

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Duke Energy Ohio, Inc., for an)	Case No. 21-887-EL-AIR
Increase in Electric Distribution Rates.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., for Tariff)	Case No. 21-888-EL-ATA
Approval.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., for Approval)	Case No. 21-889-EL-AAM
to Change Accounting Methods.)	

VOLUME 2

SCHEDULE 4.2

Part 1 of 2

October 1, 2021

Duke Energy Ohio, Inc.
Case No. 21-887-EL-AIR, et al.
Standard Filing Requirements
Table of Contents

Vol. #	Tab #	Filing Requirement	Schedule	Description
1	1	R.C. 4909.18		Application of Duke Energy Ohio, Inc.
1	2	O.A.C. 4901-7-01 Appendix A, Chapter II (B)(1)	S-1	Most Recent 5-Year Capital Expenditures Budget
1	3	O.A.C. 4901-7-01 Appendix A, Chapter II (B)(2)	S-2	Most Recent 5-Year Financial Forecast
1	4	O.A.C. 4901-7-01 Appendix A, Chapter II (B)(7)	S-3	Proposed Newspaper Notice – Legal Notice to Commission
1	5	O.A.C. 4901-7-01 Appendix A, Chapter II (B)(8)	S-4.1	Executive Summary of Corporate Process
2	1	O.A.C. 4901-7-01 Appendix A, Chapter II (B)(9)	S-4.2	Management Policies & Practices Part 1
2	2	O.A.C. 4901-7-01 Appendix A, Chapter II (B)(9)	S-4.2	Management Policies & Practices Part 2
3	1	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(1)	Supplemental	Most Recent FERC Audit Report
3	2	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(2)	Supplemental	Prospectuses - Most Recent Offering Common Stock/Bonds
3	3	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(3)	Supplemental	Annual Report to Shareholders (5 Years)
3	4	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(4)	Supplemental	Most Recent SEC Form 10-K, 10-Q, & 8-K and Subsequent (Duke Energy Consolidated & Duke Energy Ohio Consolidated)
4	1	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(5)	Supplemental	Work Papers - To be Filed Hard Copy and Computer Disks
4	2	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(6)	Supplemental	Schedule C-2.1 Worksheet with Monthly Test Year & Totals
4	4	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(8)	Supplemental	Latest Certificate of Valuation from Department of Taxation
4	5	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(9)	Supplemental	Monthly Sales by Rate Schedule Consistent with Schedule C-2.1
4	6	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(10)	Supplemental	Written Summary Explain Forecast Method for Test Year
4	7	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(11)	Supplemental	Explanation of Computation of Material & Supplies
4	8	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(12)	Supplemental	Depreciation Expenses Related to Specific Plant Accounts
4	10	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(14)	Supplemental	Other Rate Base Items Listed on B-6 detailed information
4	11	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(15)	Supplemental	Copy of All Ads Charged in the Test Year
4	12	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(16)	Supplemental	Plant In-Service from the Last Date Certain thru Date Certain of the Test Year

Duke Energy Ohio, Inc.
Case No. 21-887-EL-AIR, et al.
Standard Filing Requirements
Table of Contents

Vol. #	Tab #	Filing Requirement	Schedule	Description
4	13	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(17)	Supplemental	Depreciation Reserve Study Related to Schedule B-3
5	1	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(18)	Supplemental	Revised Depreciation Accrual Rates
6	1	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(19)	Supplemental	Breakdown of Depreciation Reserve from Last Date Certain thru Date Certain of the Test Year
6	2	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(21)	Supplemental	Surviving Dollars by Vintage Years
6	3	O.A.C. 4901-7-01 Appendix A, Chapter II (C)(22)	Supplemental	Test Year & 2 most recent Calendar Years Employee level by month
6	4	O.A.C. 4901-7-01 Appendix A, Chapter II, Section A	A	Revenue Requirements
6	5	O.A.C. 4901-7-01 Appendix A, Chapter II, Section B	B	Rate Base
6	6	O.A.C. 4901-7-01 Appendix A, Chapter II, Section C	C	Operating Income
6	7	O.A.C. 4901-7-01 Appendix A, Chapter II, Section D	D	Rate of Return
7	1	O.A.C. 4901-7-01 Appendix A, Chapter II, Section E(B)(1)	E-1	Clean Copy Proposed Tariff
8	1	O.A.C. 4901-7-01 Appendix A, Chapter II, Section E(B)(2)(a)	E-2	Clean Copy Current Tariff
9	1	O.A.C. 4901-7-01 Appendix A, Chapter II, Section E(B)(2)(b)	E-2.1	Scored and redlined copy of current tariff showing all proposed changes
10	1	O.A.C. 4901-7-01 Appendix A, Chapter II, Section E(B)(3)	E-3	Narrative Rationale for Tariff Changes
10	1	O.A.C. 4901-7-01 Appendix A, Chapter II, Section E(C)(2)(a)	E-4	Class, Schedule Revenue Summary
10	1	O.A.C. 4901-7-01 Appendix A, Chapter II, Section E(D)	E-5	Typical Bill Comparison by Class & Schedule

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

Part 1 of 3

TABLE OF CONTENTS

	<u>TAB NO.</u>
<u>PLANT OPERATIONS AND CONSTRUCTION</u>	
Customer Delivery Midwest	A
Transmission System Planning and Operations	B
Transmission	C
Transmission Engineering & Asset Management	D
Supply Chain	E
Environmental Health & Safety	F
<u>FINANCE AND ACCOUNTING</u>	
Accounting Department	G
Internal Controls	H
Treasury	I
Finance Program Office	J
Corporate and Regulatory Strategy	K
Financial Planning & Analysis	L
Insurance Management	M
Tax Department	N
Investor Relations	O
Internal Audit Services	P
<u>RATES AND TARIFFS</u>	
Rates & Regulatory Strategy Department	Q

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION
CUSTOMER DELIVERY MIDWEST
SFR REFERENCE: CHAPTER II (B)(9)(a) (i, iii, vii, viii) 9(g) (i, ii)

I. Policy and Goal Setting

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

Goal setting at the department level is accomplished by the Customer Delivery Midwest Senior Vice President and other departmental leadership, in conjunction with Customer Delivery Governance, Programs & Support – and support and complement the primary objectives and business plans of Customer Delivery. Specific initiatives developed from the objectives, identify implementation schedules, milestones, responsibilities, and resources required. The goals identified are the measures used to assess progress, risks and provide insight for proactive resolution of emerging issues. The goals, once developed by the Department, are presented to the Senior Vice President, Customer Delivery & Chief Distribution Officer for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the Department is the responsibility of the Customer Delivery Midwest Senior Vice President in partnership with extended leadership team of the department, and the Customer Delivery Governance, Programs & Support department. Strategic planning is coordinated and monitored collectively with all departments in Customer Delivery utilizing input from key partner groups such as Human Resources, Finance, IT, Supply Chain, Environmental, Health & Safety, Customer Services, Customer Experience Transformation and Integrated Grid Strategy & Solutions.

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

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

- Use of special project teams to investigate and provide recommendations on process improvement opportunities

III. Organizational Structure

Customer Delivery is under the direction of the Senior Vice President, Customer Delivery & Chief Distribution Officer. Five organizations report to the Senior Vice President, Customer Delivery & Chief Distribution Officer through the following positions.

- Senior Vice President, Customer Delivery Florida
- Senior Vice President, Customer Delivery Carolinas
- Senior Vice President, Customer Delivery Midwest
- Senior Vice President, Customer Delivery Governance Programs & Support
- Vice President, Customer Delivery Strategy & Transformation

Customer Delivery Midwest is under the direction of a Senior Vice President who reports to the Senior Vice President, Customer Delivery & Chief Distribution Officer. Five organizations report to the Customer Delivery Midwest Senior Vice President through the following positions:

- Vice President, Zone Operations, Indiana South
- Vice President, Zone Operations, Indiana North
- Vice President, Zone Operations, Ohio/Kentucky South
- Vice President, Zone Operations, Ohio/Kentucky North
- Vice President, Region Support

Customer Delivery Governance Programs & Support is under the direction of a Senior Vice President who reports to the Senior Vice President, Customer Delivery & Chief Distribution Officer. Five organizations report to the Customer Delivery Governance Programs & Support Senior Vice President through the following positions:

- Vice President, Customer Delivery Business Improvement
- Vice President, Customer Delivery Programs
- Vice President, Grid Strategy, Projects & Controls
- Vice President, Distribution Control Centers Governance & Operations

IV. Responsibilities

The **Customer Delivery Senior leadership team** sets the organization's strategic direction, objectives and initiatives to achieve Customer Delivery's vision, and support Duke Energy's purpose, through the business planning process by:

- Identifying the initiatives and milestones that progress towards the vision
- Setting goals for the organization through metric and target setting
- Recognizing and mitigating business risks

- Ensuring an appropriate financial plan is in place to achieve objectives

The **Customer Delivery Midwest and Governance, Programs and Support leadership teams** are responsible for monitoring the performance of the organization, including daily operations and what's addressed in the business plan. These teams are accountable for ensuring the organization is achieving its goals, managing the budget and mitigating risks through event-free, customer-focused and efficient daily operations.

Customer Delivery Midwest provides distribution services to customers across Indiana, Ohio and Kentucky with the goal of operational excellence in the areas of event-free operations, engaged, empowered employees, customer service and growth. Distribution services are delivered cost effectively through the collaborative efforts of Customer Delivery Midwest and the Customer Delivery Governance, Programs & Support department.

Customer Delivery Midwest Departments

Four organizations report into **Zone Operations**:

- **Area Operations** is ultimately accountable for the safe, reliable operation of distribution assets, including the installation, operation and maintenance of all distribution facilities. This group is also accountable for customer service in the designated territory. Activities in this organization support customers and communities to provide a safe, reliable and cost-effective electric system. Operating procedures, work practices and leadership communications support how work is performed.
- **Asset Design** meets the customer at their needs, develops the technical solutions, and provides project management to drive solutions. This team is responsible for identifying, designing and implementing planned distribution work including customer additions, reliability, and large distribution initiatives (i.e. major projects and maintenance programs). Engineering, power quality, reliability and integrity standards are used to support how work is performed.
- **Resource & Work Management** is responsible for leading the overall development, implementation, management and compliance efforts for the resource and work management. This position is also accountable for the forecasting, planning and scheduling of distribution craft, engineering and construction planning, and work management and administrative support resources.

Six organizations report into **Region Support**:

- **Contractor Management Coordination** is responsible for coordination with contractor governance to ensure contractor controls and reporting are developed and monitored.
- **Emergency Preparedness** is responsible for our emergency response in the region. During times of emergency they are the incident commander and responsible for ensuring our response is appropriate and in compliance with the Incident Command System. During non-emergency times, this position is responsible for strategic planning and

direction to ensure that the Customer Delivery regional organization is effectively prepared to respond to storms and all levels of emergency events as may arise, that can disrupt service to customers and negatively affect Duke Energy's reputation and brand.

