplies inventories.
- b. Method of Allocation
- (1) Procurement of materials and contract services and vendor payment processing - allocated to the Client Companies and to other Functions of the Service Company based on the Procurement Spending Ratio.
 - (2) Management of materials and supplies inventory - allocated to the Client Companies on the Inventory Ratio.

10. Facilities

- a. Description of Function
Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.
- b. Method of Allocation
Allocated to the Client Companies and to other Functions of the Service Company based on the Square Footage Ratio.

11. Accounting

a. Description of Function

Maintains the books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, prepares tax filings and supervises compliance with the laws and regulations.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

12. Power and Gas Planning and Operations

a. Description of Function

Coordinate the planning, management and operation of Duke Energy Corporation's power generation, transmission and Distribution systems. The activities of the Function include:

- (1) System Planning - planning of additions and retirements to the electric generation units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.
- (2) System Operations - coordination of the dispatch and operation of the electric generating units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.
- (3) Power Operations – provides management and support services for the electric generation units owned or operated by subsidiaries of Duke Energy Corporation.
- (4) Wholesale Power Operations – coordination of Duke Energy Corporation's wholesale power operations.

b. Method of Allocation

(1) System Planning

- (a) Generation planning - allocated to the Client Companies based on the Electric Peak Load Ratio.
- (b) Transmission planning – allocated to the Client Companies based on the Electric Peak Load Ratio.
- (c) Electric Distribution planning - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.
- (d) Gas Distribution planning – allocated to the Client Companies based on the Construction-Expenditures Ratio.

(2) System Operations –

- (a) Generation Dispatch - allocated to the Client Companies based on the Sales Ratio.
- (b) Transmission Operations - allocated to the Client Companies based on a weighted average of the Circuit Miles of Electric Transmission Lines Ratio and the Electric Peak Load Ratio.
- (c) Electric Distribution Operations - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.

- (d) Gas Distribution Operations – allocated to the Client Companies based on the Construction-Expenditures Ratio.
- (3) Power Operations – allocated to the Client Companies based on the Generating Unit MW Capability Ratio.
- (4) Wholesale Power Operations – allocated to the Client Companies based on the Sales Ratio.

13. Public Affairs

- a. Description of Function
Prepares and disseminates information to employees, customers, government officials, communities and the media. Provides graphics, reproduction lithography, photography and video services.
- b. Method of Allocation
 - (1) Services related to corporate governance, public policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.
 - (2) Services related to utility specific activities - allocated to the Client Companies based on a weighted average of the Number of Customers Ratio and the Number of Employees Ratio.

14. Legal

- a. Description of Function
Renders services relating to labor and employment law, litigation, contracts, rates and regulatory affairs, environmental matters, financing, financial reporting, real estate and other legal matters.
- b. Method of Allocation
Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

15. Rates

- a. Description of Function
Determines the Client Companies' revenue requirements and rates to electric and gas requirements customers. Administers interconnection and joint ownership agreements. Researches and forecasts customers' usage.
- b. Method of Allocation
Allocated to the Client Companies based on the Sales Ratio.

16. Finance

- a. Description of Function
Renders services to Client Companies with respect to investments, financing, cash management, risk management, claims and fire prevention. Prepares budgets, financial forecasts and economic analyses.
- b. Method of Allocation
Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

17. Rights of Way

a. Description of Function

Purchases, surveys, records, and sells real estate interests for Client Companies.

b. Method of Allocation

- (1) Services related to Distribution system - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.
- (2) Services related to electric generation system- allocated to the Client Companies based on the Electric Peak Load Ratio.
- (3) Services related to electric transmission system – allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.

18. Internal Auditing

a. Description of Function

Reviews internal controls and procedures to ensure that assets are safeguarded and that transactions are properly authorized and recorded.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

19. Environmental, Health and Safety

a. Description of Function

Establishes policies and procedures and governance framework for compliance with environmental, health and safety (“EHS”) issues, monitors compliance with EHS requirements and provides EHS compliance support to the Client Companies’ personnel.

b. Method of Allocation

- (1) Services related to corporate governance, environmental policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.
- (2) Services related to utility specific activities – allocated to the Client Companies based on the Sales Ratio

20. Fuels

a. Description of Function

Procures coal, gas and oil for the Client Companies. Ensures compliance with price and quality provisions of fuel contracts and arranges for transportation of the fuel to the generating stations.

b. Method of Allocation

Allocated to the Client Companies based on the Sales Ratio.

21. Investor Relations

a. Description of Function

Provides communications to investors and the financial community, performs transfer agent and shareholder record keeping functions, administers stock plans and performs stock-related regulatory reporting.

b. Method of Allocation