

LARGE FILING SEPARATOR SHEET

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

FILE DATE:
07/09/12

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DESCRIPTION OF DOCUMENT:
APPLICATION

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

22. Planning

a. Description of Function

Facilitates preparation of strategic and operating plans, monitors trends and evaluates business opportunities.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

23. Executive

a. Description of Function

Provides general administrative and executive management services.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

See Service Company Cost Allocation Details (2010 – 2012) that shows each service company with corresponding allocation percentage by jurisdiction (detail Business Units for Regulated Ohio) (Attachment A hereto). This schedule shows each of the functions described previously and each of the different allocations within each function and the percentage allocated to each of the jurisdictions and other Duke businesses.

Also attached is a summary of the three factor allocator for Regulated Ohio for 2010 – 2012 (Attachment B hereto).

SERVICE COMPANY COST ALLOCATION DETAILS 2012
COST ALLOCATIONS IN SERVICE AGREEMENTS

St	Function	Operating Unit (OU)	Alloc Pool Description	Total DPC	DEO 75050 KO Transmission n Company	DEO 75051 KO Transmission n Company	DEO 75090 TriState Improvement	DEO 75091 TriState Governance	DEO 75013 DE Ohio (USFRELCO V)	DEO 75014 DE Ohio (USFRGSGO V)	DEO 75026 DE Ohio Gas Delivery	DEO 75025 DE Ohio Other Elec	DEO 75023 DE Ohio Power Deliv - Elec	DEO 75024 DE Ohio Cus Service - Elec	DEO 75027 DE Ohio Customer	DEO 75028 DE Ohio Other - Gas	DEO Total
1.	Information Systems	ENMF UTMF	Mainframe Svcs Ent Mainframe Svcs Utility	53.11	-	-	-	-	-	-	-	-	-	15.19	9.27	-	24.46
		ENWS UTWS	Worksta Svcs Enterprise Worksta Svcs Utility	79.49	-	-	-	-	-	-	1.01	1.10	0.53	0.11	-	0.02	2.77
		ENSS UTSS	Server Svcs Enterprise Server Svcs Utility	39.24	-	-	-	-	-	-	1.64	1.74	4.93	4.83	3.38	0.39	16.91
		ENTTS	Telecom Svcs Enterprise Telecom Svcs Utility	70.38	-	-	-	-	-	-	1.75	1.90	0.94	0.19	-	0.03	4.81
		ENHD	Helpdesk Services	70.38	-	-	-	-	-	-	1.75	1.90	0.94	0.19	-	0.03	4.81
		ENMA UTMA	ITS Mgt & Apps Svcs Ent ITS Mgt & Apps Utility	58.69	0.01	-	0.02	-	-	-	0.56	2.87	1.18	0.84	1.10	1.07	7.65
				67.06	0.01	-	0.02	-	-	-	0.65	3.31	1.37	0.97	1.27	1.23	8.83
2.	Meters	UTMS UMMS UEMS	Meter Svcs Utility Meter Svcs Util MWonly Elec/Gas Meter Svcs Util MW Elec	53.11	-	-	-	-	-	-	9.27	-	15.19	-	-	-	24.46
				-	-	-	-	-	-	-	-	-	-	32.39	19.75	-	52.14
				-	-	-	-	-	-	-	-	-	-	42.75	-	-	42.75
3.	Transportation	UMVE	Transp Vehicles Util MW only	-	-	-	-	-	-	-	-	20.41	-	-	-	3.58	23.99
		CGAV ENAV	Transp Aviation Grvnce Transp Aviation Svcs Ent	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
				59.10	0.01	-	0.02	-	-	-	-	4.95	-	-	-	2.73	7.71
4.	Electric System Maintenance	UTTR	ESS Elec Tran Utility	62.65	-	-	-	-	-	-	-	-	11.22	-	-	-	11.22
		UTDI UMDI	ESS Elec Dist Utility ESS Elec Dist Utility MW only	67.13	-	-	-	-	-	-	-	-	11.26	-	-	-	11.26
				-	-	-	-	-	-	-	-	-	34.25	-	-	-	34.25
5.	Marketing and Customer Relations	UTSD NET	M&CR Sales & Demand Util Customer Strategy P&S	49.84	-	-	-	-	-	-	-	-	-	12.34	13.29	-	25.63
		STD	Standard Services	49.84	-	-	-	-	-	-	-	-	-	12.34	13.29	-	25.63
		UMSD	M&CR Standard Prod Util MWonly	-	-	-	-	-	-	-	-	-	-	24.61	26.49	-	51.10

SERVICE COMPANY COST ALLOCATION DETAILS 2012 COST ALLOCATIONS IN SERVICE AGREEMENTS

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2012
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SERVICE COMPANY COST ALLOCATION DETAILS 2012
COST ALLOCATIONS IN SERVICE AGREEMENTS

Function	Operating Unit (OU)	Alloc Pool Description	St Cd	Total DPC	DEO 75050 KO Transmission n Company	DEO 75051 KO Transmission n Company	DEO 75090 Tristate Improvement Company	DEO 75091 InState Governance	DEO 75013 DE Ohio (USFR)GO (V)	DEO 75014 DE Ohio (USFR)GO (V)	DEO 75026 DE Ohio Delivery Gas	DEO 75025 DE Ohio Other Elec	DEO 75023 DE Ohio Power Deliv - Elec	DEO 75024 DE Ohio Cus Service- Elec	DEO 75027 DE Ohio Gas Customer	DEO 75028 DE Ohio Other - Gas	DEO Total
11. Accounting	MWRE	RE Facility Services MW Utility	S71	-	-	-	-	-	-	-	11.46	-	18.79	-	-	-	30.25
	CGAC	Accounting Gmnce	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
	CGVP	VOP - Governance	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
	ENAC	Accounting Svcs Ent	S03	59.10	0.01	-	0.02	-	-	-	-	4.95	-	-	-	2.73	7.71
	UTAC	Acctg Svcs Utility	S09	67.53	0.01	-	0.02	-	-	-	-	5.72	-	-	-	3.15	8.90
	UPAC	Acctg Svcs MW Contin Pwr only	S54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	UMAC	Acctg Svcs Util MW FE&G only	S53	-	-	-	-	-	-	-	-	17.00	-	-	-	9.62	26.62
	4090	SvcCo Depreciation Enterprise	S49	59.10	0.01	-	0.02	-	-	-	-	4.95	-	-	-	2.73	7.71
	DCTA	GOV3FFDECTA - Depr CTA Gov	CG4	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
	DPDC	Governance CTA Depreciation	CG4	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
	CCTA	ENT3FFCTA - CTA Capital	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
12. Power Planning and Operations																	
	UTGE	Pwr Ping&Ops Gen Ping Util	S21	65.76	-	-	-	-	-	-	-	-	-	-	-	-	-
	UTTP	Pwr Ping&Ops Trans Ping Util	S32	63.07	-	-	-	-	-	-	-	-	12.89	-	-	-	12.89
	UTDP	Pwr Ping&Ops Dist Ping Util	S41	65.10	-	-	-	-	-	-	-	-	12.07	-	-	-	12.07
	UTGD	Pwr Ping&Ops Gen Deplch Util	S42	53.86	-	-	-	-	-	-	-	-	-	-	-	-	-
	UTTO	Pwr Ping&Ops Trans Ops Util	S31	62.86	-	-	-	-	-	-	-	-	12.05	-	-	-	12.05
	UTDO	Pwr Ping & Ops Dist Ops Util	S22	65.10	-	-	-	-	-	-	-	-	12.07	-	-	-	12.07
	REPO	Pwr Ping & Ops Pwr Ops Reg	S28	54.37	-	-	-	-	-	-	-	-	-	-	-	-	-
	NRPO	Pwr Plt&Ops Pwr Ops Non Reg	S29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	UTWH	Pwr Ping&Ops Whistle Ops Util	S43	36.08	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Public Affairs	CGPA	Pub Affrs Gmnce	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
	CGPP	Public Policy Gmnce	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21

SERVICE COMPANY COST ALLOCATION DETAILS 2012
COST ALLOCATIONS IN SERVICE AGREEMENTS

St	Function	Operating Unit (OU)	Alloc Pool Description	DEO 75050 KO Transmission Company	DEO 75051 KO Transmission Company	DEO 75090 TriState Improvement Company	DEO 75091 TriState Governance	DEO 75013 DE Ohio (USFERGO)	DEO 75014 DE Ohio (USFERGO)	DEO 75026 DE Ohio Gas Delivery	DEO 75025 DE Ohio Other Elec	DEO 75023 DE Ohio Power Deliv - Elec	DEO 75024 DE Ohio Cus Service - Elec	DEO 75027 DE Ohio Gas Customer	DEO 75028 DE Ohio Other - Gas	DEO Total
14.	Legal	ENPA	Public Affairs Services Ent	59.10	0.01	0.02	0.02	-	-	-	4.95	-	-	-	2.73	7.71
		UTPA	Public Affairs Services Utilit	65.49	-	-	-	-	-	-	9.86	-	-	-	5.03	14.89
15.	Legal	ENLE	Legal Governance	56.30	0.01	0.01	0.02	4.62	2.56	-	5.72	-	-	-	3.15	7.21
		UTLE	Legal Services Utility	67.53	-	-	-	-	-	-	-	-	-	-	-	8.90
16.	Rates	UTRA	Rates Utility	49.84	-	-	-	-	-	-	12.34	-	-	-	13.29	25.63
		UORA	Rates Svcs Util DEO DEK only	-	-	-	-	-	-	-	17.55	-	-	-	18.89	36.44
17.	Finance	CGFI	Financial Svcs Gvrnce	56.30	0.01	0.01	0.02	4.62	2.56	-	-	-	-	-	-	7.21
		ENFI	Financial Svcs Enterprise	59.10	0.01	0.02	-	-	-	-	4.95	-	-	-	2.73	7.71
		UTFI	Financial Services Utility	67.53	0.01	0.02	-	-	-	-	5.72	-	-	-	3.15	8.90
		UMFI	Financial Svcs Util MW FEG only	-	-	-	-	-	-	-	17.00	-	-	-	9.62	26.62
		UPFI	Financial Svcs MW Comm Pwr only	-	-	-	-	-	-	-	-	-	-	-	-	-
18.	Rights of Way	UTRW	Right of Way ET Sys Util	62.65	-	-	-	-	-	-	-	11.22	-	-	-	11.22
19.	Internal Auditing	CGIA	Internal Audit Gvrnce	56.30	0.01	0.01	0.02	4.62	2.56	-	-	-	-	-	-	7.21
		UTIA	Internal Audit Svcs Utility	67.53	0.01	-	-	-	-	-	5.72	-	-	-	3.15	8.90
20.	Environmental, Health and Safety	CGEA	Enviro Affrs Gvrnce	56.30	0.01	0.01	0.02	4.62	2.56	-	4.95	-	-	-	2.73	7.21
		ENEA	Enviro Affairs Svcs Ent	59.10	-	-	-	-	-	-	-	-	-	-	-	7.71
		UTEA	Enviro Affairs Svcs Utility	49.84	-	-	-	-	-	13.29	-	12.34	-	-	-	25.63
		UTFU	Fuels Utility	53.86	-	-	-	-	-	-	-	-	-	-	-	-

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Function	Operating Unit (OU)	Alloc Pool Description	St Cd	Total DPC	DEO 75050 KO Transmission in Company	DEO 75051 KO Transmission	DEO 75090 TriState Improvement Company	DEO 75091 TriState Governance	DEO 75013 DE Ohio (USFRELGO)	DEO 75014 DE Ohio (USFRGSGO)	DEO 75026 DE Ohio Delivery	DEO 75025 DE Ohio Other Elec	DEO 75023 DE Ohio Power Deliv - Elec	DEO 75024 DE Ohio Cus Service - Elec	DEO 75027 DE Ohio Gas Customer	DEO 75028 DE Ohio Other - Gas	DEO Total
Investor Relations	CGIR	Investor Rel Gmnce	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
Planning	CGPS	Planning Svcs Gmnce Corp Divprint Gmnce CTA Gmnce Enterprise CTA Governance Governance CTA Fuel & Dispatch	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
			CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
			CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
			CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
			CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
Executive	CGEX	Exec Governance Exec Services Enterprise Exec Services Utility Executive Svc Util MW FEG only Executive Svc MW Comm Pwr only Exec Svcs Utility DEO DEK only	S03	59.10	0.01	-	0.02	-	-	-	-	4.95	-	-	-	2.73	7.71
			S09	67.53	0.01	-	0.02	-	-	-	-	5.72	-	-	-	3.15	8.90
			S53	-	-	-	-	-	-	-	-	17.00	-	-	-	9.62	26.62
			S54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			S56	-	-	-	-	-	-	-	-	23.87	-	-	-	13.70	37.57
Facilities Rate of Return Allocation	CGRR	Facilities ROR Gmnce	CG1	56.30	-	0.01	-	0.02	4.62	2.56	-	-	-	-	-	-	7.21
Interest	ENAL	Acctg Interest Svc Enterprise	S52	51.62	-	0.01	-	-	11.31	3.74	-	-	-	-	-	-	15.06

SERVICE COMPANY COST ALLOCATION DETAILS 2012
COST ALLOCATIONS IN SERVICE AGREEMENTS

Sr	Function	Operating Unit (OU)	Alloc Pool Description	St Cd	Total				
					DEK Total	DEI Total	mm Pwr To	Int'l Total	Other Total
1.	Information Systems	ENMF UTMF	Mainframe Svcs Ent	S05	5.10	17.33	-	-	-
			Mainframe Svcs Utility	S11	5.10	17.33	-	-	-
		ENWS UTWS	Worksta Svcs Enterprise	S06	0.99	8.51	6.19	0.29	1.76
			Worksta Svcs Utility	S12	1.07	9.17	-	-	1.00
		ENSS UTSS	Server Svcs Enterprise	S07	4.54	16.42	21.54	-	1.35
			Server Svcs Utility	S13	5.79	20.94	-	-	1.72
		ENTS UTTS	Telecom Svcs Enterprise	S33	1.88	13.44	8.40	0.21	0.88
			Telecom Svcs Utility	S34	2.06	14.68	-	-	0.96
		ENKD	Helpdesk Services	S33	1.88	13.44	8.40	0.21	0.88
2.	Meters	UTMS UMMS	Meter Svcs Utility	S14	5.10	17.33	-	-	-
			Meter Svcs Util MWonly Elec/Gas	S60	10.89	36.97	-	-	-
		UEMS	Meter Svcs Util MW Elec	S38	8.45	48.80	-	-	-
		UMVE	Transp Vehicles Util MW only	S65	9.31	66.70	-	-	-
		CGAV ENAV	Transp Aviation Gvrnce	CGI	2.46	16.82	11.75	5.39	0.07
			Transp Aviation Svcs Ent	S03	2.61	17.85	12.50	0.18	0.05
4.	Electric System Maintenance	UTTR	ESS Elec Tran Utility	S15	0.50	25.63	-	-	-
		UTDI UMDI	ESS Elec Dist Utility	S16	1.91	19.70	-	-	-
			ESS Elec Dist Utility MW only	S57	5.82	59.93	-	-	-
		UTSD NET	M8CR Sales & Demand Util	S17	4.92	19.61	-	-	-
			Customer Strategy P&S	S75	2.90	23.28	-	-	-
		STD	Standard Services	S17	4.92	19.61	-	-	-
5.	Marketing and Customer Relations	UMSD	M8CR Standard Prod Util MWonly	S68	9.80	39.10	-	-	-