- **Health & Safety (H&S)** is responsible for the management of, as appropriate, groups of H&S subject matter experts, field support, or other H&S professionals. Manages procedures, processes or programs including cross-cutting workflow, strategic planning and H&S Policy and Management System implementation.
- **Complex Central Design** is responsible for the oversight and the completion of design execution of all centralized work management projects. These projects include Subdivisions, Territorial Agreements, complex projects such as Distribution to Distribution substations, Extra Facilities and other centralized complex designs that are best suited for a centralized team within a jurisdiction. This group will help lead, plan and develop the jurisdictional engineering workforce to provide reliable service to all distribution customers and internal departments.
- **Process & Productivity** is responsible for leading the overall development, implementation, management and compliance efforts for the resource and work management. This position is also accountable for the forecasting, planning and scheduling of distribution craft, engineering and construction planning, and work management and administrative support resources.
- **Major Projects** manages project execution of all major projects for all Duke Energy jurisdictions including systems development, integrations and upgrades.

Customer Delivery Governance Programs & Support Departments

Four organizations report into **Governance Programs & Support**:

- **Distribution Control Center (DCC)** is responsible for Outage Management, Grid Management and Routine Work and providing operational and strategic direction for the Distribution Control Centers. The organization plays a key role related to storm management and outage restoration providing coordination, decision making and overall leadership while maintaining the safety of field operating personnel, contract line personnel and the public.
- **Customer Delivery Programs & Support** is made up of teams that manage our lighting program, optimize our vegetation management program, provide fleet management, and manage our program and work standards including training, claims, tool testing services and our operational effectiveness program.
- **The Grid Strategy, Enterprise Projects and Controls** organization has various functions to work to plan, develop and execute enterprise level programs and projects such as the Advanced Metering Infrastructure (AMI), Advanced Distribution Management System, and the Enterprise Communications Programs. In addition, the Grid Strategy, Enterprise Projects and Controls team works with the regions to provide the project governance and controls function to support planning, scheduling and execution for major projects.

- **Customer Delivery Business Improvement** is made up of teams that support our technology portfolio, resource planning process, emergency preparedness, manage our strategic planning and performance process, business transformation, and operational effectiveness.

V. Practices & Procedures

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

VI. Decision Making and Control

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

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

VII. Internal and External Communication

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

- Customer Delivery Florida
- Customer Delivery Carolinas
- Customer Delivery Governance, Programs & Support
- Customer Delivery Strategy & Transformation
- Transmission
- Gas Operations
- Duke Energy Ohio/Kentucky President
- Duke Energy Indiana President
- Environmental Health & Safety
- Customer Experience & Transformation
- Customer Services (CCO)
- Information Technology
- Finance

- Government & Regulatory Affairs
- Administrative Services
- Legal
- Supply Chain
- Human Resources

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

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

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

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

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

VIII. Goal Attainment and Qualification

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

Customer Delivery Midwest provides updates for a consolidated monthly report submitted to the Senior Vice President, Customer Delivery & Chief Distribution Officer detailing the progress in attaining the established Departmental goals.

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

- Reduction of Personal Injuries
- Reduction of Preventable Vehicle Accidents
- Customer Satisfaction
- Reliability and Restoration
- Budget and Cost Monitoring
- Project Monitoring
- Completion of work plans on time and on budget

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
TRANSMISSION SYSTEM PLANNING AND OPERATIONS
SFR REFERENCE: CHAPTER II (B)(9)(a) (i, ii)

I. Policy and Goal Setting

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

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

II. Strategic Planning

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

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

- Facilitate an injury-free and environmentally responsible work environment
- Review customer service results and create action plans for improvement
- Develop, monitor and project department budgets for cost management

- Establish performance expectations and evaluate employees on a regular basis
- Evaluate and improve operational processes
- Use of special project teams to investigate and provide recommendations on process improvement opportunities

III. Organizational Structure

Transmission System Planning and Operations is under the direction of a Vice President who reports to the Senior Vice President of Transmission, the Executive Vice President of Regulated Generation and Transmission, and the Chief Executive Officer of Duke Energy. Seven positions report to the Transmission System Planning and Operations Vice President:

- General Manager of System Planning and Operations Services
- General Manager of System Operations for Duke Energy Midwest Transmission Operations (OH, KY, IN)
- Director of Operational Technology
- General Manager of System Operations for the Duke Energy Carolinas Energy Control Center
- General Manager of System Operations for the Duke Energy Progress Energy Control Center
- General Manager of System Operations for the Duke Energy Florida Energy Control Center
- Executive Administrative Assistant

Four directors, four managers, and a Principal Engineer report to the General Manager of Transmission Planning and Operations Services. Two managers' report to the General Manager of Midwest Transmission System Operations.

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

IV. Responsibilities

The objective of Transmission System Planning and Operations is to operate and control the transmission systems in the safest, most economic and reliable manner, as well as coordinate interchange with interconnected systems and monitor the balance of resource and demand to help ensure system reliability in the region as

well as within the service territory. System Planning and Operations is also responsible for the development of a long-range electric transmission expansion plan to meet customer demands and ensure system reliability.

Specific to the Midwest, Duke Energy Indiana, Inc. ("DEI") is a member of the Midcontinent Independent System Operator ("MISO"), and Duke Energy Ohio, Inc. ("DEO") and Duke Energy Kentucky, Inc. ("DEK") are members of PJM. DEO and DEK are collectively referred to as "DEOK" within PJM.

Midwest Transmission Planning is responsible for the long-range planning needs of DEI within the planning framework of the MISO, and the long-range planning needs of DEO and DEK within the planning framework of PJM. The Department constantly analyzes the expected performance of the transmission system over a wide range of scenarios and proposes reinforcement and changes when necessary to meet Company, North American Electric Reliability Corporation ("NERC"), ReliabilityFirst ("RF"), MISO and PJM requirements. In fulfilling this role, the Department works closely with numerous other departments within the company and with MISO, PJM, RF and other companies to coordinate plans.

Midwest Transmission Operations is comprised of two departments; Indiana Transmission Operations, and OH/KY Transmission Operations, that are responsible for the day to day safe, economic, and reliable operations of the electric transmission system using a computer-based Energy Management System (EMS) for supervisory control and data acquisition (SCADA); and for planning and scheduling transmission system maintenance outages. They are also responsible for the coordination and exchange of operating data with MISO and PJM, and the coordination of emergency procedures, as required by the NERC reliability standards, RF regional reliability standards, and applicable regulatory responsibilities.

System Operations Engineering is responsible for maintaining the emergency plans and supporting materials for bulk power and civil emergencies, providing engineering support to the Department, regulatory reporting activities, and Operator training. System Operations Engineering is also responsible for the Energy Management System, and associated, data management, supporting systems and processes.

System Operations Services is also responsible for after-the-fact energy accounting, MISO and PJM metered data management agent activity, and provision of services associated with retail choice in Ohio, including the calculation of the loads of all Certified Retail Electric Providers serving switched retail load in the Duke Energy

Ohio system. System Operations Services is responsible for the creation and management of contracts and agreements, such as Interconnection Agreements, some in conjunction with MISO and PJM. System Operations Services also has responsibility for supporting the department's NERC compliance activities and performing event analysis and capturing lessons learned.

V. Practices and Procedures

Midwest Transmission Planning

The major duties of Midwest Transmission Planning are as follow:

- Develop transmission models of the transmission system.
- Perform detailed system simulation analyses; recommend any required changes to the transmission system to maintain reliability.
- Coordinate with MISO and PJM, attend planning meetings, provide input into the RTO planning processes
- Initiate transmission expansion-related capital budget for Midwest Transmission projects.
- ~~Develop~~ Support Integrated Resource Planning as required.
- Coordinate plans with adjacent utilities
- Provide expert testimony as required related to transmission projects.
- Represent the Company at utility meetings and various committee meetings in the area of transmission planning;
- Represent the Company at various NERC, RF, MISO and PJM committees and meetings.

Midwest Transmission Operations

Within Midwest System Operations, the major duties of Indiana System Operations and OH/KY System Operations are to control and operate the DEI and DEO transmission systems respectively in a safe, reliable and economical manner consistent with federal, state, local, and industry guidelines. In order to perform their duties, the departments must on a daily basis:

- Work with MCAO, PJM and the MISO to assure the transmission system is operated within transmission line loading limits and service voltage constraints.
- Coordinate, process, and prepare switching operations for the daily equipment outage work requests on the transmission and distribution system for Transmission Field Operations.
- Coordinate planned bulk transmission outages with MISO/PJM;

- Utilize Power Flow system security analysis application programs to identify potential problems or contingencies and study steps to relieve contingency related problems. All actions for 138kV facilities and above to be directed by and coordinated with the MISO for DEI, and PJM for DEOK;
- Maintain operation of the system in a reliable manner in conjunction with MISO, PJM, and System Operations Engineering, and take the necessary steps to:
 - Complete any necessary system reconfiguration;
 - Implement Manual Load Curtailment.
- Prepare switching operation procedures for the line and substations equipment;
- Direct and coordinate all switching operations on the transmission system.

In addition to their daily activities, Indiana and OH/KY Transmission Operations must:

- Maintain and provide information used for system statistics and reports used by regulatory and other governmental agencies;
- Prepare operating instructions for the system substations;
- Represent the Company in the area of system operations at hearings and other legal proceedings of various regulatory agencies;
- Represent the company at utility meetings in the area of system operations;
- Plan and schedule network outages and coordinate emergency service restoration; and

Perform the following duties to support and administer the policies and direction set by the Company.

- Implement emergency procedures up to and including the reduction of firm load to maintain the integrity of Duke Energy's Transmission System and the Eastern Interconnection;
- Monitor the Security Coordinator Information System (SCIS), the MISO Messaging System, and PJM "All Call" system for emergency notices for forwarding to proper personnel. MCAO is the primary contact with the MISO and PJM Reliability Coordinators;
- Monitor the status of transmission system RTUs, and ICCP links, reporting any outages to Duke Energy internal support, MISO, or PJM.
- Monitor Transmission system voltage at generating stations.
- Monitor tie line interconnections and generation in real-time, taking action as necessary to correct problems impacting generation control or the provision of accurate data to PJM and the MISO;

- Coordinate dynamic schedules with applicable Balancing Authorities, MISO and PJM.
- Send five-minute non-conforming load forecasts to MISO at one-minute frequency;

System Operations Services

The major duties of System Operations Services are as follows:

- Support NERC Compliance activities
- Negotiate and maintain contracts and agreements such as generator interconnection agreements, and transmission interconnection agreements.
- Calculates loads for all Network Transmission Customers on the system. This data is used to calculate various ancillary services charges, which are billed. These loads are also provided to the Midwest ISO.
- Acts as the Meter Data Management Agent for all Certified Retail Electric Providers, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky, Indiana Municipal Power Agency, Wabash Valley Power Authority, Hamilton, Buckeye, Ohio Municipalities, etc. In this role, System Operations Services provides hourly generation and load data to the MISO for market settlements.

System Operations Engineering and Training

The major duties of System Operations Engineering and Training are to:

- Develop, maintain and drill the emergency plans and supporting materials for bulk power and civil emergencies;
- Support the administration and planning for operator training to achieve and maintain NERC certification for operating personnel;
- Provide engineering and information systems support for System Planning and Operations;
- Provide responses to inquiries made by the State (Indiana Utilities Regulatory Commission, Kentucky Public Service Commission, Public Utilities Commission of Ohio, and Federal Commissions (Federal Energy Regulatory Commission);
- Represent the Company at utility meetings and various operating committee meetings in the area of transmission services;
- Represent the Company at various NERC, RF, MISO and PJM committees and meetings.
- Manage data inputs and system configurations, perform user testing, and support application results of the Energy Management System, the real time system used for monitoring and control of the transmission system.

VI. Decision Making and Control

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

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

VII. Internal and External Communication

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

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

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

information to personnel in the Department. These may include handbooks for policies and procedures, Manual Work Standards, formal written job descriptions, Administrative Standards, Technical and Operating Procedures.

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

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

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

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

VIII. Goal Attainment and Qualification

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

The Department provides updates for reports submitted to the Transmission Senior Vice President detailing the progress in attaining the established Departmental goals.

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

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

- Project Monitoring



43384 Transmission

43384 Transmission (...)
SVP Chief Transmissi...

25408 Transmission... VP Trans Ops Services	7 :: See Page 2
41090 System Planni... VP Transm Sys Planni...	7 :: See Page 3
43302 Resource & Pro... VP Transm Resource...	7 :: See Page 4
43573 Trans - Const &... SVP Trans Maint & C...	8 :: See Page 5
43574 Trans Eng & A... VP Transm Eng & Ass...	6 :: See Page 6
43576 Transmission... GM Transmission Ve...	6 :: See Page 7
Executive Assistant II	



25408 Transmission Operations Svcs

(/)

25408 Transmission...
VP Trans Ops Services

See Page 1

25415 Trans Training... Dir Transm Trng & Wo...	20	..
25417 Trans Ops Ex &... Dir Transm Operation...	6	..
25545 Trans Safety &... Dir Safety and Work...	2	..
47083 Transmission... GM NERC Compliance	4	..
47253 Trans Innovati... Mgr Initiative Mgmt	9	..
Dir Trans Compliance...		
Executive Assistant I		



41090 System Planning & Operations

(A)

41090 System Planni...
VP Transm Sys Planni...

See Page 1

43284 Florida ECC (G... GM System Operations	3	..
43584 System Planni... GM Transmission Pla...	9	..
44032 Charlotte ECC... GM System Operations	4	..
44035 MW Transmissi... GM System Operations	5	..
45522 Operator Shift T... GM System Operations	5	..
46270 Operational Te... Dir Transm Operation...	5	..
Executive Assistant I		



43302 Resource & Project Management

	43302 Resource & Pro... VP Transm Resource...
--	--

See Page 1

25595 Trans Siting, Pe... GM TransSite, Permit&...	9	..
33561 R&PM Govern... Director R&PM Gover...	5	..
43991 Resource Mgmt... GM Trans Resource &...	5	..
43992 Resource Mgmt... GM Trans Resource &...	4	..
43993 Resource Mgmt... GM Trans Resource &...	4	..
43994 Trans Project... GM Trans Resource &...	6	..
46370 Work Mgmt (R... GM Trans Resource &...	7	..



43573 Trans - Const & Maint

(b)

43573 Trans - Const &...
SVP Trans Maint & C...

See Page 1

25/79 Trans - Relay C... VP Construction & Ma...	6	..	
33877 Const & Maint... VP Construction & Ma...	7	..	
43995 Trans - C&M C... VP Construction & Ma...	5	..	
43996 Trans - C&M F... VP Construction & Ma...	5	..	
44013 Trans - C&M M... VP Construction & Ma...	5	..	
44045 Trans - C&M C... VP Construction & Ma...	7	..	
46376 Trans-C&M Ge... Dir Transm C&M Gene...	10	..	
Executive Assistant II			



43574 Trans Eng & Asset Mgmt

(6)

43574 Trans Eng & A...
VP Transm Eng & Ass...

See Page 1

43988 Trans Engineer... GM Engineering	5	..
43989 Trans Engineer... GM Engineering	4	..
43990 Trans Engineer... GM Engineering	6	..
44039 Trans Engineer... GM Engineering	4	..
44041 Trans Asset Ma... GM Transmission Ass...	5	..
Executive Assistant I		



43576 Transmission Vegetation

(6)

43576 Transmission...
GM Transmission Ve...

See Page 1

23319 Trans Veg Mgm...	46	..
Dir Transmission Veg...		
41693 Trans Veg Mgm...	7	..
Dir Transmission Veg...		
45612 Trans Veg Mgm...	9	..
Dir Transmission Veg...		
45740 Trans Veg Mgm...	23	..
Dir Transmission Veg...		
47176 Trans Emergen...	1	..
Dir Trans Emergency Pre...		
47252 Trans Veg Stra...	3	..
GM Transmission Veg...		

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
MIDWEST TRANSMISSION
SFR REFERENCE: CHAPTER II (B)(9)(a) (i, ii, viii); CHAPTER II (B)(9)(e)(iii); CHAPTER
II (B)(9)(g)(i)

I. Policy and Goal Setting

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

Goal setting at the department level is accomplished by the Senior Vice President (Chief Transmission Officer) and other departmental leadership and aligns with the Regulated Generation and Transmission organization at Duke Energy. The goals are formulated to support and complement the primary objectives and business plans of Power Delivery and Franchised Electric & Gas Operations. Specific initiatives developed to support Transmission goals identify objectives, implementation schedule, milestones, responsibilities, and resources required. The goals, once developed by Transmission leadership, are presented to the Chief Operating Officer of Regulated Generation and Transmission for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the department is the responsibility of the Senior Vice President of Transmission with input from functional Senior Vice President and Vice Presidents, General Managers, Directors and Managers, including the Jurisdictional Operating Committee, a jurisdictionally based cross-functional team that manages Transmission activities in the Midwestern utilities. Strategic planning is coordinated and monitored collectively with all functional organizations in Transmission utilizing input from key support groups such as technical services, transportation, materials management, finance, and human resources.

Each functional organization supports Transmission's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment
- Review customer service results and create action plans for improvement

- Develop, monitor and project department budgets for cost management
- Establish performance expectations and evaluate employees on a regular basis
- Evaluate and improve operational processes to drive operational excellence and an event-free operations focus
- Use of special project teams to investigate and provide recommendations on process improvement opportunities
- Conduct monthly Jurisdictional Operating Committee (JOC) meetings to review performance to known and visible standards

III. Organizational Structure

Transmission Midwest is under the direction of the following functional leaders:

- Senior Vice President, Transmission Construction & Maintenance
- Vice President, Transmission System Planning and Operations
- Vice President, Transmission Engineering and Asset Management
- Vice President, Transmission Resource and Project Management
- General Manager, Transmission Vegetation Strategy Execution
- Vice President, Transmission Operations Services

each of whom reports to the Senior Vice President of Chief Transmission Officer. The Senior Vice President reports to the Executive Vice President and Chief Operating Officer, who reports to the Chairman, President and Chief Executive Officer of Duke Energy. The following Transmission positions report through the functional Vice Presidents to the Chief Transmission Officer (CTO) and comprise the Jurisdictional Operating Committee (JOC), that manages daily operations in the Midwest and Ohio:

- Vice President, Transmission Construction & Maintenance – Midwest
- General Manager, System Operations – Midwest
- General Manager, Transmission Engineering - Midwest
- General Manager, Transmission Resource & Project Management - Midwest
- Director, Transmission Vegetation Management - Midwest
- General Manager, Directors in Transmission Operations Services

The General Manager, Transmission Engineering serves as the JOC Lead for Midwest operations. The Vice President, Transmission Construction & Maintenance – Midwest, has the following direct reports:

- Manager, Transmission Construction – Midwest
- Director, Transmission Maintenance – OH/KY
- Director, Transmission Maintenance – Indiana South
- Director, Transmission Maintenance – Indiana North

Based on service area, field Supervisors each have between 12-17 direct reports and perform ongoing construction and maintenance for designated areas. Due to the nature of the work, Engineering and Project Management leaders are structured differently.

The organizational charts for Transmission Midwest are shown in Exhibit PDFO-1.

IV. Responsibilities

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

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

Transmission Resource and Project Management

The Transmission Resource & Project Management organization is made up of Project Management, Project Controls, Siting, Permitting and Engagement and Work Management.

- Project Management is responsible for leading the scoping, estimating and execution of capital projects sponsored by Transmission, Distribution, Generation and external customers. This includes inception-to-completion ownership of scope, schedule, risk and financials.
- Project Controls is responsible for project and portfolio forecasts, reporting and communication, schedule, cost control, risk management, variance analysis and explanation, invoice administration, accruals and unbilled estimates
- Siting, Permitting and Engagement (SPE) leads the efforts and is accountable for: Siting electric Transmission facilities while adhering to a comprehensive siting process that balances the environmental, social and electrical needs; Permitting handles planning, gaining and closing- out all Transmission capital projects environmental permits. Engagement works to minimize impacts to project neighbors, communicating openly and transparently throughout the life of the project and coordinates mitigations to enable the completion of the project.
- Work Management is responsible for the planning and scheduling of the capital and maintenance work and program management for execution of the maintenance program of the Construction & Maintenance organization. This activity includes all maintenance and capital work for line and substation, both contract and company.

Transmission Engineering

Transmission Engineering is responsible for the design of electric transmission facilities that provide service to wholesale, large Transmission level customers and to support distribution facilities. The engineering organization provides engineering for all distribution, commercial,

industrial, and governmental requests for new or upgrade of facilities serving customers at the transmission level. Employees routinely interact with distribution stakeholders and customers and/or their representatives to ensure that service is provided that meets their needs. Transmission acquires easements and permits, determines customer contributions, identifies facilities, creates construction drawings, prepares work orders, and reconciles work orders for recording assets.

Transmission Engineering responsibilities also include oversight of electric system configuration; responding to customer inquiries about system reliability, outages, and other operational concerns. Transmission Engineering includes responsibilities for programs that support electric line and structure inspections, substation inspections and construction support.

Construction & Maintenance

Duke Energy Ohio operates construction and operations centers. These centers are responsible for:

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

Substation Operations

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

Vegetation Management

Vegetation Management is critical to grid reliability and resiliency, improves delivery of the electricity and ensures public safety by maintaining the integrity of clearance between trees and transmission lines in the right-of-way. Vegetation Management employees and service providers receive dedicated training and are responsible for meeting all NERC requirements associated with the NERC FAC-003 Vegetation Management Reliability Standard. This standard typically applies to all transmission lines 200 kV and above.

Transmission Operations Services

Transmission Operations Services is responsible for coordinating, developing and administering work methods for Transmission craft employees and for establishing and providing training programs to support skill development. This team provides North American Electric Reliability Corporation (NERC) compliance coordination and support to functional areas. This team also provides support in ensuring operational excellence principles, business planning and other administrative initiatives such as rate case requests, interaction with corporate and other departments on coordinating functions, including financial and quarterly business reviews.

V. Practices and Procedures

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

The standards and manuals utilized in performing work include:

- Safety and Health Manual
- System operations Switching and Tagging Manual
- Transmission Work Methods
- Engineering Guide Manual
- Fusing Manual
- Manual Work Standards
- Information Requirements for Electric Service
- National Electric Safety Code (NESC)

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

Transmission Resource and Project Management

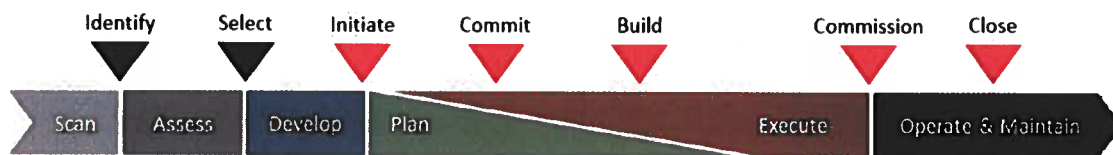
The Project Management, Project Controls and Siting & Permitting organization is established to complete the implementation of all engineered transmission capital project work, preventive maintenance, corrective maintenance, regulatory compliance and repair work throughout the operating regions.