SERVICE COMPANY COST ALLOCATION DETAILS 2012 COST ALLOCATIONS IN SERVICE AGREEMENTS										
SA #	Function	Operating Unit (OU)	Alloc Pool Description	St Cd	DEK Total	DEI Total	mm Pwr To	Int'l Total	Other Total	Total
		UMNT	M&CR Net Product Util MW only	S68	9.80	39.10	-	-	-	100.00
		UESD	M&CR Sls&Dmnd Util MWElec only	S66	7.09	57.01	-	-	-	100.00
		UGSD	M&CR Sales&Demand Util MWCas only	S67	15.70	-	-	-	-	100.00
		UTNT	Energy Efficiency Net Util	S75	2.90	23.28	-	-	-	100.00
		UTMR	M&CR Mtr Rdg&Pmt Proc Util	S37	5.10	17.33	-	-	-	100.00
		UMMR	M&CR MtrRdg&PmtPrc Util MWonly	S60	10.89	36.97	-	-	-	100.00
		UOMR	M&CR MtrRdg&PmtPrc DEO DEK only	S59	17.28	-	-	-	-	100.00
		UEMR	M&CR MtrRdg&PmtPrc Util MWElec	S58	8.45	48.80	-	-	-	100.00
		UMPD	M&CR Util MW PD	S69	10.89	36.97	-	-	-	100.00
		UWPD	M&CR PD DEO/DEK E/G	S70	17.28	-	-	-	-	100.00
		USGA	M&CR Smart Grid	S76	5.10	17.33	-	-	-	100.00
		USGE	M&CR Smart Grid - Electric	S77	3.39	19.56	-	-	-	100.00
		USGM	M&CR Smart Grid to Midwest	S78	10.89	36.97	-	-	-	100.00
		USME	SG Midwest electric	S79	8.45	48.80	-	-	-	100.00
		UTSG	M&CR Customer System Util	S84	5.10	17.33	-	-	-	100.00
		USGA	M&CR Smart Grid	S80	5.10	17.33	-	-	-	100.00
		USGE	M&CR Smart Grid - Electric	S81	3.39	19.56	-	-	-	100.00
		USGM	M&CR Smart Grid to Midwest	S82	10.89	36.97	-	-	-	100.00
		UTSG	M&CR Customer System Util	S85	5.10	17.33	-	-	-	100.00
		USME	SG Midwest electric	S83	8.45	48.80	-	-	-	100.00
6.	Electric Transmission & Distribution Engineering & Construction						-	-	-	

SERVICE COMPANY COST ALLOCATION DETAILS 2012 COST ALLOCATIONS IN SERVICE AGREEMENTS										
SA #	Function	Operating Unit (OU)	Alloc Pool Description	St Cd	DEK Total					Total
					DEI Total	mm	Pwr To	Int'l Total	Other Total	
6.	Electric Transmission & Distribution Engineering & Construction	UTET UEET	Eng & Constr ET Utility Eng & Constr ET Util MW only	S18 S62	0.88 2.43	25.20 69.92	- -	- -	100.00 100.00	
		UTED UEED	Eng & Constr ED Utility Eng & Constr ED Util MW only	S30 S61	2.25 5.51	16.99 41.53	- -	- -	100.00 100.00	
		UTEC UEEC	Eng & Constr Pwr Prod Util Eng&Constr Pwr Prod Util MWonly	S25 S63	7.22 15.89	28.36 62.42	9.84 21.69	- -	100.00 100.00	
7.	Power Engineering & Construction	UGEG	Eng & Constr Gas Util MW only	S64	10.71	-	-	-	100.00	
8.	Human Resources	CGHR ENHR	HR Svcs Gymnce HR Services Enterprise	CG2 S04	1.69 1.88	12.11 13.50	7.37 8.22	10.52 0.21	100.00 100.00	
		UTHR	HR Services Utility	S38	2.06	14.75	-	-	100.00	
9.	Materials Management	UTSC ENSC	Matts Mgmt Sply Clin Util Matts Mgmt Sply Chain Ent	S19 S08	2.93 2.77	28.04 26.47	6.45 11.39	- 0.08	100.00 100.00	
		UPPD	MW ELEC/GAS DELIVERY STOREROOM	S72	4.86	-	-	-	100.00	
		UTIN	Matts Mgmt Inventory Util	S20	0.16	20.99	-	-	100.00	
10.	Facilities	GORE DPRE	IRE Facility Svcs CLT GO IRE Fac Svcs DP Field Locs	S27 S26	0.18 -	0.25 -	5.40 -	- -	100.00 100.00	
		CHRE	IRE Fac Svcs - Cincinnati	S50	1.15	1.15	85.61	-	100.00	
		PLRE ENRE	IRE Fac Svcs - Plainfield IRE Facility Services Ent	S51 S39	- 0.21	97.71 19.96	2.29 10.64	- -	100.00 100.00	

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SERVICE COMPANY COST ALLOCATION DETAILS 2012
COST ALLOCATIONS IN SERVICE AGREEMENTS

#	St	Function	Operating Unit (OU)	Alloc Pool Description	DEK Total										Other Total										Total
					DEK Total	DEI Total	mm	Pwr	To	Int'l	Total	Other	Total	Other	Total	Other	Total								
14.	S03		ENPA	Public Affairs Services Ent	2.61	17.85	12.50		0.18		0.05					100.00									
			UTPA	Public Affairs Services Utilit	3.58	16.04											100.00								
15.	CG1 S09	Legal	ENLE UTLE	Legal Governance Legal Services Utility	2.46 3.01	16.82 20.56	11.75		5.39		0.07					100.00 100.00									
16.	S44 S55	Rates	UTRA UORA	Rates Utility Rates Svcs Util DEO DEK only	4.92 16.09	19.61	47.47									100.00 100.00									
17.	CG1 S03 S09 S53 S54	Finance	CGFI	Financial Svcs Gvrnce	2.46	16.82	11.75		5.39		0.07					100.00									
			ENFI UTFI	Financial Svcs Enterprise Financial Services Utility	2.61 3.01	17.85 20.56	12.50		0.18		0.05					100.00 100.00									
			UMFI	Financial Svc Util MW FEG only	9.38	64.00										100.00									
			UPFI	Financial Svc MW Comm Pwr only	-	-	100.00									100.00									
18.	CG1 S09	Internal Auditing	CGIA UTIA	Internal Audit Gvrnce Intnl Audit Svcs Utility	2.46 3.01	16.82 20.56	11.75		5.39		0.07				100.00 100.00										
19.	CG1 S46	Environmental, Health and Safety	CGEA ENEA	Envir Affrs Gvrnce Enviro Affairs Svcs Ent	2.46 2.61	16.82 17.85	11.75 12.50		5.39 0.18		0.07 0.05					100.00 100.00									
20.	S47 S48	Fuels	UTEA	Enviro Affairs Svcs Utility	4.92	19.61										100.00									
			UTRU	Fuels Utility	5.42	40.72											100.00								

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	Function	Operating Unit (OU)	Alloc Pool Description	St Cd	DEK Total	DEI Total	mm Pwr To	Int'l Total	Other Total	Total
21.	Investor Relations	CGIR	Investor Rel Gmnce	CGI	2.46	16.82	11.75	5.39	0.07	100.00
22.	Planning	CGPS CGCD CGCA CGCT CGFD	Planning Svcs Gmnce Corp Dptmnt Gmnce CTA Gmnce Enterprise CTA Governance Governance CTA Fuel & Dispatch	CGI CGI CGI CGI CGI	2.46 2.46 2.46 2.46 2.46	16.82 16.82 16.82 16.82 16.82	11.75 11.75 11.75 11.75 11.75	5.39 5.39 5.39 5.39 5.39	0.07 0.07 0.07 0.07 0.07	100.00 100.00 100.00 100.00 100.00
		ENPS	Planning Svcs Enterprise	S03	2.61	17.85	12.50	0.18	0.05	100.00
		UTPS	Planning Svcs Utility	S09	3.01	20.56	-	-	-	100.00
23.	Executive	CGEX ENEX UTEX UMEX UPEX UOEX	Exec Governance Exec Services Enterprise Exec Services Utility Executive Svc Util MW FEG only Executive Svc MW Comm Pwr only Exec Svcs Utility DEO DEK only	CGI S03 S09 S53 S54 S56	2.46 2.61 3.01 9.38 - 13.43	16.82 17.85 20.56 64.00 - -	11.75 12.50 - - 100.00 49.00	5.39 0.18 - - - -	0.07 0.05 - - - -	100.00 100.00 100.00 100.00 100.00 100.00
Fac ROR	Facilities Rate of Return Allocation	CGRR	Facilities ROR Gmnce	CGI	2.46	16.82	11.75	5.39	0.07	100.00
	Interest	ENAI	Acctg Interest Svc Enterprise	S52	4.71	20.04	7.36	1.11	0.10	100.00

**SERVICE COMPANY COST ALLOCATION DETAILS 2011
COST ALLOCATIONS IN SERVICE AGREEMENTS**

#	Function	Operating Unit (OU)	Alloc Pool Description	St Cd	Total DPC	DEO 75050 KO Transmission n Company	DEO 75051 KO Transmission n	DEO 75090 TriState Improvement Company	DEO 75091 TriState Governance	DEO 75013 DE Ohio (USFRELGO V)	DEO 75014 DE Ohio (USFRGSGO V)	DEO 75026 DE Ohio Gas Delivery	DEO 75025 DE Ohio Other Elec
1.	Information Systems	ENMF UTMF	Mainframe Svcs Ent Mainframe Svcs Utility	S05	53.06	-	-	-	-	-	-	-	-
				S11	53.06	-	-	-	-	-	-	-	-
		ENWS UTWS	Worksta Svcs Enterprise Worksta Svcs Utility	S06	80.01	-	-	-	-	-	-	1.43	0.67
				S12	86.77	-	-	-	-	-	-	1.55	0.73
		ENSS UTSS	Server Svcs Enterprise Server Svcs Utility	S07	36.94	-	-	-	-	-	-	3.00	1.75
				S13	46.50	-	-	-	-	-	-	3.77	2.20
2.	Meters	ENTS UTTS	Telecom Svcs Enterprise Telecom Svcs Utility	S33	70.11	-	-	-	-	-	-	2.71	1.28
				S34	76.74	-	-	-	-	-	-	2.97	1.40
		ENMA UTMA	ITS Mgt & Apps Svcs Ent ITS Mgt & Apps Utility	S33	70.11	-	-	-	-	-	-	2.71	1.28
				S35	57.95	0.01	-	0.04	-	-	-	0.72	3.15
		UTMS UMMS	Meter Svcs Utility Meter Svcs Util MWonly Elec/Gas	S36	67.30	0.01	-	0.04	-	-	-	0.84	3.69
				S14	53.06	-	-	-	-	-	-	9.31	-
3.	Transportation	UEMS	Meter Svcs Util MW Elec	S60	-	-	-	-	-	-	-	-	-
				S58	-	-	-	-	-	-	-	-	-
		UTVE UMVE	Transp Vehicles Utility Transp Vehicles Util MW only	S10	77.51	-	-	-	-	-	-	-	4.81
				S65	-	-	-	-	-	-	-	-	21.36

4.	CGAV ENAV	Transp Aviation Gvrnce Transp Aviation Svcs Ent	CG1 S03	55.65 58.36	- 0.01	0.01 -	- 0.04	0.04 -	4.83 -	2.52 -	- -	- 5.16
		UTTR	ESS Elec Tran Utility	S15	61.41	-	-	-	-	-	-	-
		UTDI UMDI	ESS Elec Dist Utility ESS Elec Dist Utility MW only	S16 S57	67.17 -	- -	- -	- -	- -	- -	- -	- -
5.												
		UTSD NET	M&CR Sales & Demand Util Customer Strategy P&S	S17 S75	49.41 58.93	- -	- -	- -	- -	- -	- -	- -
		STD	Standard Services	S17	49.41	-	-	-	-	-	-	-
		UMSD	M&CR Standard Prod Util MWonly	S68	-	-	-	-	-	-	-	-
		UMNT	M&CR Net Product Util MW only	S68	-	-	-	-	-	-	-	-
		UESD	M&CR Sls&Dmnd Util MWElec only	S66	-	-	-	-	-	-	-	-
		UGSD	M&CR Sale&Demand Util MWGas only	S67	-	-	-	-	-	-	84.27	-

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20.	Fuels	UTEA	Enviro Affairs Svcs Utility	S47	49.41	-	-	-	-	-	-	13.62	-
		UTFU	Fuels Utility	S48	53.12	-	-	-	-	-	-	-	-
21.	Investor Relations	CGIR	Investor Rel Gvrnce	CG1	55.65	-	0.01	-	0.04	4.83	2.52	-	-
		CGPS	Planning Svcs Gvrnce	CG1	55.65	-	0.01	-	0.04	4.83	2.52	-	-
22.	Planning	CGCD	Corp Dvlpmnt Gvrnce	CG1	55.65	-	0.01	-	0.04	4.83	2.52	-	-
		CGCA	CTA Gvrnce Enterprise	CG1	55.65	-	0.01	-	0.04	4.83	2.52	-	-
		CGCT	CTA Governance	CG1	55.65	-	0.01	-	0.04	4.83	2.52	-	-
		CGFD	Governance CTA Fuel & Dispatch	CG1	55.65	-	0.01	-	0.04	4.83	2.52	-	-
		UCTA	CTA Gvrnce Utility	CG3	67.77	-	0.01	-	0.04	6.04	3.14	-	-
		ENPS	Planning Svcs Enterprise	S03	58.36	0.01	-	0.04	-	-	-	-	5.16
		UTPS	Planning Svcs Utility	S09	67.77	0.01	-	0.04	-	-	-	-	6.04
		CGEX	Exec Governance	CG1	55.65	-	0.01	-	0.04	4.83	2.52	-	-
		ENEX	Exec Services Enterprise	S03	58.36	0.01	-	0.04	-	-	-	-	5.16
		UTEX	Exec Services Utility	S09	67.77	0.01	-	0.04	-	-	-	-	6.04
23.	Executive	UMEX	Executive Svc Upl MW FEG only	S53	-	-	-	-	-	-	-	-	18.14
		UPEX	Executive Svc MW Comm Pwr only	S54	-	-	-	-	-	-	-	-	-

DEO 75023 Power Deliv - Elec	DEO 75024 DE Ohio Cus Service Elec	DEO 75027 DE Ohio Gas Customer	DEO 75028 DE Ohio Other - Gas	DEO Total	DEK Total	DEI Total	mm Pwr To	Int'l Total	Other Total	Total
-	15.19	9.31	-	24.50	5.11	17.33	-	-	-	100.00
-	15.19	9.31	-	24.50	5.11	17.33	-	-	-	100.00
0.39	0.14	-	0.02	2.65	1.07	7.65	6.63	0.39	1.60	100.00
0.43	0.15	-	0.02	2.88	1.15	8.29	-	-	0.91	100.00
6.40	2.66	1.75	0.25	15.81	5.23	19.97	20.38	-	1.67	100.00
8.07	3.35	2.20	0.31	19.90	6.60	25.13	-	-	1.87	100.00
0.74	0.27	-	0.04	5.04	2.03	13.42	8.44	0.18	0.78	100.00
0.81	0.29	-	0.04	5.51	2.22	14.68	-	-	0.85	100.00
0.74	0.27	-	0.04	5.04	2.03	13.42	8.44	0.18	0.78	100.00
1.26	0.70	1.02	0.94	7.84	2.63	16.93	13.29	0.18	1.18	100.00
1.47	0.82	1.20	1.10	9.17	3.06	19.78	-	-	0.69	100.00
15.19	-	-	-	24.50	5.11	17.33	-	-	-	100.00
-	32.37	19.84	-	52.21	10.88	36.91	-	-	-	100.00
-	42.77	-	-	42.77	8.45	48.78	-	-	-	100.00
-	-	-	0.74	5.55	2.22	14.72	-	-	-	100.00
-	-	-	3.31	24.67	9.85	65.48	-	-	-	100.00

-	14.78	-	-	-	2.89	23.40	-	-	100.00
-	15.19	9.31	-	-	5.11	17.33	-	-	100.00
-	32.37	19.84	-	-	10.88	36.91	-	-	100.00
-	51.31	31.45	-	-	17.24	-	-	-	100.00
-	42.77	-	-	-	8.45	48.78	-	-	100.00
32.37	-	-	-	-	10.88	36.91	-	-	100.00
51.31	-	-	-	-	17.24	-	-	-	100.00
15.19	-	-	-	-	5.11	17.33	-	-	100.00
17.15	-	-	-	-	3.39	19.56	-	-	100.00
32.37	-	-	-	-	10.88	36.91	-	-	100.00
42.77	-	-	-	-	8.45	48.78	-	-	100.00
-	15.19	9.31	-	-	5.11	17.33	-	-	100.00
15.19	-	-	-	-	5.11	17.33	-	-	100.00
17.15	-	-	-	-	3.39	19.56	-	-	100.00

32.37	-	-	-	-	52.21	10.88	36.91	-	-	-	100.00
-	15.19	9.31	-	-	24.50	5.11	17.33	-	-	-	100.00
42.77	-	-	-	-	42.77	8.45	48.78	-	-	-	100.00
9.97	-	-	-	-	9.97	1.24	23.98	-	-	-	100.00
28.32	-	-	-	-	28.32	3.53	68.15	-	-	-	100.00
23.59	-	-	-	-	23.59	2.29	18.23	-	-	-	100.00
53.48	-	-	-	-	53.48	5.20	41.32	-	-	-	100.00
-	-	-	-	-	-	0.76	40.38	7.79	-	-	100.00
-	-	-	-	-	-	1.56	82.52	15.92	-	-	100.00

-	-	-	-	-	-	90.67	9.33	-	-	-	-	100.00
-	-	-	-	-	-	4.55	1.81	12.09	7.60	10.27	-	100.00
-	-	-	-	-	0.68	5.07	2.03	13.45	8.45	0.18	-	100.00
-	-	-	-	-	0.74	5.55	2.22	14.72	-	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
1.88	-	-	-	-	6.75	10.37	3.21	29.71	5.79	-	-	100.00
1.67	-	-	-	-	5.97	9.18	2.84	26.27	16.25	0.07	0.34	100.00
65.97	-	-	-	-	-	88.46	11.54	-	-	-	-	100.00
-	-	-	-	-	-	28.93	0.21	23.63	-	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	1.90	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	100.00
-	-	-	-	-	1.61	11.95	1.76	0.84	75.97	-	-	100.00
-	-	-	-	-	-	-	-	97.56	1.71	-	-	100.00
-	-	-	-	-	0.16	1.21	0.18	25.45	9.41	-	-	100.00

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-	-	-	-	12.43	35.77	12.65	-	51.58	-	-	100.00
-	-	-	-	-	7.40	2.50	16.06	12.50	5.27	0.62	100.00
								-			
								-			
								-			
-	-	-	-	-	14.67	4.72	18.80	10.08	1.68	0.53	100.00

**SERVICE COMPANY COST ALLOCATION DETAILS 2010
COST ALLOCATIONS IN SERVICE AGREEMENTS**

#	Function	Function Description	Allocation Method	Operating Unit (OU)	Alloc Pool Description	St Cd	Total DPI	DEO 75050 KO	Transmission Company
1.	Information Systems	Development and support of mainframe computer software applications.	<i>Number of Central Processing Unit Seconds Ratio</i>	ENMF UTMF	Mainframe Svcs Ent Mainframe Svcs Utility	S05 S11	52.90 52.90	- -	
		Procurement and support of personal computers and related network and software applications.	<i>No. of Personal Computer Workstations Ratio</i>	ENWS UTWS	Worksta Svcs Enterprise Worksta Svcs Utility	S06 S12	84.32 93.71	- -	
		Development and support of distributed computer software applications (e.g., servers).	<i>Number of Info Systems Servers Ratio</i>	ENSS UTSS	Server Svcs Enterprise Server Svcs Utility	S07 S13	38.83 49.19	- -	
		Installation and operation of communications systems.	<i>Number of Employees Ratio</i>	ENTS UTTS	Telecom Svcs Enterprise Telecom Svcs Utility	S33 S34	71.31 76.43	- -	
		Information systems management and support services.	<i>Three Factor Formula</i>	ENHD	Helpdesk Services	S33	71.31	-	
2.	Meters	Procures, tests and maintains meters.	<i>Number of Customers Ratio</i>	ENMA UTMA	ITS Mgt & Apps Svcs Ent ITS Mgt & Apps Utility	S35 S36	58.37 66.51	0.01 0.01	
				UTMS UMMS	Meter Svcs Utility Meter Svcs Util MWonly Elec/Gas	S14 S60	52.90 -	- -	
				UEMS	Meter Svcs Util MW Elec	S58	-	-	
3.	Transportation	Procures and maintains vehicles and equipment.	<i>Number of Employees Ratio</i>	UTVE UMVE	Transp Vehicles Utility Transp Vehicles Util MW only	S10 S65	76.40 -	- -	
		Procures and maintains aircraft and equipment.	<i>Three Factor Formula</i>	CGAV ENAV	Transp Aviation Gvmce Transp Aviation Svcs Ent	CG1 S03	55.85 58.37	- 0.01	
4.	Electric System Maintenance	Coordinates maintenance and support of electric transmission and distribution systems.							

5.	Marketing and Customer Relations	Services related to transmission system:	Circuit Miles of Electric Transm Lines Ratio	UTTR	ESS Elec Tran Utility	S15	62.52	-
		Services related to distribution system:	Circuit Miles of Electric Dist. Lines Ratio	UTDI UMDI	ESS Elec Dist Utility ESS Elec Dist Utility MW only	S16 S57	67.18 -	- -
	Marketing and Customer Relations	Advises the Client Companies in relations with domestic utility customers.						
		Design and administration of sales and demand-side management programs.	Sales Ratio	UTSD NET	M&CR Sales & Demand Util Customer Strategy P&S	S17 S75	48.79 57.96	- -
				STD	Standard Services	S17	48.79	-
				UMSD	M&CR Standard Prod Util MWonly	S68	-	-
				UMNT	M&CR Net Product Util MW only	S68	-	-
				UESD	M&CR Sls&Dmnd Util MWElec only	S66	-	-
				UGSD	M&CRSale&Demand Util MWGas only	S67	-	-
				UTNT	Energy Efficiency Net Util	S75	57.96	-
		Customer meter reading, billing and payment processing.	Number of Customers Ratio	UTMR UMMR	M&CR Mtr Rdg&Pmt Proc Util M&CR MtrRdg&PmtPrc Util MWonly	S37 S60	52.90 -	- -
				UOMR	M&CR MtrRdgPmtPrc DEO DEK only	S59	-	-
		Customer services including the operation of call center.		UEMR UMPD	M&CR MtrRdg&PmtPrc Util MWElec M&CR Util MW PD	S58 S69	- -	- -
				UWPD	M&CR PD DEO/DEK E/G	S70	-	-

6.	Electric Transmission & Distribution Engineering & Construction	Costs associated with Smart Grid activities	Number of Customers Ratio	USGA USGE USGM USME USGA USGE USGM USME	M&CR Smart Grid M&CR Smart Grid - Electric M&CR Smart Grid to Midwest SG Midwest electric M&CR Smart Grid M&CR Smart Grid - Electric M&CR Smart Grid to Midwest SG Midwest electric	S76 S77 S78 S79 S80 S81 S82 S83	52.90 59.80 - - - - - -	-
6.	Electric Transmission & Distribution Engineering & Construction	Designs and monitors construction of electric transmission and distribution lines and substations. Prepares cost and schedule estimates, visits construction sites to ensure that construction activities coincide with plans, and administers construction contracts.		UTET UEET	Eng & Constr ET Utility Eng & Constr ET Util MW only	S18 S62	47.59 -	-
6.	Electric Transmission & Distribution Engineering & Construction	Transmission engineering and construction:	(Electric Transmission Plant's) Construction - Expenditures Ratio	UTED UEED	Eng & Constr ED Utility Eng & Constr ED Util MW only	S30 S61	57.39 -	-

7.	Power Engineering & Construction	Designs, monitors and supports the construction of electric generation facilities. Prepares specifications and administers contracting for construction of new electric generating units or improvements to existing electric generating units. Prepares cost and schedule estimates and visits construction sites to ensure that construction activities coincide with plans.	<i>(Electric Production Plant's) Construction - Expenditures Ratio</i>	UTEC	Eng & Constr Pwr Prod Util	S25	48.46	-
				UEEC	Eng&Constr Pwr Prod Util MWonly	S63	-	-
				UGEG	Eng & Constr Gas Util MW only	S64	-	-
8.	Human Resources	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.	<i>Number of Employees Ratio</i>	CGHR	HR Svcs Gvrnce	CG2	64.22	-
				ENHR	HR Services Enterprise	S04	71.31	-
				UTHR	HR Services Utility	S38	76.40	-
9.	Materials Management	Provides services in connection with the procurement of materials and contract services, processes payments to vendors, and provides management of material and supplies inventories.	<i>Procurement Spending Ratio</i>	UTSC	Matls Mgmt Sply Chn Util	S19	51.87	0.01
				ENSC	Matls Mgmt Sply Chain Ent	S08	47.40	0.01
				UPPD	MW ELEC/GAS DELIVERY STOREROOM	S72	-	-
10.	Facilities	Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.	<i>Inventory Ratio</i>	UTIN	Matls Mgmt Inventory Util	S20	51.50	-
				GORE	RE Facility Svcs CLT GO	S27	99.58	-
				DPRE	RE Fac Svcs DP Field Locs	S26	100.00	-
			<i>Square Footage Ratio</i>	CNRE	RE Fac Svcs - Cincinnati	S50	17.31	-
				PLRE	RE Fac Svcs - Plainfield	S51	2.27	-
				ENRE	RE Facility Services Ent	S39	64.50	-
				UTRE	RE Facility Services Utility	S71	-	-
				MWRE	RE Facility Services MW Utility		-	-

11.				MWHR MWHC	RE Facility Services Plainfield (exclude PSI) RE Facility Services Cincinnati (excludes CGE)	S73 S74	42.86 31.03	- -
Accounting	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.	Three Factor Formula	CGAC CGVP ENAC UTAC UPAC UMAC 4090 DCTA CCTA	Accounting Gvrnce VOP - Governance Accounting Svcs Ent Acctg Svcs Utility Acctg Svcs MW Comm Pwr only Acctg Svcs Util MW FE&G only SvcCo Depreciation Enterprise GOV3FFDECTA -Depr CTA Gov ENT3FFCTA - CTA Capital	CG1 CG1 S03 S09 S54 S53 S49 CG4 CG1	55.85 55.85 58.37 66.52 - - 58.37 55.85 55.85	- 0.01 0.01 - - - 0.01 - -	
Power Planning and Operations	Coordinates the planning, management and operation of Duke Energy Corporation's electric power systems. The activities of the Function include: System Planning - planning of additions and retirements to Duke Energy Corporation's electric generation, transmission and distribution systems.					S21 S32 S41	60.90 64.18 65.68	- - -
Power Planning and Operations	System Operations - coordination of the energy dispatch and operation of Duke Energy Corporation's electric generating units and transmission and distribution systems.					S42 S31 S22	54.32 63.35 65.68	- - -

13.	Power Operations – provides management and support services for Duke Energy Corporation's electric generation system.	Generating Unit MW Capability Ratio	UTPO REPO NRPO	Pwr Ping & Ops Pwr Ops Util Pwr Ping & Ops Pwr Ops Reg Pwr P1&Ops Pwr Ops Non Reg	S23 S28 S29	40.71 55.78 -	-
14.	Wholesale Power Operations – coordination of Duke Energy Corporation's wholesale power operations.	Sales Ratio	UTWH	Pwr Ping&Ops Whisle Ops Util	S43	54.36	-
15.	Public Affairs Prepares and disseminates information to employees, customers, government officials, communities and the media. Provides graphics, reproduction lithography, photography and video services. Utility Specific Activities	Three Factor Formula Weighted Average of # of Customers Ratio and # of Employees Ratio	CGPA CGPP ENPA	Pub Affrs Gvrnce Public Policy Gvrnce Public Affairs Services Ent	CG1 CG1 S03	55.85 55.85 58.37	- - 0.01
16.	Legal 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	Three Factor Formula	ENLE UTLE	Legal Governance Legal Services Utility	CG1 S09	55.85 66.52	- 0.01
17.	Rates 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.	Sales Ratio	UTRA UORA	Rates Utility Rates Svcs Util DEO DEK only	S44 S55	48.79 -	- -
18.	Finance 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.	Three Factor Formula	CGFI ENFI UTFI UMFI UPFI	Financial Svcs Gvrnce Financial Svcs Enterprise Financial Services Utility Financial Svc Util MW FEG only Financial Svc MW Comm Pwr only	CG1 S03 S09 S53 S54	55.85 58.37 66.52 - -	- 0.01 0.01 - -
17.	Purchases, surveys, records, and sells real estate interests for Client Companies.						

	Services related to electric distribution system:	Circuit Miles of Electric Dist. Lines Ratio					S45	-			
	Services related to electric generation system:										
	Services related to electric transmission system:	Circuit Miles of Electric Transm Lines Ratio	UTRW		Right of Way ET Sys Util			62.52			
18.	Internal Auditing	Reviews internal controls and procedures to ensure that assets are safeguarded & that transactions are properly authorized & recorded.					CGI S09	55.85 66.52	0.01		
19.	Environmental, Health and Safety	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.					CGI S46	55.85 58.37	0.01		
	Utility Specific Activities		UTEA		Enviro Affairs Svcs Utility		S47	48.79			
20.	Fuels	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.					S48	54.32			
	Investor Relations	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.					CGI	55.85			
22.	Planning	Facilitates preparation of strategic and operating plans, monitors trends and evaluates business opportunities.					CGI CGI CGI CG3 S03 S09	55.85 55.85 55.85 66.52 58.37 66.52	0.01 0.01 0.01		

23.	Executive	Provides general administrative and executive management services.	<i>Three Factor Formula</i>	CGEX ENEX UTEX UMEX UPEX UOEX	Exec Governance Exec Services Enterprise Exec Services Utility Executive Svc Util MW FEG only Executive Svc MW Comm Pwr only Exec Svcs Utility DEO DEK only	CG1 S03 S09 S53 S54 S56	55.85 58.37 66.52 - - -	- 0.01 0.01 - - -
Fac ROR	Facilities Rate of Return Allocation	Allocates the Service Company's portion of the utilities chargeback for affiliate use of space.	<i>Three Factor Formula</i>	CGRR	Facilities ROR Gvmce	CG1	55.85	-
	Interest	Allocates Interest		ENAI	Acctg Interest Svc Enterprise	S52	47.40	-

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[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

0.01	-	0.05	0.05	5.88	2.78	-	-	-	-	-	-	-	-	-	-	-	-	8.72	2.60	16.24	10.97	5.02	0.60	100.00
-	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.22	2.74	17.17	11.60	0.25	0.65	100.00
-	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.55	3.16	19.77	-	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31.58	9.40	59.02	-	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	###	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45.40	###	-	41.33	-	-	100.00
0.01	-	0.05	0.05	5.88	2.78	-	-	-	-	-	-	-	-	-	-	-	-	8.72	2.60	16.24	10.97	5.02	0.60	100.00
0.01	-	0.01	0.01	12.71	3.51	-	-	-	-	-	-	-	-	-	-	-	-	16.24	4.29	20.61	9.32	1.75	0.39	100.00

2010 - 2012 Three Factor Allocation for DE Ohio

Sum of Statistics Amount JD	Column Labels		
Row Labels	2010	2011	2012
DE Ohio Other - Gas	2.95	2.69	2.73
DE Ohio Other Elec	6.21	5.16	4.95
KO Transmission Company	0.01	0.01	0.01
TriState Improvement Company	0.05	0.04	0.02
Grand Total	9.22	7.9	7.71

Oper Unit I	Bus Unit ID	Bus Unit Lo	Fiscal Year	Statistics C	Statistics Amount JD
R909	75025	DE Ohio Ot	2010	S03	6.21
R909	75025	DE Ohio Ot	2011		5.16
GDOH	75028	DE Ohio Ot	2010		2.95
GDOH	75028	DE Ohio Ot	2011		2.69
GDKO	75050	KO Transm	2010		0.01
GDKO	75050	KO Transm	2011		0.01
RTRI	75090	TriState Im	2010		0.05
RTRI	75090	TriState Im	2011		0.04
R909	75025	DE Ohio Ot	2012	S03	4.95
GDOH	75028	DE Ohio Ot	2012		2.73
GDKO	75050	KO Transm	2012		0.01
RTRI	75090	TriState Im	2012		0.02

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

I. Policy and Goal Setting

The Corporate Controller's Department sets policies, as necessary, to comply with Financial Accounting Standards Board (FASB), Security Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB), and Federal Energy Regulatory Commission (FERC) requirements. These policies are generally developed within the department, taking into account department and enterprise practices, industry standards and requirements, and processes developed through past experience. Policies and practices documents employed by management are available to the general employee population through department websites on Duke Energy Corporation's (Duke Energy) intranet.