The major practices and procedures include:

- Develop and maintain optimization/prioritization criteria and models
- Manage reliability & integrity maintenance programs
- Create project estimating and scope development at various stages of project life
- Develop major project capital budgets and O&M program budgets
- Manage reliability and integrity maintenance and capital budgets
- Analyze risk and value of projects to prioritize funding
- Review monthly financial objectives
- Siting and permitting process for substation and transmission line facilities

- Setup and closeout of projects in financial and scheduling tools
- Manage projects and capital program as assigned
- Resource planning and coordination to support capital plan

The primary objective of the Project Management Processes is to ensure the proper management of capital Transmission projects for Duke Energy. The purpose is to provide an overview of the Project Management Process along with more detailed supporting procedures that describe linkage to enterprise level policy and standards governed by the Project Management Center of Excellence (PMCoE). In addition, the Transmission Project Management Processes describe roles and responsibilities of all stakeholders who make up the project team, and how they contribute to project success by utilizing consistent tools and processes. The PMCoE Standards describe the project investment lifecycle from cradle to grave as a series of stages and gates by which the project navigates through to closure. The Stage Gate process helps to ensure project success through intrusive oversight. The Transmission Project Management Processes are designed to align with the PMCoE Investment Lifecycle which is illustrated in the figure below:



Work Management:

The purpose of Transmission Work Management processes is to ensure that all line, substation, and P&C Construction and Maintenance activities are performed in a timely and cost-effective manner while maintaining a focus on safety, environmental compliance, regulatory compliance, and quality. To do so, all work must be thoroughly planned, scheduled and properly executed in accordance with established policies, procedures and guidelines. In addition to project management processes, the following key processes apply.

- Switching and Tagging Work Requests process
- Compliance Work Monitoring and Scheduling process
- Corrective Work process
- Line Maintenance process
- Operational Risk Assessment / Response process
- Materials Accuracy and Delivery Process

Transmission Engineering

Transmission Engineering is responsible for all design and engineering functions for substations, transmission lines, and protection and control systems that include all relay and microprocessor devices used to control the grid. This responsibility includes ensuring that systems and designs comply with all applicable regulatory requirements, ex. NESC, NERC,

public utilities commission, environmental, etc. The organization primarily supports the vast construction efforts to build transmission facilities that provide service to our customers. Additional specific activities include, but are not limited to the following:

- Responding to customer reliability complaints, inquiries, and concerns from internal and external customers as required.
- Coordinate with representatives of other utilities, state and local authorities, permitting agencies and inspection agencies to coordinate work.
- Support storm restoration processes by providing field damage assessing to determine severity and repair needs before dispatching of field crews.
- Supply engineering designs material lists for construction of system improvements, electric transmission line extensions, and Transmission level interconnections for new electric services.
- Check and approve Transmission level electric facilities for compliance with company requirements making visual inspections for rewires and new service.
- Inspect Transmission facilities on a periodic cycle, assuring public safety and good operating condition of infrastructure. Maintaining accurate transmission circuit records and maps.
- Maintain Graphical Information System (GIS) data assets.
- Maintain specialized engineering knowledge to design, operate and maintain the metropolitan underground network and duct systems.
- Provide guidance to ensure compliance of governing codes (NESC, NEC, etc.) company safety practices, and company rates and tariffs.
- Support system reliability and integrity by supplying engineering resources to analyze customer outage and implement improvement plans.

Construction & Maintenance

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

Construction & Maintenance Practices and Procedures:

- Emergency Response & Storm Restoration:
- Construction and Maintenance is staffed to provide 24-hour, 365 day response to emergencies and storm restoration.
- New Facilities:
- Construction and Maintenance crews, or sanctioned contractor providers, are responsible for the construction of new electric transmission facilities for distribution facilities and large commercial, and industrial customers.
- System Reliability and Government Mandated Projects:

- Construction and Maintenance crews are assigned daily work required to construct and maintain the electric transmission and distribution system. Daily work includes capacitor maintenance programs, re-closer maintenance, inspections, counter reads, road improvement, line extensions, system improvement and reliability projects.
- Network Services:
- Network Services is responsible for maintaining the integrity and reliability of the transmission underground electrical network in downtown Cincinnati including routine maintenance of electrical vaults, manholes, transformers, street lights, and underground cable. Daily work includes installing, repairing, and replacing, large power, lead, oil-filled, and URD cable associated with transmission service, substations, and power plants throughout the Ohio/Kentucky territory.
- Heavy Equipment:
- Heavy Equipment provides cranes, booms, digger derricks, bulldozers, loaders, dump trucks, excavators, and other heavy construction equipment services. This group supports internal and external customers by such ways as hauling poles, transformers, and other equipment for utility crews.
- Construction Management on Budget Projects:
- Duke Energy currently has Field Supervisors that perform Construction Management on projects outsourced to contractors. This includes the Ground Line Inspection and Treatment programs for the transmission system.

Substation Operations

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

- Maintain a trained and adequately supervised work force including the necessary tools, equipment, spare parts and shops;
- Perform routine preventative maintenance activities, such as dissolved gas analysis (DGAs), infrared inspections, and substation inspections. Respond to substation outage and /or emergency situations;
- Assist in system storm restoration efforts;
- Analyze the DGA and infrared test results and information from substation inspections to be certain the equipment is still within all manufacturer, industry, internal standards specifications. Then, if the test results or inspection information warrant it, make all necessary repairs;
- Benchmarking and review of the maintenance practices to be certain Duke Energy's substation maintenance program is focused on the correct tests, procedures, and frequencies;
- The construction activities related to either new substations or additions to existing substations; and
- Construction project management is achieved through individuals within Resource and Project Management organization being charged to directly oversee assigned construction projects.

- Install and maintain all protective relay schemes as designed by the Engineering Department and engineering firms employed by the Company;
- Ensure quality control and quality assurance standards are followed to the highest degree possible in the testing of new and in-service equipment;
- Calibrate and test all electrical protective devices used to protect transformers, transmission and distribution lines of the system;
- Coordinate electrical tests on electrical boiler controls, and auxiliary plant equipment associated with power plants and gas turbine stations;
- Coordinate and direct electrical tests on all new substations and any revisions to existing stations;
- Direct the installation and maintenance of all supervisory control and data acquisition equipment used in conjunction with the Power Management System;
- Maintain a trained and adequately supervised work force of trained technicians including the necessary tools, equipment, spare parts and shops.

Vegetation Strategy & Execution

The major duties of Vegetation Strategy and Execution include Vegetation Management (VM) Program Governance, VM Program Execution, Asset Protection and Emergency Preparedness.

VM Program Execution:

The Vegetation Program Execution function is responsible for the field execution and oversight of annual vegetation management programs.

Major duties include:

- Interfacing with Property Owners during execution of work on legal easements
- Executing program activities, including field oversight, within program procedures and compliance requirements
- Completing planned Right of Way VM Work
- Mitigating Reactive Work identified during inspections
- Implementing and completing Integrated VM work (Herbicide and Brush Mowing/Cutting) for Right of Way Floor Management
- Completing Substation VM work (Bare ground/Herbicide Treatments and Landscape Mowing)

VM Program Governance:

The Vegetation Program Governance function is responsible for the strategic direction, program management and programmatic oversight associated with field execution programs, regulatory compliance, financial management, and work management.

Major duties include:

- Coordinating budget planning, development, and tracking
- Coordinating work plan development, prioritization, and tracking
- Developing program strategy, policies, procedures, and processes

- Establishing regulatory compliance direction, facilitating compliance reporting, and supporting compliance activities
- Administering the VM work management system
- Managing, monitoring, and reporting Vegetation Strategy and Execution metrics

Asset Protection:

The Asset Protection function is responsible for monitoring and protecting easement/legal rights associated with DE transmission facilities located on easements, fee-simple property, and permit corridors. This function plays a vital role to ensure that DE can safely and reliably operate transmission facilities, while also ensuring that operational maintainability and accessibility needs are preserved.

Major duties include:

- Reviewing plans from Developers, Government Agencies, and other utilities for easement rights conflicts
- Executing the DE Stop Work Order Process, when needed
- Enforcing consistent enterprise policies and practices to ensure protection of legal easement rights that were purchased to benefit all customers
- Ensuring that we obtain appropriate legal rights with new easements
- Ensuring that the appropriate internal and external stakeholders are informed of our policies and legal rights
- Proactively and reactively addressing encroachments, planned or existing, and resolving them with positive outcomes

Emergency Preparedness

The Emergency Preparedness function is responsible for Transmission Emergency Response Planning governance and identification of the basic elements to be included in response plans.

Major duties include:

- Ensuring that Transmission's emergency response plans align with the elements of the Corporate Emergency Preparedness and Business Continuity Program.
- Developing Emergency Plans
- Scheduling and performing Emergency Response drills
- Maintaining adherence to Incident Command structure expectations
- Interfacing with Emergency Preparedness departments in other business units (i.e. Customer Delivery, Fossil Hydro, Nuclear and Corporate Communication)

Operations Services

Major duties of Operations Services include:

- Ensures Transmission employees are a safe, injury free and regulatory compliant workforce through the development, implementation and/or auditing of safety policies, procedures and work methods.

- Ensure Transmission employees practice the company's operational excellence principles through periodic assessments and completing action plans and providing Transmission Operating Model.
- Develop and provide craft training for substation, line and relay crew members
- Implement human performance program methods for reinforcing desired behaviors and identifying performance challenges and opportunities for enhanced effectiveness through corrective action program and other tools.
- Develop top level metrics, track performance and business intelligence reports
- Drive continuous improvements, innovation and business transformation through technology projects and tools.
- Provide issue management for major contracts, contract performance, and onboarding support of contractors
- Oversee development and track progress of Business Plan; support project long range plans development; support initiatives and special requests
- Provide coordination and support of NERC standards compliance

VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Company policies, procedures and regulatory directives, and the authority to take effective action. The decisions made by specific levels of management are relevant to the basic purpose of their position. In addition to the all functional areas within Transmission, the Jurisdictional Operating Committee (JOC) will assist in providing direction on regional issues that affect one or more functional organizations in Ohio.

Daily, monthly, and quarterly operational reports including outage and financial are used to monitor progress and provide a means of evaluating decision making. Weekly calls and monthly in person meetings are conducted with the JOC and key stakeholders to ensure prompt and effective decision making. Periodic business reviews are conducted to evaluate performance against known targets and to review trends and actions in place to improve performance where needed. Additionally, management meetings are conducted with Transmission leadership at the functional staff level and at the operational level monthly, where key operational indicators are evaluated and reviewed.

VII. Internal and External Communication

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

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

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

Communication with vendors and contractors is handled by field visits, telephone, e-mail, and contractor business review meetings that focus on performance and safety bi-annually.