The U.S. Franchised Electric & Gas (USFE&G) Planning and Finance Group is primarily responsible for the books and records of Duke Energy's regulated utility operations, including the regulated portion of Duke Energy Ohio, Inc. (Duke Energy Ohio). The Non-Regulated Accounting Group is primarily responsible for the books and records of Duke Energy's Commercial Power Business Unit, including the non-regulated portion of Duke Energy Ohio. These groups support the corporate policies developed by the Corporate Controller's Department through department directives, procedures and practices. The groups that report to the Corporate Controller, including USFE&G Planning and Finance and the Non-Regulated Accounting Group, set goals designed to support the financial and administrative goals of the Corporate Controller's Department, which are aligned to support Duke Energy's strategic and business plans. The goal setting process is a joint effort of the Senior Vice President & Controller (Corporate Controller), other members of executive management, and other members of management of the Department. Progress toward achieving the established goals is reviewed as required.

II. Strategic Planning

Senior Management has the primary responsibility for establishing Duke Energy's strategic plan. As mentioned in Section I, Policy and Goal Setting, the Corporate Controller's Department goals are designed to align with Duke Energy's strategic and business plans.

The Corporate Controller's Department participates in the corporate planning process through input and suggestions given to the Group Executive & Chief Financial Officer, and through Corporate Controller Department participation on corporate teams established for this purpose.

III. Organizational Structure

Duke Energy's accounting operations are centralized and led by the Corporate Controller. Reporting directly to the Corporate Controller are the General Manager, USFE&G Accounting; General Manager, Non-Regulated Accounting; Managing Director, Duke Energy International Accounting; Managing Director, Corporate Accounting; Managing Director, Internal & External Reporting; Managing Director, Accounting Research; and Managing Director, Project Accounting.

The USFE&G Planning and Finance Group is under the direction of the General Manager-USFE&G Accounting; who reports to the Corporate Controller. Reporting to the General Manager-USFE&G Accounting are the Director of FE&G General Accounting, Director of Fixed Asset Accounting, Director of Derivative and Revenue Analysis, and the Director of Wholesale Accounting.

The Non-Regulated Accounting Group is under the direction of the General Manager – Non-Regulated Accounting who reports to the Corporate Controller. Functions that relate to Duke Energy Ohio activity that report to the General Manager –Non-Regulated Accounting are: Director of Accounting Commercial Power Reporting, Manager Accounting Commercial Power and Gas Accounting, Manager Accounting Commercial Power Emission Allowances and Fuel Accounting and Manager Accounting Commercial Power Business Support.

The organizational chart for the Corporate Controller's Department is attached as Exhibit CO-1.

IV. Responsibilities

The USFE&G Planning and Finance Group is responsible for ensuring the integrity of the regulated businesses' accounting books and records; providing accounting-related information to support Duke Energy's regulatory initiatives and assure that the organization's reporting documents are in compliance with generally accepted accounting principles and practices and established governmental standards set by regulators, such as the SEC, the FERC and the utility regulatory commissions of Ohio, Indiana, Kentucky, North Carolina, and South Carolina.

The duties of the USFE&G General Accounting group include:

- Closing the books on a monthly basis and analyze financial results;
- Preparing information for filings with regulators including FERC Form1, FERC Form 2 and FERC Form 3Q or others as required;
- Supporting Duke Energy's regulatory activities including assistance in preparing accounting-related testimony, exhibits and discovery requests and coordination of regulatory audits;
- Assisting in preparing accounting-related data in support of corporate initiatives and activities;
- Establishing financial controls and test for compliance with Sarbanes-Oxley 404 requirements;
- Consolidating Carolinas and Midwest financial data to report results for USFE&G;
- Coordinating data gathering for 10Q/10K filings for Duke Energy; and
- Coordinating updates of key financial messages for Investor Relations.

The duties of the Fixed Asset Accounting group include:

- Maintaining property, fuel, materials and supplies inventory, and emission allowance records (Asset valuation, depreciation, AFUDC, capital recovery, etc.);
- Establishing asset accounting policies;
- Providing guidance on capital versus expense accounting;
- Performing construction and retirement work order accounting;
- Determining appropriate strategies for book depreciation, nuclear decommissioning funding and AFUDC;
- Establishing financial controls and test for compliance with Sarbanes-Oxley requirements;
- Preparing and analyze capital expenditure, fuel, materials and supplies inventory and emission allowance reports for management use; and
- Preparing rate case exhibits and testimony and respond to recovery requests.

The duties of the Derivative and Revenue Analysis group include:

- Recording revenues, primarily utility related, for the business units;
- Performing accounting control functions for the utilities revenue processes to ensure data integrity;
- Providing internal management reporting and analysis for revenue results; and
- Providing billing and collection services for miscellaneous utility and certain non-utility services.

The specific duties of the Wholesale Accounting group include:

- Providing accounting and settlement function for power and gas transactions;

- Providing accounting and invoicing for jointly owned facilities and network point to point transmission;
- Performing Post Analysis Cost Evaluation (PACE) modeling;
- Reporting and analyzing product line profitability;
- Assisting with fuel clause, revenue sharing and other regulatory calculations; and
- Supporting regulatory fuel clause and revenue sharing audits.

The Non-Regulated Accounting group is responsible for ensuring the integrity of the commercial power businesses' accounting books and records; providing accounting-related information to support Duke Energy's non-regulated initiatives and assure that the organization's reporting documents are in compliance with generally accepted accounting principles and practices and established governmental standards set by regulators, such as the SEC, the FERC and the Public Utilities Commission of Ohio.

The duties of the Commercial Power Reporting group include:

- Close the books on a monthly basis and analyze financial results;
- Coordinate and prepare filings with regulators including FERC Form 1, as required;
- Assist in preparing accounting-related data in support of corporate initiatives and activities;
- Initiate and monitor quarterly due diligence reviews to ensure adequate external financial disclosures;
- Establish financial controls and test for compliance with Sarbanes-Oxley 404 requirements;
- Consolidate various non-regulated businesses financial data to report results for Commercial Power;
- Coordinate data gathering for 10Q/10K filings for Duke Energy; and
- Coordinate updates of key financial messages for Investor Relations.

The duties of the Commercial Power and Gas Accounting group include:

- Provide accounting and settlement for power and gas transactions;
- Coordinate and prepare filings with regulators including FERC Form 1 and Form EQR, as required;
- Assist in preparing accounting-related data in support of corporate initiatives and activities;
- Initiate and monitor quarterly due diligence reviews to ensure adequate external financial disclosures;
- Establish financial controls and test for compliance with Sarbanes-Oxley 404 requirements; and
- Coordinate data gathering for 10Q/10K filings for Duke Energy.

The duties of the Commercial Power Emission Allowance and Fuel Accounting group include:

- Provide accounting and settlement for emission allowances, coal and renewable energy credits;
- Coordinate and prepare filings with regulators including FERC Form 1 and Form EQR, as required;
- Assist in preparing accounting-related data in support of corporate initiatives and activities;
- Initiate and monitor quarterly due diligence reviews to ensure adequate external financial disclosures;
- Establish financial controls and test for compliance with Sarbanes-Oxley 404 requirements; and
- Coordinate data gathering for 10Q/10K filings for Duke Energy.

The duties of the Commercial Power Business Support group include:

- Confirming commodity transactions;
- Providing contract support for all commodity contracts;
- Perform end of day and end of month processing;
- System administrator of Commodities XL;
- Support the commercial asset management organization in the use and administration of Commodities XL;
- Establish financial controls and test for compliance with Sarbanes-Oxley 404 requirements; and
- Coordinate data gathering for 10Q/10K filings for Duke Energy Corp.

The International Accounting group is responsible for the books and records, financial reporting, and all other accounting-related aspects of non-U.S. operations.

The Corporate Accounting group is responsible for corporate level benefits accounting, service company allocations, governance accounting and reporting, labor loading factors, labor distribution (excluding international), and stock based compensation accounting. Additionally, the group is responsible for captive insurance accounting, derivative accounting, parent company and joint venture accounting, reserves and accruals, incentive accruals, quarterly cash flow roll forwards, various quarterly schedules and analysis to support SEC disclosures (e.g. 10-Q and 10-K , income and balance sheet variance analysis and reporting for the Duke Other segment and other special projects of a corporate nature as needed

The Internal & External Reporting group is responsible for:

- Supporting the enterprise-wide consolidation of balance sheets and income statements, facilitating intercompany transactions reconciliation and elimination processes;

- Managing the monthly close and reporting tasks, and manage non-routine transactions and non-routine SEC reporting that involve multiple business units and/or corporate areas;
- Preparing and filing all SEC periodic reports and financial statements (Form 10-K, 10-Q, etc);
- Preparing certain monthly financial reports to executive management and the Board of Directors of Duke Energy and financial statement analysis;
- Coordinating and making filings with regulators including FERC Form 1, FERC Form 2 and Form 3Q or others as required; and
- Leading enterprise efforts to enhance internal controls, including the development and enhancement of corporate control policies and compliance with sections of the Sarbanes-Oxley Act of 2002 related to internal controls and disclosure controls.

Detailed responsibilities are separately documented.

The Accounting Research group is responsible for providing assistance to the corporate and business unit personnel on resolution of accounting and reporting issues related to generally accepted accounting principles (GAAP), SEC reporting, and other regulatory matters. This group also provides implementation assistance and periodic training to corporate and business unit personnel on new accounting pronouncements and reporting matters and reviews significant accounting conclusions developed by the business units.

The Project Accounting group is responsible for providing accounting and budget support for USFE&G's Retail Customer Products and Services (RCPS) organization. This group also provides accounting and invoicing support for the stimulus grants that have been awarded to Duke Energy by the Federal government under the American Recovery and Reinvestment Act of 2009 (ARRA).

The duties of the Project Accounting group include:

- Ensuring that the accounting for USFE&G's Energy Efficiency (EE), Smart Grid (SG) and non-regulated activities, and for Duke Energy's stimulus grants, is in compliance with generally accepted accounting principles and established governmental standards set by regulators, such as the SEC, the FERC, the Department of Energy and the utility regulatory commissions of Ohio, Indiana, Kentucky, North Carolina, and South Carolina;
- Supporting Duke Energy's EE, SG and base-rates regulatory filings and reporting, including assistance in preparing accounting-related testimony, exhibits, discovery requests and other reports;
- Tracking and monitoring revenues, costs and rider collections associated with EE and SG programs and ensure proper recording in the general ledger;
- Tracking and reporting the profitability of all EE and other products versus budget;

- Preparing invoices and supporting documentation for submission to the federal government in order to receive stimulus funds. Also track and report cumulative spend and jobs created for each stimulus grant/project;
- Coordinating the government mandated annual independent audits of stimulus grants;
- Establishing financial controls and test for compliance with Sarbanes-Oxley 404 requirements; and
- Coordinating budgets and forecast updates for the RCPS organization.

V. Practices and Procedures

The Corporate Controller's Department's practices and procedures comply with Duke Energy policies and procedures located on Duke Energy's intranet. These policies including those established by the Corporate Controller's Department as noted in Section I, Policy and Goal Setting of this document, help ensure consistency across the enterprise. Policies and procedures are reviewed and updated as necessary to reflect new or modified accounting pronouncements and regulatory requirements, and to provide additional clarity. A list of these key Internal Controls and Financial Controls policies are attached as Exhibit CO-2.

As part of Duke Energy's due diligence process with respect to its SEC filed financial statements, senior management and certain key management employees are required to sign a quarterly certification representing that there are no material weaknesses in internal controls or any material misstatements in the financial statements of the company.

VI. Decision Making and Control

Overall direction on the broad concepts for reflecting accounting and financial information is provided by the Corporate Controller. With few exceptions, personnel at all levels are provided general supervision and granted latitude to make daily decisions, plan activities, coordinate personal schedules, and travel as required to perform their core functions.

The decision making process for the Corporate Controller's Department revolves primarily around the proper disclosure of accounting and financial data to satisfy external regulations and requirements. Department personnel research accounting issues as needed and formulate preliminary decisions that are communicated through the management hierarchy, as appropriate, for concurrence.

Control of individual purchasing activities and access to cash disbursements and reimbursements are strictly controlled in accordance with the Duke Energy Approval of Business Transactions policy and resulting delegations of authority (DOA) approval

levels. For most transactions, DOA approval levels are captured in the various procurement and payable systems and are electronically verified to ensure compliance with established limits.

To provide greater controls and review of financial documents to be filed externally, the Corporate Controller's Department circulates drafts of each filing for comments from internally affected departments and externally from Duke Energy's independent auditors. In addition, a due diligence process is performed each quarter to ensure that the financial statements include the most current and appropriate financial disclosures.

In addition to the internal reviews and controls associated with making accounting changes, compliance with certain accounting policies and procedures is monitored by the Audit Services Department, independent auditors, and/or regulators.

VII. Internal and External Communication

Periodic staff meetings are held by the Corporate Controller and each group that reports to the Corporate Controller to provide a sharing of events that have transpired and/or are planned that affect accounting operations, to provide updates on the progress of projects at various stages of completion and to discuss personnel, policies and practices. Those items and events affecting the operations of the department are communicated to employees as appropriate. Electronic mail is used extensively, along with internal departmentally shared network drives to exchange both formal and informal communication.

Frequent communication is also required with other departments within Duke Energy including, Legal, Rates, Tax, Human Resources, Risk Management, Budgets & Forecasts and Treasury in the form of oral or written requests to gain information/knowledge on certain issues to be considered when preparing external documents. These departments frequently request information from the Corporate Controller's Department as well.

The Corporate Controller and staff communicate with other utilities on accounting issues which may impact the utility industry. As needed, contact with other utilities is made by phone or email to obtain these companies' external reports such as Annual Reports or Form 10-Ks and also to discuss accounting methods or procedures. In addition, the Corporate Controller's Department periodically responds in written format to regulatory agencies' and authoritative accounting bodies' proposed accounting changes.

Frequent contact is maintained with independent auditors during their testing of financial statements and documents. Occasional contacts are also made with outside

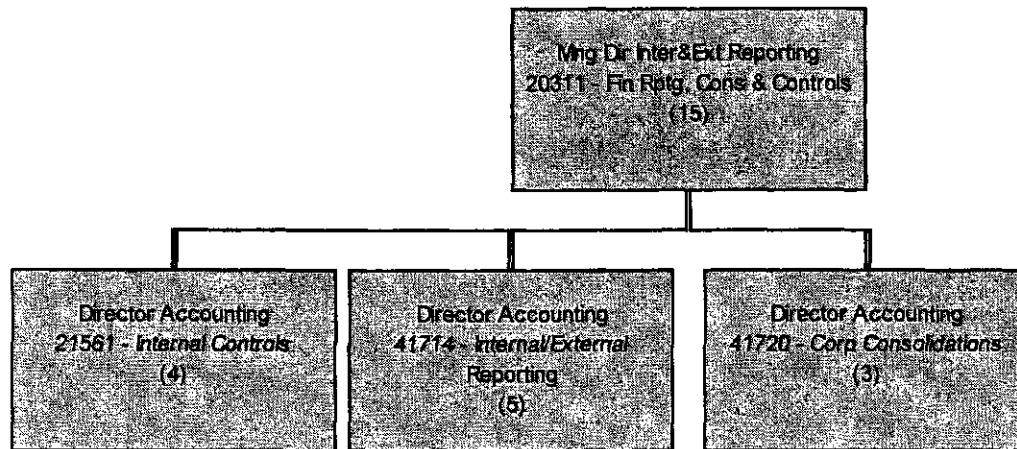
legal and actuarial experts, as well as state and federal regulatory agencies, concerning audits for prescribed accounting and records supporting rate case issues.

VIII. Goal Attainment and Qualification

Performance measures are established annually and approved by the Duke Energy Compensation Committee. These performance measures include items that are critical to the enterprise as well as departmental items that support and align with enterprise measures. Enterprise measures may include earnings per share, operations and maintenance expense levels, reliability metrics, safety, etc. Departmental measures may include items such as timely and accurately closing the books and reporting financial results, and timely response to data requests. Actual performance against these measures is tracked and reported to all employees.

In addition, employees receive annual performance reviews to measure and report progress toward individual goals and performance against expectations.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



Tracking Sheet - List of Internal Controls and Financial Controls Policies

This list was last updated on 4-2-2012.

	Current Revision Date *	Original Effective Date
Accounting and Financial Reporting		
Account Analysis and Reconciliation	3/31/2008	4/30/2001
Accounting for Cash Overdrafts	6/10/2010	3/31/2006
Accounting for Claims between Captive Insurer and Affiliates	2/11/2010	12/16/2004
Accounting for Defined Benefit Pension Plans and Other Post-Retirement Benefit Plans	12/31/2010	12/1/2004
Accounting for Derivative Instruments and Hedging Activities	12/31/2009	12/1/2004
Accounting for Goodwill	12/31/2010	12/1/2004
Accounting for Intercompany Transactions	2/10/2011	7/31/2004
Accounting for Loss Contingencies	12/31/2010	12/18/2007
Accounting for Regulated Operations	12/31/2010	12/1/2004
Accrual Guidelines	5/15/2009	3/31/2003
Asset Impairments Reviews for Long-lived Assets (excluding Goodwill) and Equity Method Investments	12/31/2010	12/1/2004
Assets Held for Sale and Discontinued Operations		
Duke Energy International (DEI) Capitalization Policy	6/15/2009	5/31/2009
Fair Value Measurements Used in Accounting	12/31/2009	1/1/2008
Financial Statement Disclosure of Related Party Transactions	2/11/2010	12/15/2004
Form 8-K Requirements and Filing Procedure	6/3/2010	8/23/2004
Journal Entry Creation and Approval Requirements for Non-System Generated Journals	3/1/2008	9/30/2003
Other Comprehensive Income Accounting Procedures	5/15/2009	12/31/2003
Preparing & Reviewing Financial Schedules, Statements, or Reports	2/1/2008	3/31/2004
Property/Business Interruption Reserve Eliminations in Consolidation	2/11/2010	12/31/2004
Reclassification of Realized Income Statement Activity in Consolidation - Net vs. Gross	2/10/2011	9/30/2003
Revenue and Accounts Receivable		8/31/2000
Revenue Recognition	12/31/2010	12/1/2004
Roles and Responsibilities for the Consultation on and Documentation of Significant Accounting or Reporting Matters	12/31/2009	12/15/2004
U.S. GAAP Compliance Checklist	12/31/2009	12/1/2004

Entity Level Controls

Duke Energy Entity Level Controls	5/21/2010	6/1/2006
Finance Entity Level Controls	5/31/2010	
HR Entity Level Controls	11/30/2010	
IT Entity Level Controls	8/2/2010	

Expenditures

Accounts Payable and Imprest Petty Cash	4/1/2012	7/19/2006
Approval of Annual Budget	1/14/2010	8/31/2000
Approval of Business Transactions	7/2/2009	7/1/2000
Check Signing	4/1/2012	8/31/2000
Contract Administration Policy	4/1/2012	7/1/2008
Delegation of Authority	4/1/2012	8/31/2000
Delegation of Authority - International Employees	12/16/2009	8/31/2000
Employee Expense Reimbursement Policy	4/20/2009	8/31/2000
Purchasing Authority Policy	4/1/2012	1/1/2008
Purchasing Controls Policy	4/1/2008	3/31/2004
U.S. Government Funded Project Policy	4/1/2012	7/31/2009

External Auditor and Other Major Accounting Firms

Engaging Major Accounting Firms for All Services		4/30/2009
Engaging the Independent Auditor for Services	12/8/2010	4/4/2006
Hiring Policy for Employees and Former Employees of the External Auditor	12/31/2009	4/24/2003

Other Internal Controls

Creation, Dissolution or Restructuring of Legal Entities and Subsidiaries	2/10/2011	3/25/2004
Disclosure Committee Charter	3/1/2010	
Disclosure Controls and Procedures Overview	1/1/2008	1/1/2008
Sarbanes-Oxley Change Control	7/15/2010	10/1/2004

Payroll

Payroll Policy		8/31/2000
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Tracking Sheet - List of Internal Controls and Financial Controls Policies

This list was last updated on 4-2-2012.

Current Revision Date *	Original Effective Date
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Risk Management

Commodity Risk Policy	11/28/2011	5/24/2004
Credit Policy	11/28/2011	7/15/2003
Loan Policy	1/19/2011	1/7/2002
Property and Liability Insurance	1/18/2011	1/1/2009
Surety Bonds	1/25/2011	9/26/2000

Summary of Internal Controls and Financial Controls Policies

Summary of Internal Controls and Financial Controls Policies	12/31/2009	12/16/2004
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Taxes

Accounting for Income Taxes	12/31/2010	6/30/2004
Property Tax	12/31/2010	8/31/2000
Relations with Tax Authorities	3/31/2009	8/31/2000
Sales/Use and Excise Tax	12/31/2010	8/31/2000
Tax Reserves Policy	12/31/2010	12/31/2004

Treasury

Bank Account and Check Disbursement Policy	1/31/2010	8/31/2000
Corporate Cash Management Policy	1/31/2010	3/10/2000
Financing Activity and Financial Risk Management Policy	7/20/2010	4/1/2006
Intercompany Funding Policy	1/31/2010	11/1/2004
Wire Transfer Policy	1/31/2010	8/31/2000

* If no Revision Date is indicated, it is the same as the Effective Date and/or there have been no revisions.

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
INTERNAL CONTROLS GROUP

I. Policy and Goal Setting

The Internal Controls Group is responsible for various internal control matters within the Corporate Controller's function, including governance and oversight activities related to execution of Sections 302 and 404 of the Sarbanes-Oxley Act, ensuring activities associated with documenting, testing, and evaluating the effectiveness of Duke Energy Corporation (Duke Energy) internal controls over financial reporting are successfully performed by the organization, and supporting executives of the company who are responsible for internal controls by obtaining quarterly and annual assertions regarding the effectiveness of such internal controls. The Internal Controls Group is responsible for coordinating the external management representation letters and for maintaining specific finance and accounting policies.

II. Strategic Planning

Preparation of the corporate closing calendar and applicable quarterly/annual due dates for specific regulatory filings are the responsibility of the Corporate Controller's Department. The Internal Controls Group adheres to these due dates as it establishes its applicable quarterly work plans relative to achievement of Sarbanes-Oxley, Section 302 quarterly compliance activities and applicable accounting policy updates.

Planning activities as they relate specifically to achievement of implementation of annual Sarbanes-Oxley, Section 404 compliance requirements are the direct responsibility of the Director, Internal Controls. Work plans are developed and communicated to affected business areas. Critical due dates are established and closely monitored; periodic status reports are provided to both executive management and the Audit Committee of the Board of Directors.

III. Organizational Structure

The Internal Controls Group is under the direction of the Director, Internal Controls, who reports to the Managing Director, Internal and External Reporting. Business process owners for each applicable affected business area (e.g., Human Resources, Business Units, etc.) are also actively engaged in the various compliance activities, as it relates to both Section 302 and Section 404 efforts.

The organizational chart for the Corporate Financial Controls Department is attached as Exhibit CFC-1.

IV. Responsibilities

Primary responsibilities of the Internal Controls Group include providing general oversight, guidance, and monitoring to ensure that quarterly activities associated with the Section 302 and Section 404 internal representation letter process are executed by the applicable business process areas and maintaining the Corporate Financial/Accounting policies and procedures. Specific duties of the Internal Controls Group include:

- Maintaining Corporate Financial/Accounting policies and procedures;
- Coordinating Section 302 and Section 404 internal representation letter process, including disclosure controls and procedures;
- Coordinating management representation letters with external auditors;
- Providing support for the Approval of Business Transactions policy;
- Training applicable business process owners on Section 404 related requirements and responsibilities;
- Developing and monitoring detailed project plans and timelines;
- Performing risk assessments of the financial statements and footnotes to determine scope of Section 404 activities;
- Developing consistent standards for documentation and testing;
- Identifying, for each transaction cycle, the control objectives and risks and developing control activity guidance for the business process owners;
- Reviewing business process owner's identification and documentation of control activities and assessment of control design;
- Developing testing criteria and templates for use by business process owners for their effectiveness testing;
- Reviewing, as necessary, business process owner effectiveness testing and associated documentation;
- Coordinating the documentation of the Duke Energy's entity level controls and development of entity level test templates to facilitate business process owners certification of those controls;
- Coordinating re-testing of business process owner's transaction level testing;
- Coordinating overlap testing with Corporate Audit Services;
- Maintaining remediation database and monitoring remediation activities and status;
- Providing counsel and direction to business process owners in the completion of transaction level remediation activities, as necessary;
- Participating with business process owners responsible for the implementation of new company's initiatives to ensure the appropriate

internal controls over financial reporting are being designed, implemented, and are working effectively;

- Monitoring the activities of the Securities and Exchange Commission and the Public Company Accounting Oversight Board in order to ensure Section 404 activities are in accordance with applicable authoritative guidance;
- Coordinating the Management Section 404 assertion process;
- Interfacing with the Duke Energy's external auditors regarding their attestation work; and
- Communicating project status and other related information (e.g., remediation activities status) to key stakeholders.

V. Practices and Procedures

As stated earlier, the Internal Controls Group adheres to corporate practices and procedures as it relates to overall compliance with applicable due dates for both Section 302 and Section 404 regulatory requirements. The Internal Controls Group develops and directly manages to an overall program work plan and day-to-day work activities are closely monitored to ensure the timely completion of all Section 302 and Section 404 related requirements. Various monthly and/or quarterly meetings and/or communications are held with specific process owners, executive management, and the Audit Committee of the Board of Directors to discuss current work activities, program status, and any applicable issues. The Internal Controls Group monitors activities of the Securities and Exchange Commission and the Public Company Accounting Oversight Board as it relates to the issuance of authoritative guidance associated with Section 302 and Section 404, to ensure compliance.

VI. Decision Making and Control

The Director, Internal Controls and Managing Director, Internal and External Reporting have responsibility for the general oversight, governance, and monitoring of Section 302 and Section 404 activities, reporting directly to the Corporate Controller. In addition, ad hoc meetings of applicable business process owners occur, as necessary, to address areas of specific or immediate concern. Applicable business process areas have designated an area Sarbanes Oxley Representative to aid in the execution of Section 302 and Section 404 activities, and to provide business process owners necessary guidance and assistance in order for them to provide their annual assertions as to the effectiveness of internal controls over financial reporting related specifically to their affected business areas. The Corporate Controller is ultimately responsible for providing periodic presentations on program status to the Audit Committee of the Board of Directors. In addition the Director, Internal Controls and/or Corporate Controller is (are) responsible for reporting status on a periodic basis to executive management, including the Chief Financial Officer and the Chairman, President, and Chief Executive Officer.

VII. Internal and External Communication

The Internal Controls Group, in the performance of its duties and responsibilities, interfaces frequently with personnel from outside and within Duke Energy. These interfaces are accomplished by written communications (e.g., e-mails, reports, memorandum, etc.), telephone conversations, and personal meetings.

External interfaces include Duke Energy's external auditors and other utility companies. Periodic meetings are held between the Internal Controls Group and Duke Energy's external auditors to discuss the status of the external auditor's attestation activities, including any potential issues or areas of concern.

Internally, there are frequent interfaces with business process owners and other key stakeholders.

The Internal Controls Group holds routine staff meetings. The purpose of these meetings is to communicate current work activities, status, and timelines and to provide a forum to discuss problems, concerns, and suggestions.

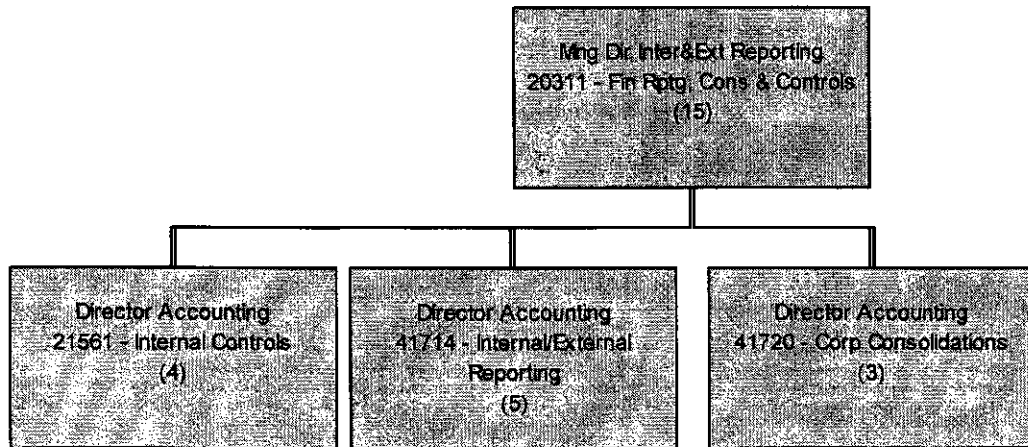
Quarterly meetings are held with the Corporate Disclosure Committee, made up of key executive financial officers and financial management, and of which the Corporate Controller serves as Chairperson. The purpose of the Corporate Disclosure Committee is to assist Duke Energy's Chief Executive Officer and Chief Financial Officer in fulfilling their responsibilities for oversight of the accuracy and timeliness of disclosures made by Duke Energy. The Corporate Disclosure Committee is responsible for considering the materiality of information and assisting in determining disclosure obligations pursuant to applicable securities laws and regulations and stock exchange requirements.

Periodic program status update meetings are held with executive management and the Audit Committee of the Board of Directors. Attendees of these meetings include the Corporate Controller, Managing Director, Internal and External Reporting (as necessary), Director, Internal Controls (as necessary), and Duke Energy's internal and/or external audit engagement partners (as necessary).

VIII. Goal Attainment and Qualification

The achievement of the Company's financial compliance efforts are measured by the successful and timely execution of the department's established work plans, goals, and objectives. In addition, periodic meetings are held with executive management and the Audit Committee of the Board of Directors to report overall program status.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



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

I. Policy and Goal Setting

The financial policies of Duke Energy Corporation (Duke Energy) are the responsibility of the Chief Financial Officer, who is principally responsible for the development and protection of Duke Energy's financial resources.

The Treasury Department supports the corporate financial policies and the corporate policies embodied in the Duke Energy Code of Business Ethics, which establishes the guidelines by which Duke Energy employees are expected to conduct business.

In addition, the Corporate Treasury Policy and Guideline Manual and Investment Policy Statements provide further policy and guideline parameters under which Treasury operates. Examples of specific Treasury Department policies include but are not limited to:

- Intercompany funding;
- Wire Transfers;
- Check signing and disbursements;
- Short-term investments;
- Financing Activity and Financial Risk Management Policy; and
- Delegation of authority and approval of business transactions.

The annual goals and objectives of the Treasury Department are designed to support the achievement of the Duke Energy business plan. These goals and objectives are developed by all levels of departmental personnel and are approved by the Treasurer. The focus of treasury-related goals routinely encompasses items such as minimizing or reducing costs related to financing related transactions, increasing returns on cash investments, providing superior support to other corporate areas such as regulatory affairs and corporate accounting, and maintaining excellent credit rating agency support to encourage appropriate credit ratings.

II. Strategic Planning

Financial planning in the Treasury Department (*i.e.*, Corporate Finance, Cash Management, and Long-Term Investments) centers on the cash forecast, which is prepared primarily from Duke Energy's Annual Financial Plan. The cash forecast is updated monthly to reflect variations between actual results and budget, as well as to reflect revised estimates of cash needs obtained from the major operating subsidiaries. The forecast identifies the magnitude, timing, and tenor of external financing needs. This information, as well as corporate policy, market information, and other

Company specific information, is used to determine the amount of short-term liquidity resources needed and to plan the type of external long-term financings needed. These financial plans are reviewed by the Treasurer and the Chief Financial Officer. Short-term financing requirements and all long-term financings are reviewed and approved by the Board of Directors.

Long-Term Investments provides management oversight of the assets in Duke Energy's pension benefit trusts, 401(k) plans (Plans), and nuclear decommissioning trusts. In providing these services, Long-Term Investments partners with Human Resources and external service providers to effectively meet the goals and objectives of the Plans.

III. Organizational Structure

The Treasury Department is divided into four principal sections: Corporate Finance; Project & International Finance; Cash Management; and Long-Term Investments. The leaders of these functions all report directly to the Treasurer, who reports to the Chief Financial Officer.

The organization chart of the Treasury Department is attached as Exhibit TR-1.

IV. Responsibilities

The Treasury Department, under the direction of the Treasurer, provides various financial services to Duke Energy under four areas of responsibility:

- Corporate Finance;
- Project & International Finance;
- Cash Management; and
- Long-Term Investments.

Through various short and long-term financing options, the Treasury Department provides, in a cost-effective manner, the funding necessary to support working capital outlays, capital expenditures, and the cost of expansion into energy-related markets for Duke Energy and affiliate companies. This includes developing alternative financing strategies that optimize benefits for both shareholders and ratepayers.