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

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

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

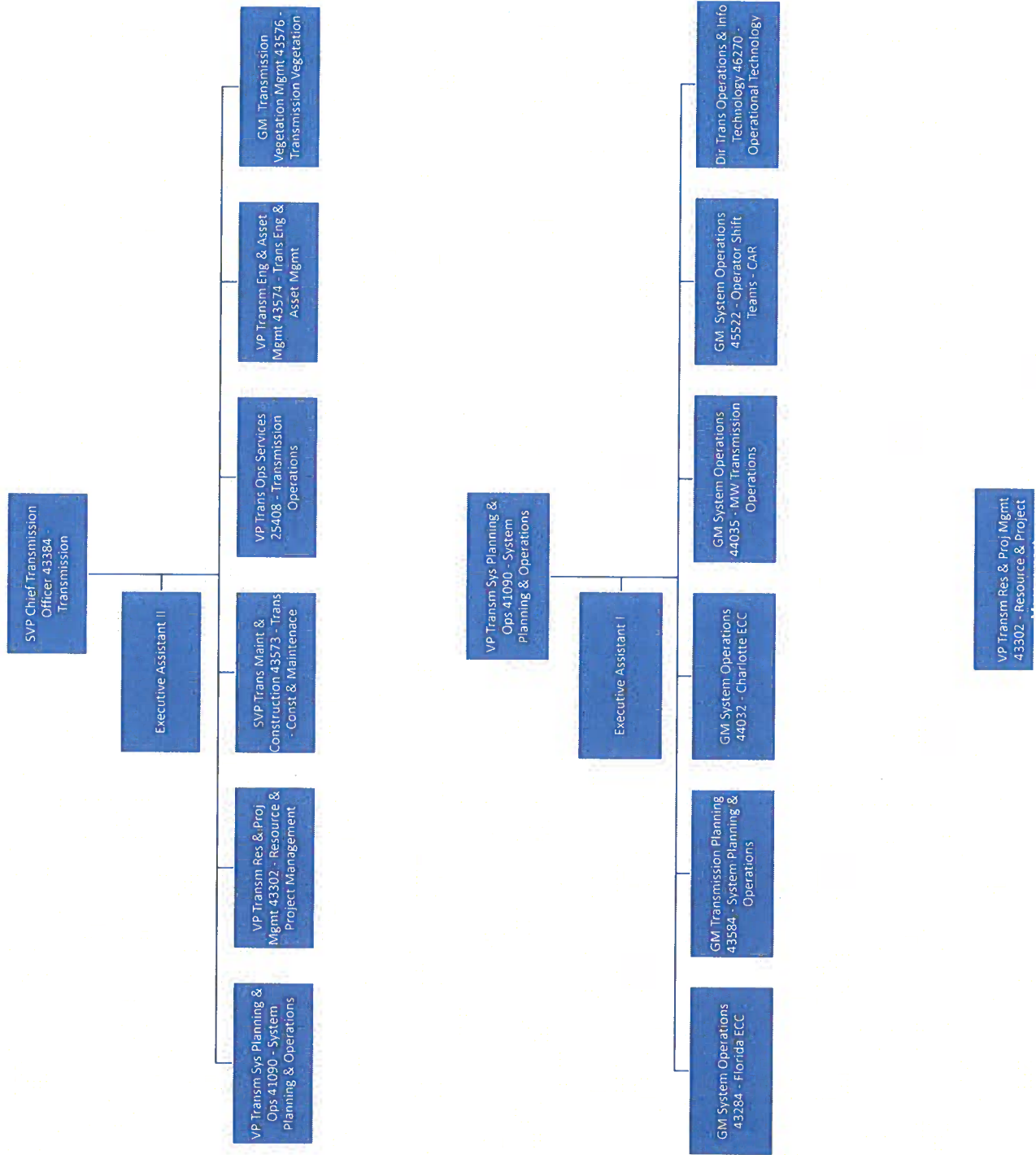
VIII. Goal Attainment and Qualification

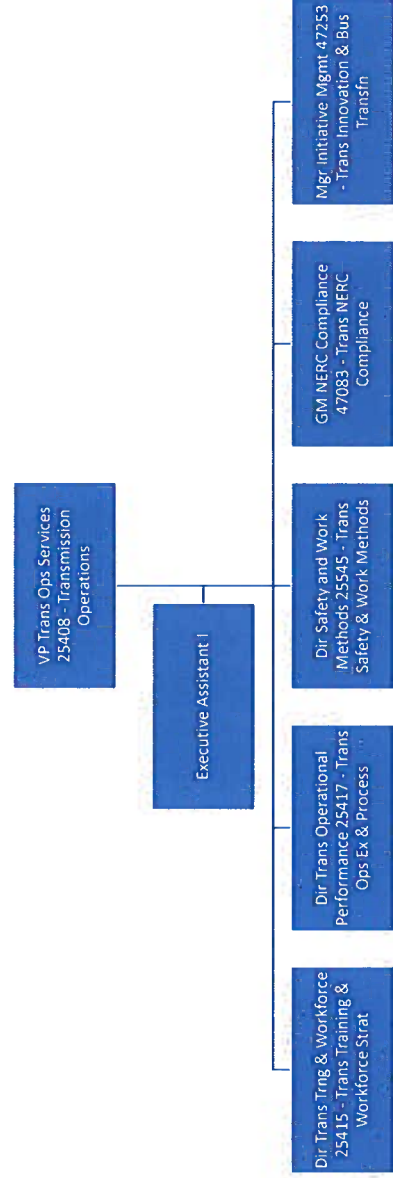
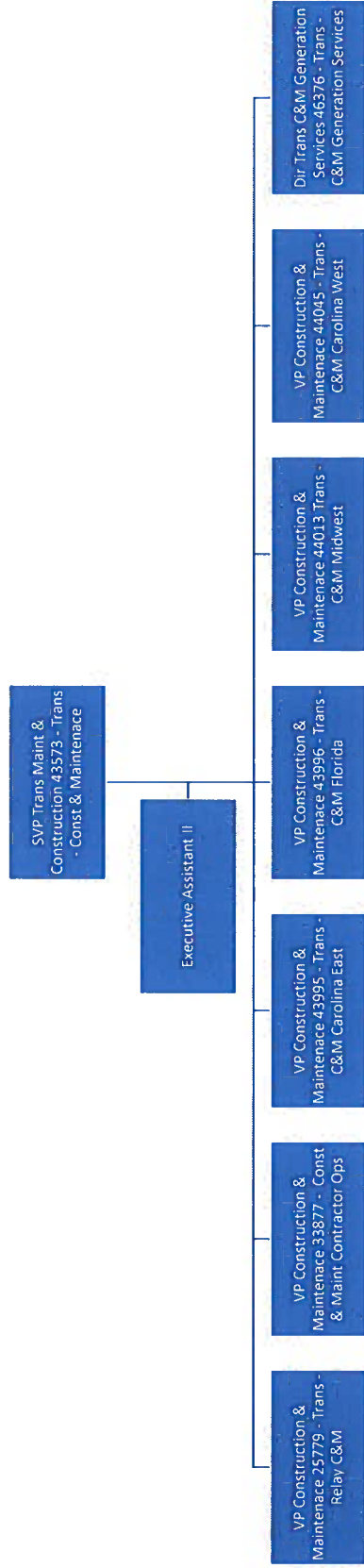
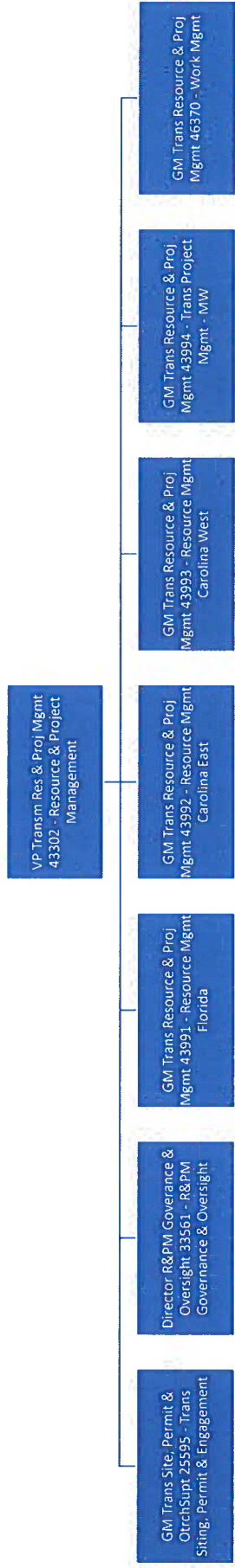
In general, Transmission performance is measured by its contribution to the safe, reliable, and cost efficient operation of Duke Energy's electric system. In addition, the department remains abreast of technological developments and incorporates them when efficiencies can be gained.

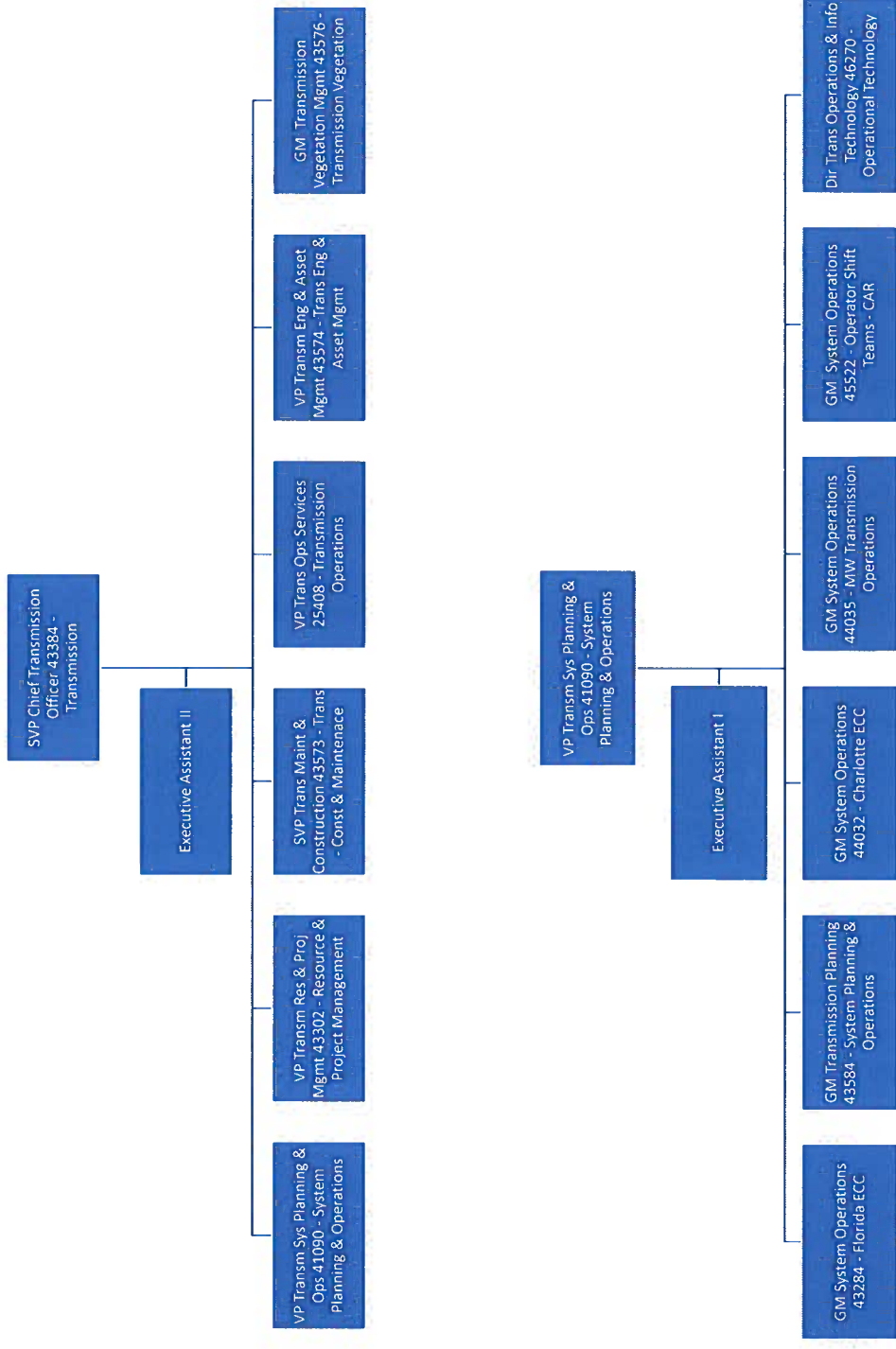
Transmission provides updates for a consolidated monthly report submitted to the Senior Vice President detailing the progress in attaining the established Departmental goals. System performance is monitored through various periodic reports.