The Treasury Department has responsibility for all corporate funds of Duke Energy, including cash funds management, wire transfer disbursements, and borrowing and/or investing of funds. Treasury also has responsibility for money pool administration, asset and liability management, leasing, indenture administration, pension fund and 401(k) asset management oversight, and cost of capital studies. The Treasury Department is also responsible for maintaining relationships with the banking community, fixed income investors, credit rating agencies, trust custodians, investment managers, and investment consultants.

V. Practices and Procedures

Cash Management

Daily money movement decisions (including borrowing and/or investing corporate funds) are the responsibility of the Assistant Treasurer, Cash Management. Cash Management personnel assist in executing this responsibility with oversight from the Assistant Treasurer. The Cash Management group obtains interest rates from banks, brokers, and dealers, and evaluates the most advantageous actions to be taken by Duke Energy. Various financial analyses and reports are prepared that reflect daily cash activity. These reports are distributed to the Treasurer and other financial employees as necessary.

Corporate Finance

Corporate Finance provides the resource that converts the Duke Energy Annual Financial Plan to actionable items. In doing so, it regularly maintains active dialogues with relationship banks to analyze and investigate various financing alternatives in order to raise needed capital in a cost efficient manner. Individual financing transactions are coordinated with appropriate parties including banks, legal advisors, credit rating agencies, and others to facilitate the transaction. These actions support Duke Energy's balance sheet strength in accordance with its credit ratings objectives and support other financial objectives such as exposure to floating rate interest rates, shareholder dividend policy, and short-term liquidity needs. All financing transactions are approved by the Treasurer and the Chief Financial Officer under the delegation of authority set forth in the corporate Approval of Business Transaction Policy. In addition, other activities include economic overview and analysis support for large capital expenditure recommendations, accounting and regulatory support for "finance oriented" projects, and periodic interaction with credit rating agencies to respond to needed data requests.

Project & International Finance

The Project & International Finance team provides support to Duke Energy's commercial businesses, specifically Duke Energy International and Duke Energy Renewables. In this role, the team supports non-recourse project financings and international transactions.

Long-Term Investments

Long-Term Investments manages the ongoing trust cash flows including contributions to various plans, funding benefit payments, and paying management consultants and trustee fees and expenses. Activities also include re-balancing asset investment positions consistent with established

benchmarks and objectives and monitoring manager and fund performances compared to performance benchmarks, making manager changes as necessary. Performance is periodically reported to the Investment Committee of the Board of Directors and annually to the Board of Directors.

VI. Decision Making and Control

The level at which decisions are made within Treasury and the amount of control exercised by individual department personnel are in many cases specified in resolutions approved by the Board of Directors (or subcommittees thereof). In addition, a formal Corporate Treasury Policy and Guideline Manual and Investment Policy Statements have been approved which further delineate, among other matters, decision making authority within Treasury. All employees are apprised of their responsibilities and authority and are expected to make decisions within the parameters of that authority and report their results to the next level of supervision as appropriate.

Many of the major decisions in the area of Corporate Finance are made pursuant to resolutions approved by the Board of Directors. These resolutions delegate authority to the Chief Financial Officer, Treasurer, other Treasury management, or other designated persons (employees, agents, etc.).

VII. Internal and External Communication

Departmental groups hold periodic staff meetings for all employees of the group. The purpose of these staff meetings is to communicate policies and decisions of management, discuss work assignments and work schedules, and to provide an informal forum to discuss problems, concerns, and suggestions of the employees. The Treasurer holds periodic staff meetings with all of his management team.

Daily interaction is maintained between the Treasurer, Managers, and other employees. Frequent informal communication lines are also maintained with other departments within Duke Energy. In addition, department personnel are made available for presentations to other departments within Duke Energy.

External communications are maintained with commercial and investment banks, credit rating agencies, pension fund managers, trust custodians, and consultants.

VIII. Goal Attainment and Qualification

Cash Management

- Performance is measured by a number of factors, most of which relate to the following:
- Ability to concentrate funds for optimizing cash flow strategies;

- Ability to complete short-term borrowing requirements at costs comparable to equivalent or higher-rated companies;
- Ability of obtain favorable rates of return on cash investments;
- Ability to secure bank pricing that is below published national averages;
- Support of Company initiatives that impact cash receipts and disbursements; and Timely inputs into the monthly closing process

Corporate Finance

Performance is measured by the success of meeting time schedules for financing, obtaining long-term funds on the most favorable terms possible, and the accuracy of related documents. Performance for preparation of financial and disclosure documents is measured by timely and accurate preparation, distribution and filings with various agencies.

Other indicators which are part of the financial planning process and performance attainment comparisons include:

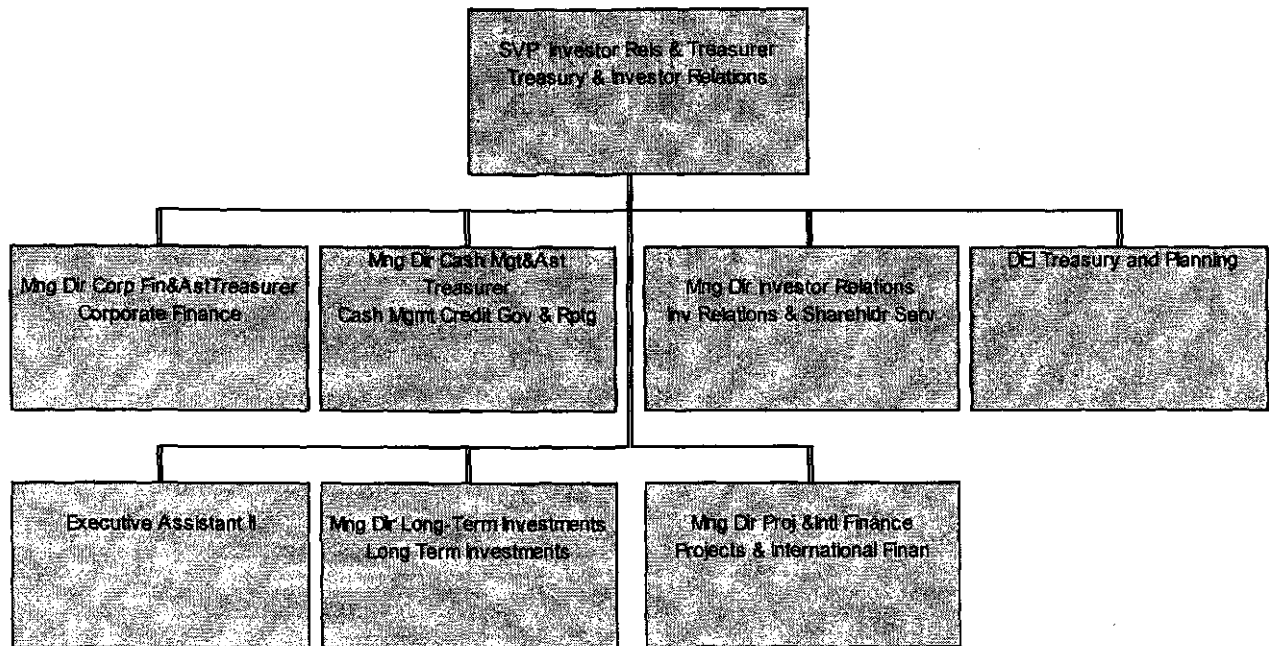
- Ability to complete financing requirements at costs comparable to or better than equivalent rated companies;
- Capital structure ratios;
- Interest coverage ratios;
- Levels of restrictive financial covenants contained in indentures or bank credit agreements;
- Implicit interest rates on leases; and
- Timely completion of disclosure reporting requirements.

Long-Term Investments

Performance is largely evaluated by comparing the total funds investment performance with the total fund composite benchmark. Further performance comparisons are made for total equity, total fixed income, and individual managers with their respective benchmarks.

Performance goals are specified in the approved Investment Policy Statement. Although investment performance is monitored and evaluated on a continuous basis, the attainment of performance goals have a longer term focus (*e.g.* generally rolling three year and five year periods) and are evaluated on such a basis.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
FINANCIAL PLANNING AND ANALYSIS

I. Policy and Goal Setting

The financial policies of the Company are the responsibility of the Company's Group Executive, Chief Financial Officer, who is principally responsible for the development and protection of the Company's financial resources.

The Financial Planning and Analysis function supports the overall corporate financial policies and the corporate policies embodied in the Duke Energy Code of Business Ethics, which establishes the guidelines by which Duke Energy employees are expected to conduct business.

The annual goals and objectives of Financial Planning and Analysis are designed to support the achievement of Duke Energy's business plan. These goals and objectives are developed by all levels of departmental personnel and are approved by the Senior Vice-President Financial Planning & Analysis.

II. Strategic Planning

Duke Energy's strategic direction is established by senior management. The Financial Planning and Analysis function addresses the needs of senior management generally by providing financial analyses of various strategic and financial direction options prior to decisions being made. Once a strategic direction is identified, communication and coordination among many departments occurs to produce Duke Energy's Annual Financial Plan and various updates to this plan.

III. Organizational Structure

The Financial Planning and Analysis function consists of three separate teams led by Directors who report to the Senior Vice-President Financial Planning & Analysis who then reports to the Group Executive, Chief Financial Officer. The three teams are 1) Forecasting 2) Consolidations, Budgeting, and Corporate Support 3) Power Delivery, Nuclear, and Fossil/Hydro Financial Support.

An organizational chart is provided in Exhibit FPA-1.

IV. Responsibilities

Financial Planning and Analysis is primarily responsible for the preparation of Duke Energy's Annual Financial Plan, which includes short- and long-term operating and cash forecasts. It also assists Corporate Accounting in monitoring corporate budget variances and providing explanations to senior management. The forecasts are used to assist in the development of Duke Energy and its subsidiaries' (including Duke Energy Ohio, Inc.) strategy for regulatory and competitive issues.

V. Practices and Procedures

The principle practices and procedures used by Financial Planning and Analysis, in addition to the above responsibilities, include the following:

- Rating agencies presentations/support;
- Regulatory planning & testimony support;
- Short-and long-term financial analysis;
- Strategic and corporate planning support;
- Short-and long-term financial target setting;
- Economic and financial decision-making support; and
- Support senior management review process.

VI. Decision Making and Control

Decision making involves applying financial and economic evaluation methods, along with independent judgment, to the many financial and operating issues that impact Duke Energy. Most decisions are made on the reasonableness of data, comparing it to previous years, trend data, expected results based on analysis and forecasts of changes in the industry environment, and other operating or financial considerations.

There is not one defined criterion utilized for decision-making purposes but rather criteria are driven by the issue being addressed. Financial Planning and Analysis staff members have a multi-functional background and expertise they bring to each issue being analyzed.

Much of the decision making in Financial Planning and Analysis is iterative in that results of one analysis imply another analysis is necessary to validate assumptions or conclusions. These subsequent analyses are often provided to senior management for their review process.

Assumptions and analyses are reviewed by the Directors and the Senior Vice President, Financial Planning and Analysis for reasonableness and consistency in theory application.

VII. Internal and External Communication

Communication within the department is achieved through regular staff meetings, conference calls, and e-mail. Types of information shared within the department include directions and/or assumptions for a particular analysis; brainstorming for problem resolution; relaying information communicated from another meeting that involves assignments; and communication of corporate direction from senior management.

VIII. Goal Attainment and Qualification

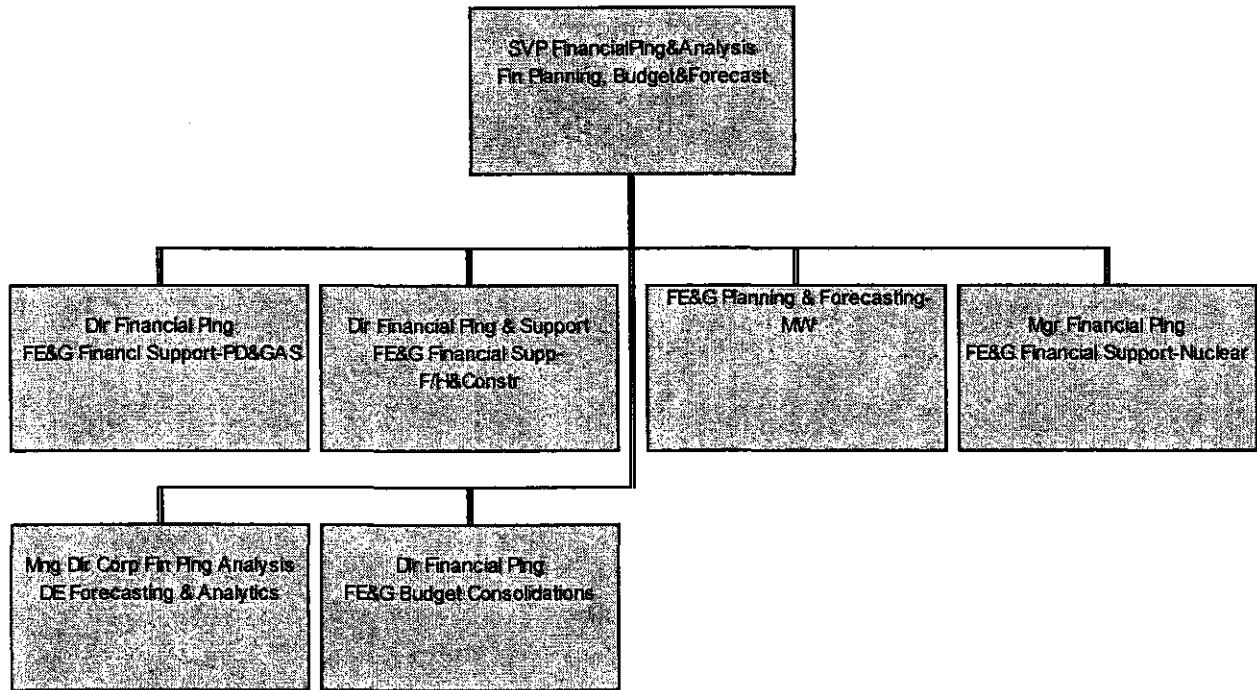
The goals are primarily subjective in nature and are based on quality of performance. The quantification is based on feedback from peers and project leaders.

Financial Planning and Analysis provides supporting data utilized by the Rates Department for cost of service data for filing by jurisdictions, develops testimony for witnesses, and responds to Commission staff or intervener data requests.

The group also provides timely and accurate executive management support for financial and strategic functions, scenario analysis, PRC and TRC processes.

Financial Planning and Analysis provides lead business support transformation and consolidation to position the Finance Department to deliver quality and consistent business support services at a more effective cost.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



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

I. Policy and Goal Setting

The Strategy and Planning Department provides senior management with corporate intelligence designed to enhance organizational resilience to anticipate threats and take advantage of financial opportunities, develop robust business plans, and formulate Duke Energy Corporation (Duke Energy) strategy. The key functions of this group include market monitoring through the continuous tracking of changes in the industry, facilitating the development and communication of corporate strategy, coordinating business planning, and providing research and analytical support as needed for senior management.

The Strategy and Planning Department is also responsible for load forecasting and market fundamentals.

The Department Executive, in consultation with their staff, coordinates goal setting for the group. Goals for the group reflect the financial and administrative goals established in the business plan of the Corporate Strategy and Policy Group.

II. Strategic Planning

Planning for the Strategy and Planning Department is the responsibility of the Department Executive in consultation with their staff. Departmental planning decisions are made annually for the next five years. These planning decisions are tailored to support corporate goals.

III. Organizational Structure

The Strategy and Planning Department is under the direction of the Department Executive and is a part of the Finance Group. There are three direct reports to the Department Executive, including the heads of Corporate Strategic Initiatives, Market Fundamentals, and Load Forecasting.

The organizational chart of the Strategy and Planning Department is attached as Exhibit SP-1.

IV. Responsibilities

An important function of the Strategy and Planning Department is to monitor emerging trends within the industry, assess their impact, and alert the organization on

emerging threats and opportunities. In addition to facilitating the development and communication of corporate strategy, the group is responsible for coordinating the strategic planning cycle and ensuring that business plans are well aligned on a corporate basis. The department also supports Duke Energy's executive team by providing research and analytical support for special projects.