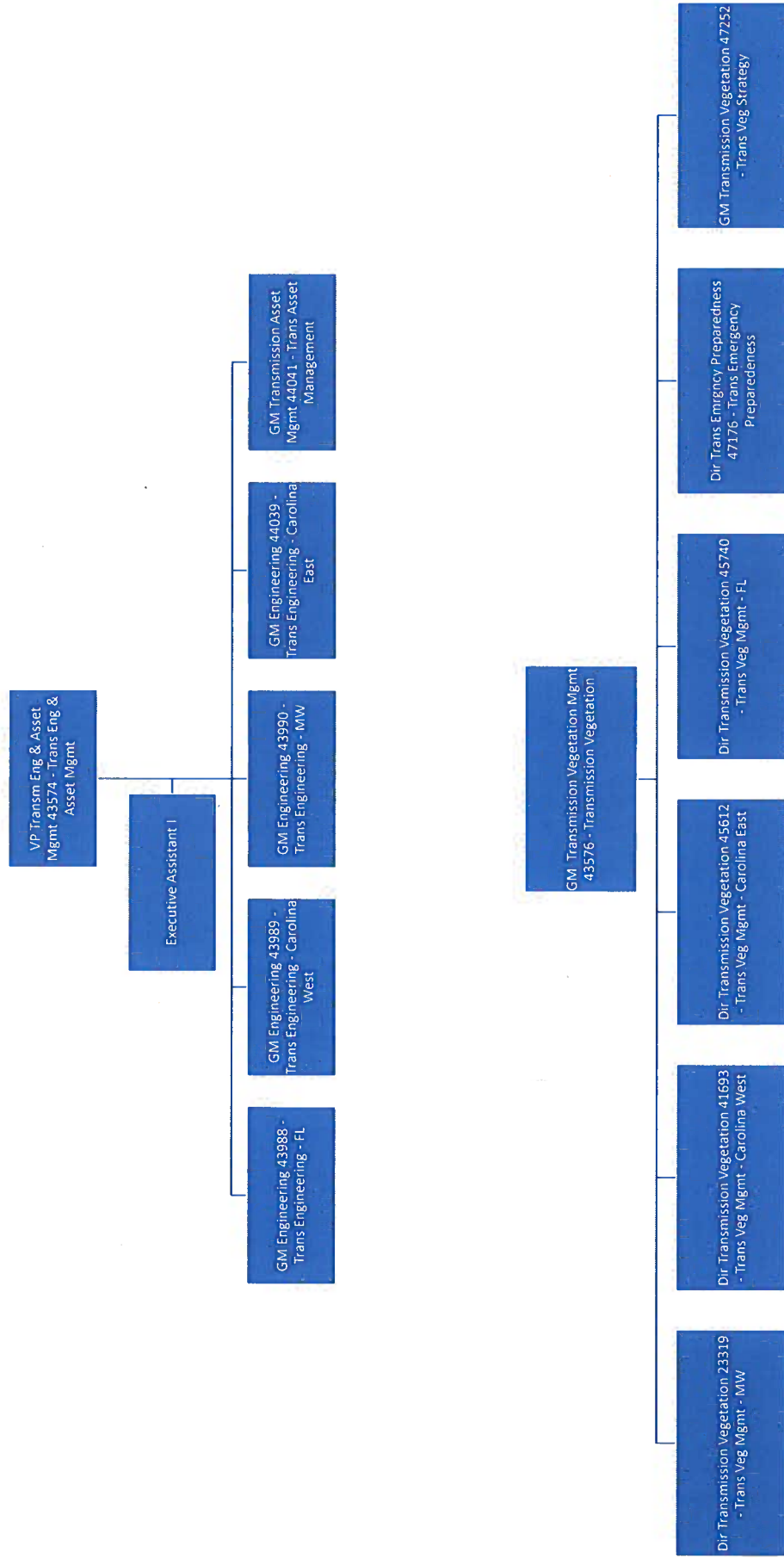
Key metrics are utilized by Transmission as measures of performance. The following are example items that are used to measure performance:

- Count of Personal Injuries
- Count of Preventable Vehicle Incidents
- Total Incident Case Rate
- Count of Environmental Events
- Transmission Reliability
- Budget and Cost Monitoring
- Project Monitoring
- Event Free Operations Count









DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
TRANSMISSION ENGINEERING AND ASSET MANAGEMENT
SFR REFERENCE: CHAPTER II (B)(9)(a) (i, iii, vi, vii)

I. Policy and Goal Setting

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

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

II. Strategic Planning

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

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

- Facilitate an injury-free and environmentally responsible work environment
- Review customer service results and create action plans for improvement
- Develop, monitor and project department budgets for cost management

- Establish performance expectations and evaluate employees on a regular basis
- Evaluate and improve operational processes
- Use of special project teams to investigate and provide recommendations on process improvement opportunities

III. Organizational Structure

Transmission Engineering and Asset Management is under the direction of a Vice President who reports to the Senior Vice President and Chief Transmission Officer. Five organizations report to the Transmission Engineering and Asset Management Vice President thru the following positions:

- General Manager of Transmission Engineering - Midwest
- General Manager of Transmission Engineering - Florida
- General Manager of Transmission Engineering – Carolinas West
- General Manager of Transmission Engineering – Carolinas East
- General Manager of Asset Management

The organizational charts for Transmission Engineering and Asset Management are shown in Exhibit TERPM-1.

IV. Responsibilities

Transmission Engineering and Asset Management provides cost effective engineering and asset management services associated with the conversion, delivery and sale of energy and energy services.

Transmission Engineering - Midwest

Transmission Engineering - Midwest is responsible for the design of both substation and transmission line projects. Three functional efforts exist. **Substation Engineering** and **Protection & Controls Engineering** are the two groups that focus on substation projects and the development of technical resources with a depth of understanding in substation design and operations. Transmission **Line Engineering** is focused on delivering transmission line projects and the development of technical resources with an in-depth understanding of transmission system design and operations.

Substation, Protection & Control and Transmission Line Engineering perform the following common specific duties:

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

In addition, **Substation and Transmission Line Engineering** also perform the following specific duties:

- Support siting and permitting processes
- Perform line encroachment investigations

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

- Specify relays and associated communication systems
- Design protective relay systems
- Specify settings for protective relays
- Maintain engineering records associated with relays and protective systems
- Support field craft in the installation and troubleshooting of relay systems
- Support Asset Management and Operations in event investigations
- Coordinate protective systems between grid and generators as well as with other interconnected electric utilities and large customers

Asset Management

Asset Management includes several general engineering services functions that support Transmission Engineering and Transmission Construction and Maintenance. These functions include **System Standards, Equipment Engineering, Asset Information & Intelligence, Transmission and Substation Performance and Technical Support**. **System Standards** is primarily responsible for the development of standard transmission line and substation designs and associated equipment specifications that are utilized by design staff located in Transmission Engineering across the service territory. **Equipment Engineering** develops and maintains transmission equipment specifications and equipment maintenance schedules. **Asset Information & Intelligence** manages Transmission asset records and associated data.

Transmission and Substation Performance provides system wide analysis of reliability performance and identifies and supports maintenance and capital reliability improvement programs. **Technical Support** provides day-to-day support and expertise for Transmission Construction and Maintenance. They also support outage follow-up, substation assessments and other operational issues. Specific duties of Asset Management include:

- Development of standard designs and equipment specifications
- Support of both engineering and field in the application of standards
- Perform engineering studies and analysis as needed on various topics
- Design maintenance programs and requirements for inspecting equipment, identifying problems, and correcting those problems.
- Monitor and analyze the performance of maintenance programs.
- Specify reliability improvement programs and plans where needed.
- Monitor and report on reliability performance using industry standard measures such as SAIFI, SAIDI, etc.
- Analyze the current age and condition of transmission assets.
- Design replacement programs and requirements for equipment that needs replacement

V. Practices and Procedures

The major practices and procedures of Transmission Engineering and Asset Management include:

- Develop and maintain optimization/prioritization criteria and models
- Design reliability & integrity maintenance programs and requirements
- Create reliability improvement plans
- Create project estimating and scope development at various stages of project life
- Track electric system performance and analyze for improvements
- Develop major project capital budgets and O&M program budgets
- Develop reliability and integrity maintenance and capital budgets
- Review monthly financial objectives
- Design and implement projects as assigned

VI. Decision Making and Control

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

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

VII. Internal and External Communication

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

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

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

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

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

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

Transmission Engineering and Asset Management employees also work with local, state, federal, as well as regulatory agencies to furnish information as requested and to coordinate inspections and audits of operations by these agencies.