The Strategy and Planning Department also has input into the development, support, and facilitation of long-term planning efforts at Duke Energy. This includes responsibility for load forecasting and projecting market fundamentals.

V. Practices and Procedures

The Strategy and Planning Department monitors key changes in the industry on a continuous basis and communicates the impact of these to the executive team. The group facilitates the discussion of critical strategic issues to develop clear articulation of Duke Energy's point of view regarding these issues. Strategy and Planning facilitates the development of Duke Energy's strategy and communicates it to employees and other stakeholders through image maps and other regularly held information sessions.

VI. Decision Making and Control

The Strategy and Planning Department holds regular staff meetings to discuss issues. All important decisions are subject to the review of the Department Executive.

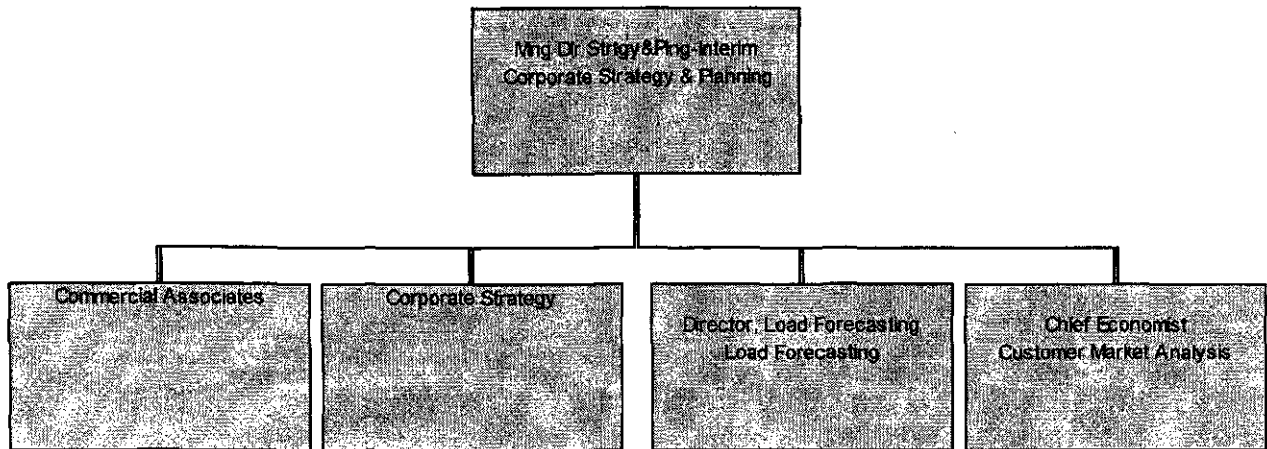
VII. Internal and External Communication

A large part of internal communication results from daily informal interaction among department personnel. This is augmented by regular meetings, as well as written communications such as memos, e-mail, etc. The group communicates on a regular basis with the business units as well as with other corporate center departments such as Financial Planning, Mergers and Acquisitions, Treasury and Administrative Areas. External communication includes publications, conferences, personal communication, and industry forums.

VIII. Goal Attainment and Qualification

Performance of the Strategy and Planning Department is usually measured by feedback from its customers. These include members of the executive management team as well as employees from other departments that interact with the Strategy and Planning Department. The group solicits feedback through surveys and direct interviews.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



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

I. Policy and Goal Setting

Departmental practices and procedures are conducted within the guidelines established by Duke Energy Corporation (Duke Energy) policies.

Goal setting is performed annually during the budgeting and incentive development processes. The Insurance and Claims budget is part of the overall Finance group budget, which is approved by the Group Executive, Chief Financial Officer. Departmental objectives are also included in employee incentive targets and are evaluated annually.

II. Strategic Planning

The Insurance group's strategic plan is determined annually by assessing industry trends regarding the limits and coverage available in insurance markets, benchmarking with industry peers, and examining the development of claims against Duke Energy. Insurance coverage limits are purchased based upon current market conditions and risk assessments of Duke Energy.

For claims development, Duke Energy sends its claim history (cost and number of claims) to an independent, third party actuary. The actuary analyzes the data and provides an estimated loss forecast of the annual claim costs by coverage type (i.e. workers' compensation, property, liability). The loss reserves and premiums are based on this actuarial forecast.

Analysis of the insurance strategy is performed during the annual renewal of insurance policies, which generally takes place mid-year for major lines of insurance such as property and general liability. Significant changes to the insurance program are communicated to the Vice President, Global Risk Management & Insurance and Chief Risk Officer (CRO) and the Group Executive, Chief Financial Officer. An overview of the insurance program is provided to the Duke Energy Board of Directors on an annual basis.

III. Organizational Structure

The Insurance and Claims Department is led by a Director, Insurance and Claims, who reports to the Vice President Global Risk Management & Insurance, and CRO. The Vice President Global Risk Management & Insurance and CRO reports to the Group Executive, Chief Financial Officer.

The organizational chart for the Insurance and Claims Department is provided in TR-1.

IV. Responsibilities

The Insurance and Claims Department is responsible for assessing insurance risks, negotiating and renewing insurance policies for Duke Energy, and managing claims against Duke Energy and insurance carriers as described below:

Insurance

The insurance program is structured such that Duke Energy's subsidiaries (including Duke Energy Ohio, Inc.) self-insure low-level losses. Duke Energy provides limited insurance above the subsidiaries' self-insured retentions through its captive insurance companies. The captive companies then reinsure with A. M. Best "A-", Standard and Poor's "BBB+" or better rated insurers against losses above captive companies' retentions. The insurance program is designed to capture the business portfolio effect and save costs in the procurement of insurance.

Claims

The Claims department has responsibility for managing Duke Energy's risk to financial loss through claims management for all claims made against the Duke Energy. This includes establishing appropriate loss reserve levels, reviewing and adjusting loss estimates as necessary, and negotiating the settlement of claims in conjunction with the Office of General Counsel.

V. Practices and Procedures

The Insurance group executes the placement of insurance policies, determines internal insurance premiums, and processes transactions related to the insurance policies, including the payment of premiums. For transactions of the captive insurance companies, procedures have been developed within the guidelines of corporate policies for transactions such as disbursements and investments. Compliance with procedures is monitored through the review of quarterly captive insurance company financial statements and the testing of internal controls.

Claims personnel collect data regarding claims, establish reserves, update the claims management system for changes in claims, and manage the resolution of individual claims. The Claims group also handles day-to-day operations for the collection, processing, and filing of data for claims.

VI. Decision Making and Control

Decisions regarding the Insurance and Claims Department are subject to the Duke Energy Approval of Business Transactions Policy, which regulates the delegation of authority. In addition, Insurance and Claims maintains documentation of the internal controls observed in accordance with Sarbanes-Oxley requirements.

Duke Energy's captive insurance companies are governed by individual boards of directors that are comprised of Duke Energy Insurance and Tax group personnel as well as third-party directors in accordance with local treasury regulations.

VII. Internal and External Communication

The Insurance and Claims Department works with an external rating agency to obtain a credit rating for Duke Energy's captive insurance companies.

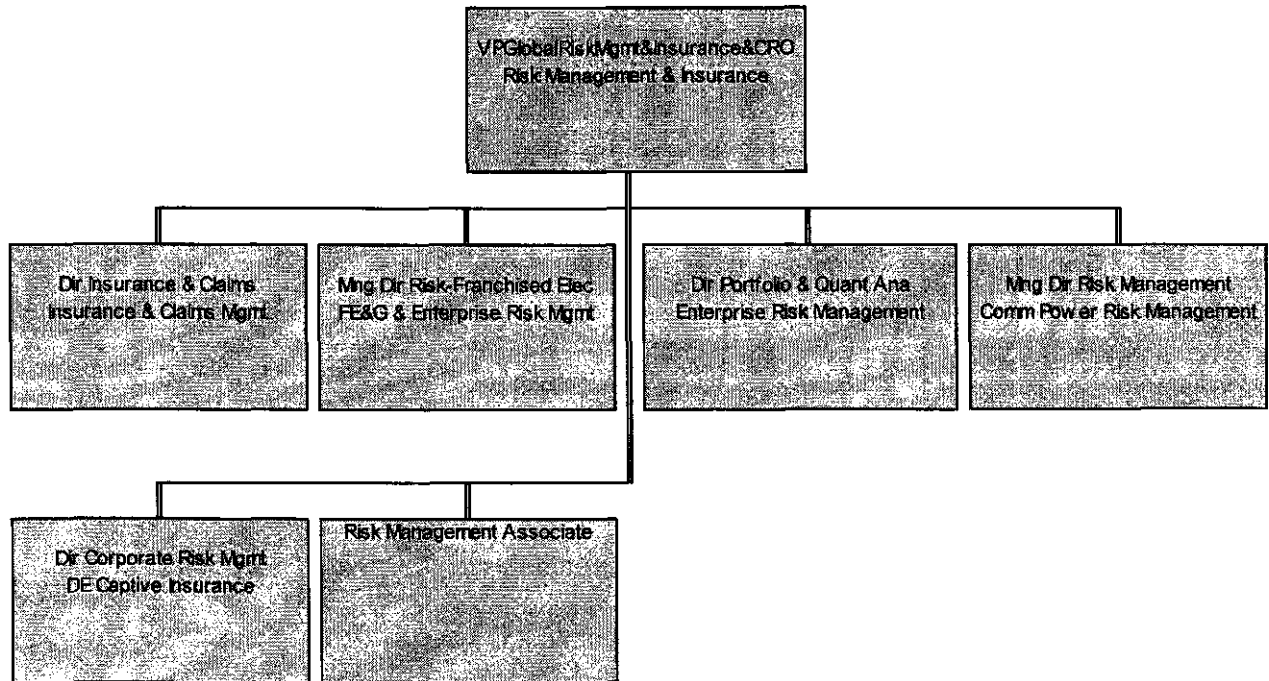
When a potentially significant claim is reported, the third-party insurance carrier is notified. Claims personnel then maintain ongoing periodic contact with insurance carriers as additional information becomes available.

Within Duke Energy, the Insurance and Claims Department works with various groups such as Corporate Accounting and the Office of General Counsel to ensure that departmental activities support the overall corporate objectives.

VIII. Goal Attainment and Qualification

The achievement of Insurance and Claims Department objectives is monitored primarily through periodic budget-to-actual comparisons and annual incentive evaluations. Departmental financial performance relative to budget is examined by the Insurance and Claims Group Manager at least quarterly. In addition, the Insurance and Claims Department has incentive goals regarding the timely and accurate submission of monthly financial supporting schedules to corporate accounting and reporting groups.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO, INC
SUMMARY OF MANAGEMENT POLICIES, PRACTICES & ORGANIZATION
FINANCE PROGRAM OFFICE

I. Policy and Goal Setting

The Finance Program Office Department (Department) does not issue policy statements per se, but supports the Duke Energy Policies through directives, procedures, and practices. The annual goals and objectives of the Department are designed to support the achievement of the strategic and operating initiatives of the Company.

II. Strategic Planning

Improving the finance and accounting processes involves close coordination with the strategic directions of the company. The Department has continuously maintained an overall work plan from the original inception of the Financial ReEngineering Program in 2005, and regularly monitors actual performance against that work plan. Where necessary, the Department's work plan is modified based on changes in the Company's strategic directions.

Direction of the Department organization is provided by the Group Executive and Chief Financial Officer (CFO) and her direct reports when they meet to review progress and provide feedback.

III. Organizational Structure

The Department directly reports to the CFO. It is a dynamic organization that changes as improvement initiatives change. Currently, in addition to two project-based organizations, the department includes two support functions. A varying number of functional and technical employees have been assigned full time. These are supplemented by contractors and consultants, as necessary.

An organization chart is attached as Exhibit FA-1.

IV. Responsibilities

This organization is responsible for developing the Finance Roadmap and directing the accomplishment of Finance system projects and process improvement efforts. Also, the Functional User Support organization provides day-to-day business support for enterprise financial systems (e.g. PeopleSoft General Ledger, Hyperion Financial Manager, PowerPlant, etc.). The Project Management Office (PMO) organization

supports the project organizations in terms of providing project reporting, standards/methodologies, budgeting, and change management services.

IV. Practices and Procedures

Weekly control meetings are held at the project and program levels and the program level to ensure Department projects and activities are on schedule and have the necessary resources to achieve the objectives. Such meetings are conducted in order to discuss the prior week's progress, assignments for the upcoming weeks, any communication that needs to be made to other employees, and to ensure the various teams are integrating issues which may affect more than one team.

V. Decision Making and Control

Day-to-day decisions regarding the conduct of team activities are the responsibility of the Department management team. Key directional decisions are made as part of periodic review sessions with the CFO and her direct reports.

VI. Internal and External Communication

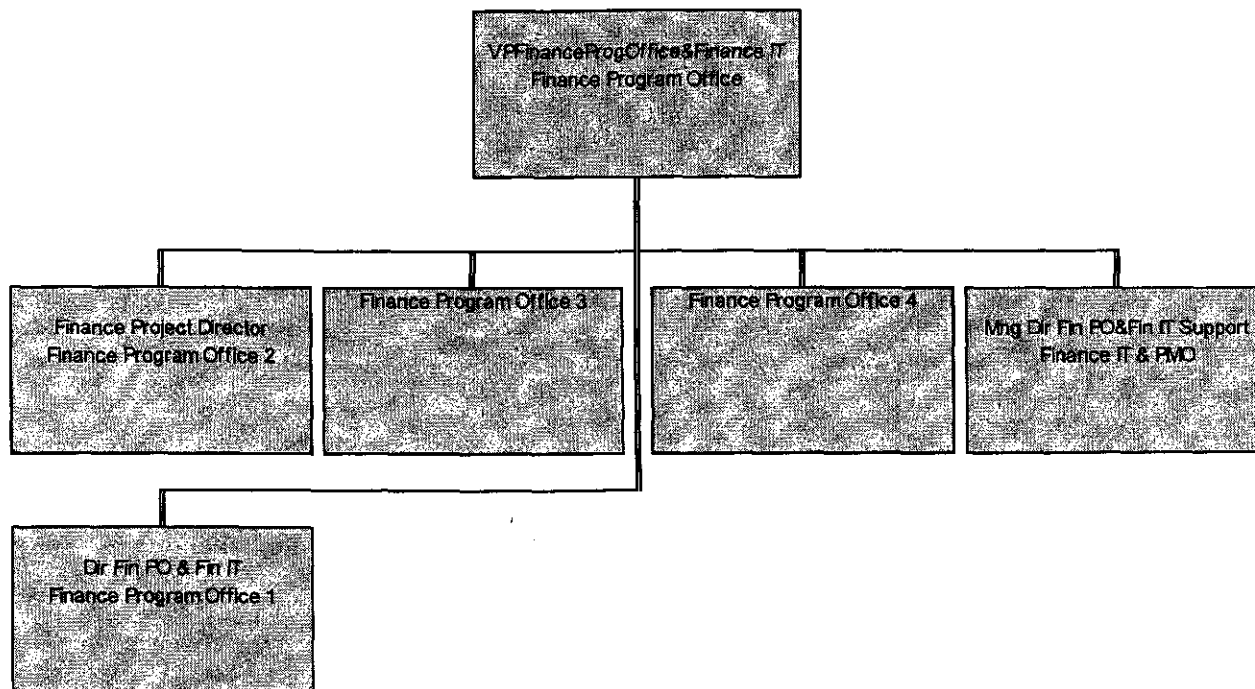
The Department has recurring meetings with various management constituencies throughout the Company on the progress of Department activities. Depending on the stakeholder group involved, the meetings may be bi-weekly, monthly, quarterly, or as-needed.

A large part of internal communication results from daily interaction among department personnel, as well as regular, formal team meetings. Communication outside and inside the Department can be in the form of telephone calls, letters, meetings, e-mails, faxes, etc. With regard to communication outside the Department, Corporate Communications assists to disseminate formal communications to affected constituencies. A Finance Portal has been established to facilitate communications throughout the Finance organization.

VII. Goal Attainment and Qualification

Performance is measured by the success of meeting specific objectives that have been set for the Department. Performance is evaluated periodically so that corrective action can be taken as needed. There are five objectives: (1) supporting the achievement of Duke Energy's earnings per share, Operation & Maintenance, Safety & Reliability targets; (2) completing the projects either at or below the authorized budget; (3) meeting or beating the deliverable dates for key milestones established for Department projects (4) delivering quality results while balancing the cost and schedule requirements; and (5) maintaining open communications and cooperation with key stakeholders.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



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

I. Policy and Goal Setting

The Tax Department (Department) follows Duke Energy Corporation (Duke Energy) Policies and Procedures. Each employee of the department is knowledgeable of these policies and procedures by having access to Duke Energy portal where the Corporate Policies and Procedures are available, as well as being made aware of them through employee orientation, discussions in corporate meetings and corporate training.

The goal setting process for the Tax Department is a joint effort between the Senior Vice President, Tax and the Group Executive, Chief Financial Officer (CFO). The objectives and annual goals of each department within Corporate Finance are designed to support the financial and administrative policies and the stated goals of Corporate Finance. Progress toward achieving the annual goals of the Tax Department is reviewed as required.

II. Strategic Planning

Senior Management has the primary responsibility for establishing Duke Energy's business plan. As mentioned in Section I, Policy and Goal Setting, the Tax Department sets general and specific goals to support the business plan established by Senior Management.

The Department participates in the corporate planning process through input and suggestions given to the Senior Vice President, Tax and the Group Executive, CFO and through corporate teams established for this purpose.

III. Organizational Structure

The Tax Department is headed by the Senior Vice President, Tax who reports to the Group Executive, CFO. The Tax Department is currently divided into nine areas, Federal Income Tax; State & Local Tax; Income Tax Accounting; International Tax; Property Tax; Tax Administration & Support; Mergers and Acquisitions Support; Income Tax Controls & Special Projects and Tax Systems; and Process & Controls. All of these areas report directly to the Senior Vice President, Tax.

An organization chart is attached as Exhibit TX-1.

IV. Responsibilities

It is the Tax Department's responsibility to assemble, review, and prepare certain tax returns and reports for filing along with forecasting, verifying, and remitting payments of such taxes. The Tax Department establishes and records all accounting entries necessary for the proper determination of tax liabilities and expenses in accordance with regulatory requirements.

Tax planning, budgeting, and research are also the responsibility of this Department.

The specific duties of the Tax Department are as follows:

- Prepare and file, on a timely basis, appropriate federal, state, and local annual, quarterly, and monthly income and non-income tax returns;
- Forecast, verify, request, and remit payments of taxes;
- Develop and maintain necessary work papers as supporting documentation for tax returns and computations;
- Conduct tax research, including the review of current federal, state and local tax decisions, rulings, regulations and analyses of proposed legislation to determine their effect Duke Energy operations;
- Communicate tax research findings to appropriate levels of the organization and assist in formulating appropriate tax strategies;
- Provide Duke Energy responses to inquiries made by various taxing authorities during audit;
- Defend the Duke Energy's tax positions by filing appeals and protests, as necessary;
- Prepare tax accounting journal entries; and
- Establish and maintain proper and necessary contacts with taxing authorities and various other government agencies.

The goals of the Tax Department are established to support the Department's basic objectives, which are:

- To comply with all applicable federal, state, and local tax laws;
- To ensure filing of all returns and payments on a timely basis;
- To assure that the Duke Energy's tax accounting practices are in accordance with the respective regulatory agencies' requirements;
- To support the Duke Energy's position in regulatory initiatives;
- To participate in the development of tax legislation; and
- To provide tax assistance as may be requested by others in the organization.

V. Practices and Procedures

In order for the Tax Department to meet its desired objectives, clear communication and understanding of the business units and functional areas is required.

The Tax Department's compliance deadlines are dictated by federal, state, and local statutes, which govern due dates and filing requirements for various returns and payments. The Tax Department utilizes a computerized tax calendar to assist in managing this responsibility.

Tax strategies and planning opportunities and issues are reviewed and approved at the appropriate level.

VI. Decision Making and Control

Decisions made in the Tax Department concern the proper measurement, timing, and reporting of tax data in returns, as well as in the books of record.

Accounting research is required as a result of changes in accounting required by the Financial Accounting Standards Board, federal or state regulatory commissions, or new financial circumstances. In addition, new legislation, court decisions, and changes in regulations require tax research.

General guidance for dealing with tax law, accounting reporting requirements, and rate case exhibits is identified by appropriate tax personnel and coordinated with the Senior Vice President, Tax. Detailed direction is provided by each area's leader who assigns responsibility to the appropriate staff employee. The respective leader monitors progress on the completion of the various tasks arising from the above mentioned items.

In addition to the internal reviews and controls covering tax and accounting changes, compliance related to accounting is monitored by the internal auditors, external auditors, and/or regulators. Also, compliance with tax changes is assured through periodic audits conducted by representatives of the various taxing authorities.

VII. Internal and External Communication

Periodic staff meetings are held by the Senior Vice President, Tax. These meetings provide a forum for sharing events that affect Tax operations, project report updates and for discussions involving personnel policies and practices.

The Senior Vice President, Tax attends quarterly CFO staff meetings. In addition, the Managing Director of Federal Income Tax and Managing Director of State & Local Tax are members of several Transaction Review Committee Scrub Teams, which provide the forum for the exchange of information about Duke Energy on a broad basis. The Senior Vice President, Tax and the Managing Director of Tax Accounting regularly attend meetings with the Senior Vice President, Controller, in which specific issues regarding accounting matters impacting Duke Energy are discussed. This information is disseminated within the leadership of the Tax Department by the Senior Vice President, Tax and the Managing Director of Tax Accounting. These meetings allow for the communication and identification of tax-related issues.

Regular communication occurs among the Senior Vice President, Tax, Managing Directors, Directors, Managers, and other employees within the Tax Department regarding the status of routine and special projects.

Regular communication also occurs with the employees in business units and corporate functional areas in order to provide assistance in tax- related matters and to stay informed of business activities.

Outside contacts are made regularly, both in writing and orally, between Tax Department personnel and employees of the various tax agencies with which Duke Energy files tax returns. The Senior Vice President, Tax communicates with other utilities, members of utility industry organizations, tax leaders outside the industry, and tax and legal experts in the profession on tax and accounting issues, which may impact the Duke Energy.

Frequent contact is required with external auditors during their review of financial statements and regulatory reports. Contacts are also made with outside legal and tax experts, as well as state and federal regulatory agencies.

VIII. Goal Attainment and Qualification

The primary measurement for timely and accurate accomplishment of Tax Department goals is based on the following:

- All tax returns and tax payments are correct and filed on a timely basis;
- Data for financial statement closing is supplied to the Corporate Controller's Department on a timely basis;
- Data for the Annual Budget is supplied to Budgets and Forecasts Department on a timely basis; and
- Information requested by other departments is correct and timely.

Assessments of the accuracy and timeliness of tax data and tax returns include the following:

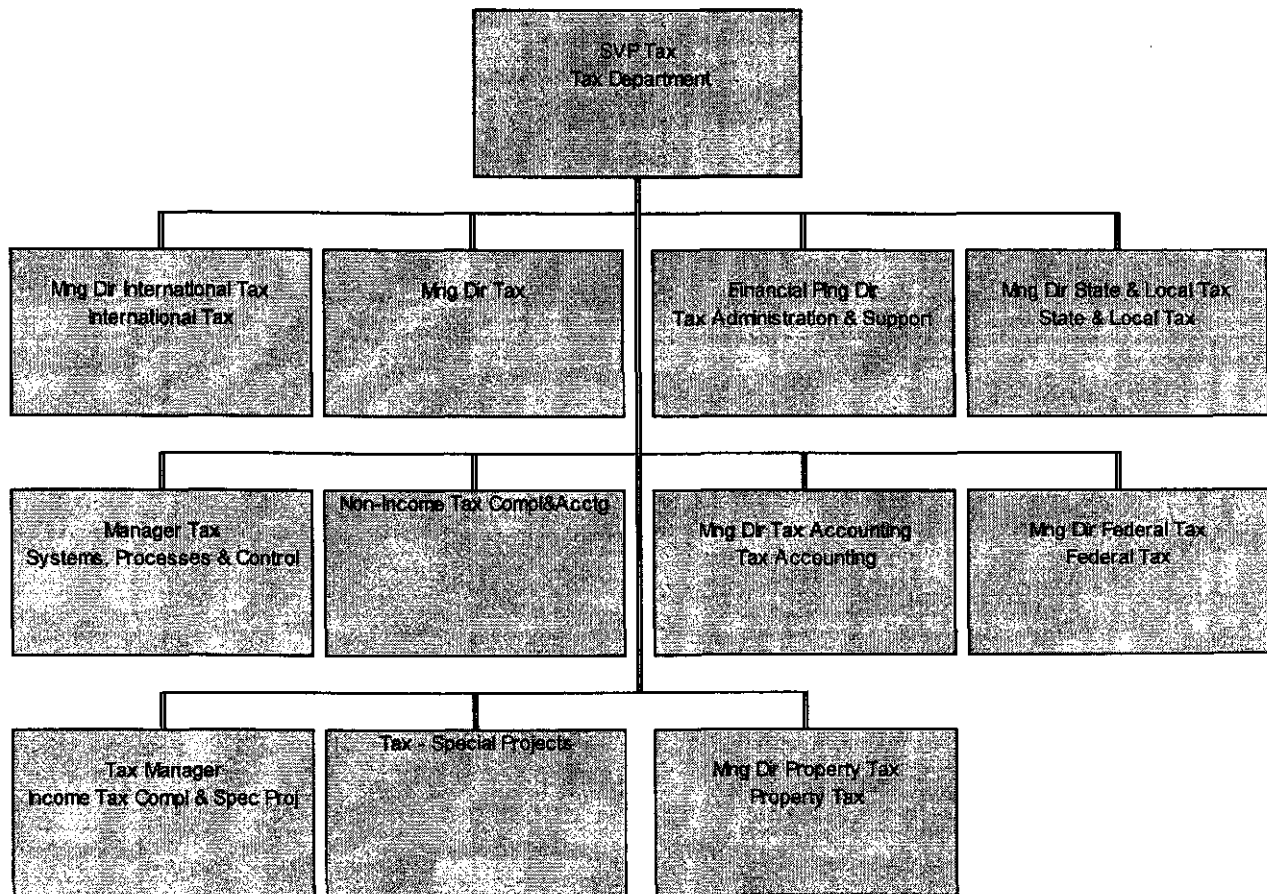
- Tax Department monthly calendar of returns and payments due;
- Independent verification and review of returns, work papers and payment calculations; and
- On-going education and training of tax personnel.

Additional assurance of the accuracy of financial statements and accounting files and reports is provided by the regular reviews conducted by internal and external auditors. Measurement of the accuracy of tax returns is provided by annual or periodic audits by agents of the various taxing agencies.

Specific projects, studies, or actions, which have been identified as key areas of focus for the Tax Department, are monitored at regular intervals for progress. These are designed to meet the Tax Department's specific performance objectives. A key area of focus for the Tax Department is providing support for rate cases and regulatory proceedings.

Goals for attainment, which have been identified for individual employees' are also reviewed during the annual evaluation of these employees.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE



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

I. Policy and Goal Setting

The Investor Relations Department (Department) does not issue formal policy statements, but supports Duke Energy Corporation's (Duke Energy) corporate policies and objectives through Department practices.

All members of the Department are familiar with significant corporate policies and procedures impacting their daily work (*e.g.*, Regulation FD policy). Investor Relations' goals and objectives are designed to support the achievement of the strategic and financial initiatives of Duke Energy. These goals and objectives are developed under the direction of the Senior Vice President of Investor Relations & Treasurer (Senior Vice President) and approved by the Chief Financial Officer.

The Investor Relations Department's goals and objectives are to:

- Communicate timely, accurate, and relevant information to shareholders and the investment community;
- Build marketplace recognition and confidence in Duke Energy as a valuable equity and fixed income investment opportunity;
- Maintain a satisfied, balanced investor base (equity and fixed-income);
- Educate employees, executive management, and the Board of Directors about Duke Energy stock performance, investor perceptions on Duke Energy, and financial terminology utilized by the investment community; and
- Ensure appropriate disclosure compliance and shareholder services and recordkeeping compliance.

II. Strategic Planning

Departmental planning is focused on developing the specific tactics necessary to meet the Department's goals and objectives. On an annual basis, an investor relations calendar is developed detailing planned interaction with the investment community for the upcoming year (*e.g.*, attendance at a targeted number of bank-sponsored and industry conferences, completing a certain number of one-on-one meetings with analysts and investors, annual meeting of shareholders, etc). Additionally, the Department is involved in the drafting and review of the Annual Report and proxy materials as well as assuring compliance with rules and regulations of the Securities and Exchange Commission and New York Stock Exchange.

III. Organizational Structure

The Senior Vice President reports directly to the Chief Financial Officer of Duke Energy. The Department is responsible for two key functions: institutional investor relations activities, and retail shareholder services. Reporting to the Senior Vice President is a Managing Director who, along with another Director, works primarily with institutional investors and analysts. Two Managers of Investor Relations and Communications also report to the Managing Director, with primary responsibility for shareholder services and retail shareholder communications.

An organization chart is attached as Exhibit IR-1.

IV. Responsibilities

Investor Relations, under the direction of the Managing Director, has general charge of all investor relations activities, including shareholder services. The Department is responsible for all communications with retail and institutional shareholders and the financial and investment community, including Wall Street analysts.

Specifically, the Department:

- Coordinates earnings releases and conference call presentation materials related to Duke Energy's financial results on a quarterly basis;
- Develops responses for frequently asked questions;
- Prepares and coordinates presentations made at bank-sponsored and industry conferences;
- Coordinates one-on-one meetings with analysts and investors and senior executives of Duke Energy;
- Performs investor targeting and monitoring based upon trends seen in the broad markets as well as the utility industry;
- Monitors trends and developments with peer group utilities;
- Educates employees, executive management, and the Board of Directors about Duke Energy stock performance, investor perceptions on Duke Energy, and financial terminology utilized by the investment community; and
- Responds to investor inquiries.

In addition, from a retail investor perspective the Department is responsible for answering inquiries from retail investors, shareholder recordkeeping, stock transfer, dividend disbursement, dividend reinvestment plan administration, and assisting in preparations relating to the annual meeting of shareholders, including overseeing the distribution, solicitation, and tabulation of proxies.

V. Practices and Procedures

The Department's activities are reviewed and approved by the Senior Vice President and the Chief Financial Officer. The appropriate members of senior management review information and disclosures prior to external distribution.

Departmental personnel maintain close working relationships with nearly all areas of the organization in order to develop appropriate disclosures.

From a Shareholder Services perspective, the Department acts as Duke Energy's transfer agent to ensure that stock transfers and shareholder recordkeeping are maintained in accordance with the rules and regulations of the Securities and Exchange Commission, the Internal Revenue Service, and the New York Stock Exchange. Audits are periodically performed by Duke Energy's internal audit group, the Securities and Exchange Commission, as well as external auditors, Deloitte & Touche.

VI. Decision-Making and Control

The Department is involved in both proactive and reactive issues and consults frequently with senior management and expert technical personnel from other departments to determine appropriate responses and disclosures. Primary disclosures are reviewed with senior management for input and concurrence.

Decision-making and control responsibilities performed by Investor Relations include:

- Authorizing the issuance of common stock for Plan purchases; and
- Approving the calculation of dividend payments to shareholders.

VII. Internal and External Communication

The Department is responsible for external communications to shareholders and the investment community. Communications are conveyed through a combination of methods, including press releases, presentations delivered at conferences, one-on-one meetings with investors, formal written communications such as the Annual Report to Shareholders, a comprehensive internet website, teleconferences, and other communications by telephone, e-mail, or face-to-face.

The Department holds periodic staff meetings to communicate policies and decisions of management, discuss work assignments and work schedules, and provide an informal forum to discuss problems, concerns, and suggestions of the employees.

Frequent informal communication lines are also maintained with other departments within Duke Energy.

VIII. Goal Attainment and Qualification

Department performance is measured by numerous factors, which include:

- Achieving effective communications through, but not limited to, conferences and meetings with investors;
- Obtaining or maintaining an appropriate mix of institutional and retail investors; and
- Delivering shareholder returns and realizing credit spreads that represent fair valuations of Duke Energy's securities.

Performance in Investor Relations is also measured by the timely and accurate preparation and distribution of shareholder communications and dividend payments and meeting the rules and regulations of the Securities and Exchange Commission, the Internal Revenue Service, and the New York Stock Exchange. Comments received from analysts and shareholders are also used as an indication of performance.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