VIII. Goal Attainment and Qualification

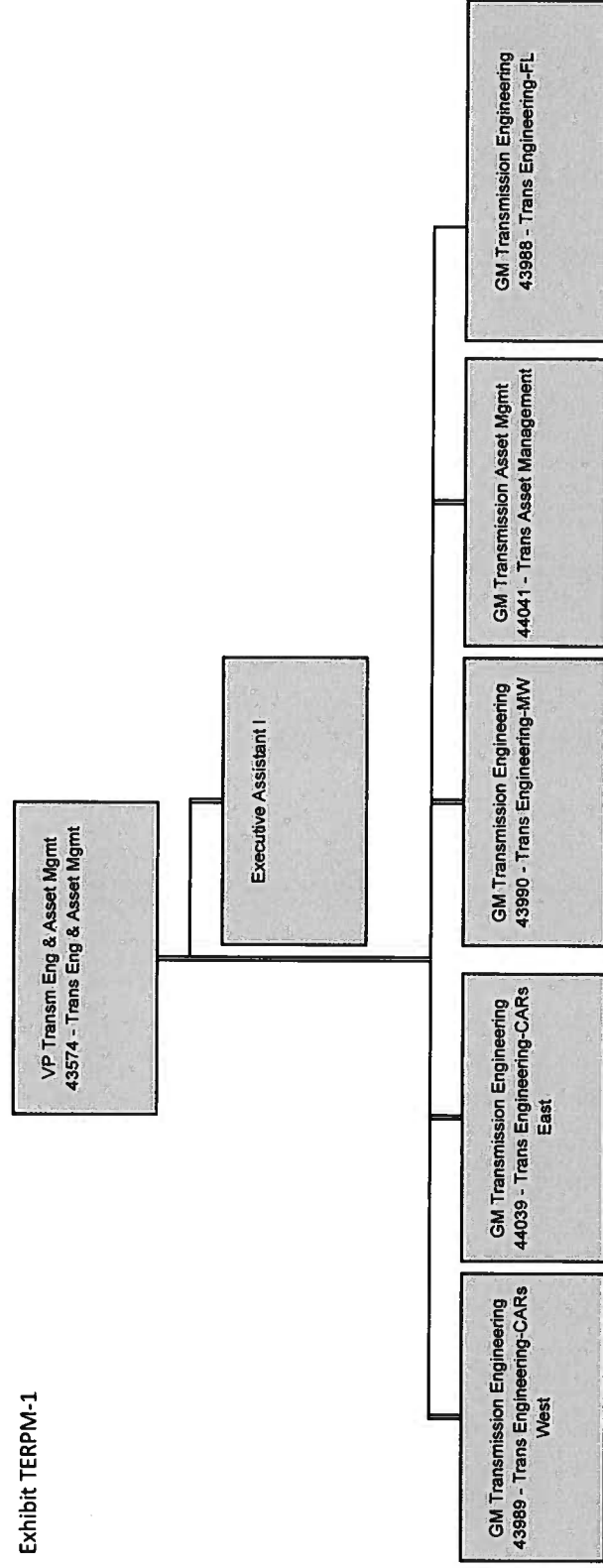
In general, the performance of Transmission Engineering and Asset Management is measured by its contribution to the safe, reliable, and cost-efficient operation of Duke Energy's electric system. In addition, the Department remains abreast of technological developments and incorporates them when efficiencies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

Transmission Engineering and Asset Management provides updates for a consolidated monthly report submitted to the Senior Vice President and Chief Transmission Officer detailing the progress in attaining the established Departmental goals.

Performance indicators are utilized by Transmission Engineering and Asset Management as measures of performance. The following are example items that are used to measure performance:

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

Exhibit TERPM-1



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
SUPPLY CHAIN
SFR Reference: Chapter II (B)(9)(b)(v)

I. Policy and Goal Setting

Corporate policies are established by executive management and are embodied in the Duke Energy Code of Business Ethics, which is provided to all employees. These policies, which establish guidelines by which Duke Energy employees are expected to conduct business, are supported by Supply Chain. In addition, employees of Supply Chain are required to adhere to all corporate policies directly relating to the various materials and contract services functions. Exhibit SC-1 the Purchasing Controls Policy describes the guidelines for procurement. Exhibit SC-2 the Inventory Controls Policy describes the guidelines for inventory management. Exhibit SC-3 the Purchasing Authority Policy details Supply Chain's established delegation of authority guidelines.

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

II. Strategic Planning

Supply Chain uses a planning process that includes annual budget updates and long-range planning with regard to inventory levels, personnel, facilities and equipment needs. The operating units provide similar information through their business plan to assist Supply Chain in providing materials and services.

Supply Chain has goals that support the Company's business plan and strategy:

- Deliver savings through sourcing activities that directly contribute to the target financial goals;
- Support Duke Energy's clean energy strategy and enable the Company to meet milestones to create a smarter energy future for its customers and communities;
- Support grid modernization and hardening plans;
- Promote an external customer focused culture that emphasizes and delivers optimal cost and reliability;

- Create a streamlined organization focused on internal business partners and continuous improvement that delivers a low cost, high value portfolio of services; and
- Delivers continuous process improvements in back office operations and supply chain support systems.

III. Organizational Structure

The Supply Chain organization reports to the Senior Vice President, Supply Chain and Chief Procurement Officer.

Supply Chain provides sourcing, warehouse operations, materials management, trucking and logistics, accounts payable support, and supply chain governance (Procure to Pay) for:

- Corporate and enterprise-wide departments (e.g. IT, HR, Admin Services);
- Electric transmission and distribution;
- Gas distribution operations and Piedmont Natural Gas operations;
- Fossil, hydro, and nuclear power generation facilities;
- Major Projects;
- Coal Combustion Products; and
- Renewables (except for some Commercial Renewables sourcing activities)

Supply Chain Strategic Sourcing includes the following major functions:

- Materials Sourcing;
- Service and Labor Sourcing;
- Major Projects, Renewables, and Coal Combustion Products Sourcing;
- Nuclear Strategic Sourcing, Purchasing, and Inventory Management;
- Alliance Management, ISP, and MRO Strategy;
- Category Management;
- IT and Telecom Sourcing;
- IT Software License Management;
- Purchasing; and
- Accounts Payable

Supply Chain Operations and Analytics includes the following major functions:

- Warehouse Operations;
- Materials Management;
- Nuclear Site Sourcing;
- Trucking and Logistics;
- Asset Recovery;
- Oil-filled Repair Services;
- Warehouse Management Process Improvement; and

- Analytics and Tech Support

Supply Chain Business Support includes the following functions:

- Policy and Controls;
- Risk and Compliance;
- Contract Governance and Assessment;
- Organization Effectiveness and Learning Development; and
- Supplier Engagement

Supply Chain Supplier Diversity, Sustainability, and Associate Programs includes the following functions:

- Supplier Diversity;
- Supply Chain Corporate Responsibility;
- Supply Chain Sustainability; and
- Supply Chain Associates and Intern Program

Organization charts of the Supply Chain Department are attached as Exhibit SC-4.

IV. Responsibilities

The Sourcing and Purchasing functions within Supply Chain have responsibility for all sourcing, procurement and contracting activities with some exceptions such as fuels procurement, real estate, and certain Commercial Renewables projects.

The Supplier Diversity and Sustainability function is responsible for the development and implementation of various strategies to manage the identification and inclusion of diverse and local suppliers in the sourcing and purchasing process, drive deeper collaboration with our strategic suppliers, focus on corporate responsibility, and promote supply chain sustainability in human rights, fair labor practices, and environmental progress.

The Integrated Supply Program (ISP) function is assigned the responsibility for managing the contracts with our Integrated Suppliers that pertain to Electric Transmission and Customer Delivery, Gas Operations, and Generation. ISP's have been contracted to perform certain purchasing, inventory management and replenishment functions for material required by the Electric Transmission and Customer Delivery business units and Gas Operations; and the majority of our Maintenance, Repair and Operation (MRO) consumable materials. Contracts for strategic materials are negotiated by the Sourcing function, with the Integrated Supplier assuming responsibility for execution against those contracts.

The Alliance Management program function is responsible for the overall program management associated with craft labor contractors, including contracting strategy, contract negotiation and implementation.

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

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

The Warehouse Operations function is responsible for the overall management of inventory for generation facilities, operations centers, and distribution centers. In addition, they coordinate materials receiving and fulfillment within their locations.

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

The Trucking and Logistics function is responsible for delivering materials to Duke Energy locations and managing third party trucking contracts.

The Policy and Controls, Risk and Compliance, and Governance functions are responsible for governance and oversight of key Supply Chain activities; ensuring policies, controls, and documentation are adequate and implemented; supply chain risk is assessed and mitigated; operational auditing of the supply chain function.

The Analytics and Tech Support functions provide analytical services and centralized technology support for Supply Chain.

The Organization Effectiveness function provides learning development, curriculums, and change management support for Supply Chain.

The Supply Chain Associates and Intern Program recruits and develops the next generation of Supply Chain talent.

V. Practices and Procedures

Supply Chain creates measurable value for Duke Energy customers and shareholders through a highly skilled and engaged team focused on strategically sourcing value-based contracts, excellence in warehouse and logistics, efficient commercial processes, and effective business unit engagement.

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

- To source and procure material, equipment, and services in accordance with prescribed specifications at the most favorable total cost of ownership, terms and conditions. To perform routine and emergency sourcing, competitive bidding, ordering, expediting and logistics operations;
- To maintain confidentiality of competitive bidding and prices;
- To develop competition among reputable and responsible suppliers, inclusion of diverse and local suppliers, and to ensure that the Company receives quality products and services;
- To establish and maintain fair, equitable and ethical relationships with suppliers;
- To review, on a continual basis, all purchased materials and supplies to add stock, reduce stock, or remove from stock as the review indicates;
- To establish and maintain information for inventory authorized by the operating departments for regular and special requirements;
- To create business processes and procedures that ensure processes are controlled and accurate;
- To leverage industry and trade best practices in the design of new business processes for the Company;
- To train others in the Company to utilize capabilities of our systems and in the general policies and guidelines related to purchasing;
- To incorporate new regulations, laws, orders, or directives into Supply Chain activities; assess and mitigate compliance risks;
- To ensure a knowledgeable, efficient, effective, and informed Supply Chain workforce;
- To process supplier invoices for payment in accordance with Accounts Payable policies, guidelines, and contract terms;
- To perform various accounting and tax reporting activities for accounts payable; and
- To provide special studies and reports that meet customer, regulatory, legal and audit requests.

Supply Chain directly supports all other departments of the Company. Close working relationships exist through cross-functional teams and participation in joint initiatives and committees.

Presently, the Company utilizes Maximo, PeopleSoft, Ariba, Consolidated Asset Suite (Passport), and Power Advocate for all activities related to Supply Chain. These systems are used to manage inventory investment and provide up-to-date information to support the Sourcing, Integrated Supply, Materials Planning, and Accounts Payable functions. Aided by the Maximo and Consolidated Asset Suite systems, Supply Chain optimizes inventory management by:

- Establishment of inventory and service level targets;

- Usage forecasting;
- Calculation of economic reorder quantities (EOQ);
- ABC classification of inventory and other cycle counting schedules;
- Materials requirement planning;
- Purchase order tracking and expediting;
- Obsolescence reviews; and
- Maintenance of the material catalog.

VI. Decision Making and Control

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

Dashboard reports of performance metrics are used to monitor performance.

VII. Internal & External Communication

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

Certain key control reports are provided online to supply chain employees to monitor, track, and remediate system or production issues, material availability and demand, or invoice status.

Supply Chain metrics are available online and include work management, accounts payable, sourcing and procurement, and inventory balances.

External communication with Company suppliers occurs through a variety of means. Bid quotes are obtained by our purchasing personnel. Large dollar and complex requests for proposals are managed through the use of an e-sourcing tool (Power Advocate). This tool is a controlled, online means of exchanging information, drawings, and questions and ultimately of obtaining pricing from our suppliers. A comprehensive supplier focused web site at Duke Energy.com is used to communicate important information to suppliers, including links to our supplier code of conduct, required training, supplier registration, and diversity certification.

Many suppliers receive our purchase orders electronically through Supply Chain technology. This increases our speed to transmit orders and allows suppliers to send us electronic purchase order acknowledgements and electronic invoices.

Suppliers utilize an e-mailbox to make inquiries and receive answers. This provides a centralized clearing house for Supply Chain to understand supplier invoicing issues and to answer the supplier's questions in doing business with us.

VIII. Goal Attainment and Qualification

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

- Savings achieved from sourcing activities;
- Supplier performance scorecards;
- Supplier Diversity spend;
- Financial performance;
- Supplier automation;
- Invoice tracking;
- Payment terms and days to pay;
- Inventory Cycle Count accuracy;
- Inventory return rates;
- Order fulfillment rates;
- Inventory growth rate;
- Recycling percentage for waste materials; and
- Safety Performance



Duke Energy Policy

Purchasing Controls Policy

Applicability:	Applies to Enterprise
Originator:	Supply Chain
Approval:	SVP, Chief Transformation and Administrative Officer
Effective Date:	03/31/2004
Revision Date:	06/01/2020

Statement of Purpose

This policy defines the roles, responsibilities, and requirements related to the procurement process at Duke Energy Corporation and its subsidiaries (Duke Energy or the Company). Specific topics addressed include required approvals, the sourcing process, contract formation, segregation of duties, and standards of business conduct.

Accountability: Roles and Responsibilities

The **Duke Energy SVP, Chief Transformation and Administrative Officer** is responsible for approving this policy and any exceptions to the policy.

The **Duke Energy Chief Procurement Officer** is the owner of this policy and is also responsible for communicating this policy throughout the corporation to all persons involved in the supply chain processes. Any exceptions to this policy should be documented and approved in advance by the Chief Procurement Officer prior to obtaining approval by the SVP, Chief Transformation and Administrative Officer.

Business Unit Management is responsible for compliance with this policy within their areas of responsibility. This responsibility includes ensuring the unit has adequate internal controls over the procurement process and establishing effective contract management.

Duke Energy Employees are responsible for compliance with this policy within their areas of responsibility. Violations of this policy should be reported in a timely manner to your supervisor.

Supply Chain Management is responsible for compliance with this policy for all purchases made by their personnel.

Designated Sourcing Representatives are employees outside of the Supply Chain function who have been approved to act in an agent capacity to contractually obligate Duke Energy. Designated Sourcing Representatives are responsible for managing the procurement process for goods and services equal to or less than \$100,000 and shall comply with this policy in carrying out their responsibilities. The Chief Procurement



Duke Energy Policy

Purchasing Controls Policy

Officer will authorize who is granted the role of Designated Sourcing Representative as well as the approval limits. In some cases, the approval limit may exceed \$100,000. Designated Sourcing Representatives are not included in the exception categories listed in this policy.

Requirements

Purchase Commitments

- All purchases of goods, components, and services, during the normal course of business, which will or could be installed or performed on the Bulk Electric System (BES) cyber systems, **regardless of the purchase amount, must be** sourced through the Supply Chain organization. Supply Chain or Designated Sourcing Representatives will manage the Procurement process, which includes actions required for compliance with NERC CIP-013 Supply Chain Cybersecurity Risk Management.
- Purchases of goods and/or services **equal to or greater than \$250,000 must be** sourced through Supply Chain or Designated Sourcing Representatives (granted authority by the Chief Procurement Officer). The Supply Chain organization (or the Designated Sourcing Representative) will manage the Procurement process by actively selecting qualified bidders; developing the sourcing strategy; managing the bidding process; negotiating terms and conditions, pricing, and any other commercial provisions; and ensuring compliance with this policy.
- Purchases of goods and/or services **between \$100,000 and \$250,000** not involving Supply Chain or Designated Sourcing Representatives (granted authority by the Chief Procurement Officer) **must have** a purchase order, the appropriate Duke Energy standard Terms and Conditions documents and/or other Duke contractual documents issued by Supply Chain.
- Purchases of goods and/or services **up to \$100,000** not involving Supply Chain or Designated Sourcing Representatives require the individual conducting the transaction to comply with this policy. All such transactions require approval by an officer of the company or someone who is granted approval authority by the Board of Directors, and has appropriate DOA limits. **NOTE:** Purchases of goods, components, and services which will or could be installed or performed on the Bulk Electric System (BES) cyber systems, must be sourced through Supply Chain as outlined above.
- **Exceptions** to this policy include: real estate (buying, selling, leasing properties), fuel, commodity purchases and sales, mergers and acquisitions, financing charges/treasury fees/external audit services, external legal counsel, statutory tax payments, and insurance claims and premium payments.

NOTE: Bulk Electric System (BES) is defined as Transmission Elements and Real Power and Reactive Power resources that operate at a certain kV or higher and are considered foundational in the reliable operation of Real Power and Reactive Power resources. Please refer to the [NERC Glossary of Terms](#) for additional information.



Duke Energy Policy

Purchasing Controls Policy

Types of Purchase Commitments

Pricing Agreements or Blanket Orders are long term agreements created by the Supply Chain organization that establish pricing and legal terms and conditions for recurring or routine purchases of goods or services but do not represent a financial commitment. Examples of such transactions include: alliance agreements, service agreements, enterprise pricing agreements and supplier terms and conditions agreements. These types of agreements use a requisition, purchase order, contract, purchase contract, or letter agreement to execute specific transactions or releases against the Pricing Agreement. Specific transactions or releases under a Pricing Agreement are subject to authorization per the DOA limits. Pricing Agreements are not subject to review per the requirements of the [Approval of Business Transactions Policy](#) because they do not represent financial commitments. However, Pricing Agreements with an anticipated aggregate purchase volume of \$10 million or more will comply with all other requirements of this policy and require approval of the Chief Procurement Officer.

A **strategic agreement** or alliance agreement is a multi-year supplier relationship to provide services or materials at a total cost beneficial to Duke Energy that includes the supplier and Duke Energy working closely together in a cooperative fashion to improve efficiencies, and identify and implement additional value add opportunities, while maintaining or improving quality. Strategic or Alliance agreements are competitively bid prior to award.

Contracts can take many forms, such as purchase orders, written agreements, intellectual properties/software licenses, pricing agreements and engagement letters.

A **purchase order (PO)** is a legally binding document prepared by an authorized purchasing agent to describe all commitments, terms, and conditions of a purchase.

A **written agreement** is a legally binding document used to describe more complex contracts. It contains the terms and conditions needed to cover risks, complexities and/or service levels. This type of contract is used because the transaction is not adaptable to standard commercial terms and conditions.

Intellectual properties/software licenses are used to document appropriate language specific to purchase of software, and it contains the terms and conditions necessary to protect the Company's interests related to use of software.

Engagement letters are used to describe specific work activities to be done by consultants or other professionals. They normally reference a master agreement or larger contract.



Duke Energy Policy

Purchasing Controls Policy

Competitive Bidding/Sourcing

Subject to the exceptions listed above, competitive bids are required for all purchases equal to or greater than \$250,000. Purchases may not be split into multiple transactions to avoid use of competitive bidding. All other exceptions must be documented and approved as required below.

Competitive bids are not required for purchases equal to or greater than \$250,000 if:

- The supplier relationship was formed in accordance with this policy.
- **Previous competitive bid event** for similar goods and/or services occurred **within the last 12 months**. For this condition to apply, the aggregated value of all *additional* goods and/or services purchased must be less than the original purchase that resulted from the aforementioned competitive bid.
- **Single sourcing** - occurs when a competitive bidding process is not undertaken and the decision is made to select a specific supplier based on technical, commercial, or other valid business reasons. Several other factors may also create single source purchases:
 - Contract extensions, excluding the execution of contract options documented in the original contract, should be treated as single source purchases. Any contract extension that lengthens the total contract term beyond 5 years would require a single source justification.
 - A significant change in scope from the original bid event.
 - Initial spend is \$250,000 or more.
 - Spend is double the amount of the original commitment.
 - The vendor now being considered was not included in the original bid event.

Because a single source procurement removes the advantages of the competitive bidding process, it should be used on an exception basis. A single source decision must be approved via the Single Sole Source Justification eform.

- **Sole sourcing** - because of unique or specialized characteristics only one supplier offers a particular product or service. An example of a sole source would be a supplier who has a specific patent or other proprietary right on a good or service. In this case, there is not an opportunity to use a competitive bid process. A sole source decision that is greater than \$250,000 must be approved via the Single Sole Source Justification eform.

Corporate Responsibility

- Corporate Responsibility in the sourcing process includes leveraging supplier diversity, local suppliers, and supplier environmental sustainability to create broader value for Duke Energy customers and communities. Qualified diverse and local suppliers will be actively solicited to participate in bidding opportunities and their bids will be evaluated on a nondiscriminatory basis. Additionally, prime suppliers will be encouraged to utilize diverse and local suppliers to fulfill their contracts with the Company.



Duke Energy Policy

Purchasing Controls Policy

- For North Carolina contracts and statements of work, the Hire North Carolina Regulation will be applicable when soliciting bidders for prime and subcontracts if the following criteria is met:
 - Work performed in North Carolina over \$700,000
 - Related to construction, extension, and/or repair of electric and gas facilities
 - Excluding materials
 - Non outage work (planned or un-planned)

Detailed requirements are located on the Supply Chain Hire North Carolina SharePoint site, which is also where the 'Hire North Carolina List' can be found.

- Corporate Responsibility evaluation criteria shall be included in the evaluation process for all competitive bid events required by this policy.

Contingent Workers

- It is the position of Duke Energy that we will only conduct business with Affordable Care Act (ACA) compliant suppliers. Supply Chain will require Senior Management Committee member (or their designee's) approval for the use of any non-ACA compliant supplier, as well as a written plan of action to transition to an ACA compliant supplier for future similar services. Additionally, Supply Chain will maintain compliance with the Human Resources Contingent Workforce Policy when engaging contractor vendor/firms for contingent workers. Refer to the [Contingent Workforce Policy](#).

Corporate Card Usage

Corporate Card issuance and usage must be in accordance with the Employee Expense and Corporate Card Policy and this policy. The corporate card is the preferred method of payment for all of the below activities and should always be used unless the supplier is unwilling to accept.

Employees **are expected** to use the Corporate Card for payment of:

- Business-related expenses.
- Travel-related business expenses.
- Material purchases for consumable items such as:
 - Fleet related vehicle and equipment parts (non-inventory)
 - Office Supplies
 - Materials that are directly expensed and are not available to issue from inventory
- Off Site Services:
 - Fleet related vehicle and equipment repairs
 - Tire replacement
- On-Site Services with a low EHS risk factor (May require a Master Service Contract in place) ([see attached link](#)) such as:
 - Lawn & Garden Services
 - Emergency/Urgent Repairs/Custodial Services
 - Deliveries



Duke Energy Policy

Purchasing Controls Policy

- Light Equipment Repair
- Certain services procured by Supply Chain (contact Sourcing for more information)

Employees **should not** use the Corporate Card for:

- Circumventing the procurement process.
- Personal expenses.
- Cyber Assets as defined in the Employee Expense and Corporate Card Policy.
- Purchases of goods, components, or services which will or could be installed or performed on BES Cyber systems.
- On-site services with medium or high risk factors requiring certificates of insurance or Environmental Health & Safety (EH&S) program compliance.
- Inventory purchases.
- Chemical Purchases – In order to ensure compliance with EPA and OSHA regulations, chemical purchases can only be made in the case of an emergent need.
- Foreign vendor payments - due to withholding and reporting regulations imposed by federal tax laws, the Corporate Card should not be used by U.S.-based cardholders to pay foreign vendors unless associated with travel. Payment for these vendor transactions should be made through Accounts Payable via an invoice.

In addition,

- Transactions may not be split into multiple transactions to allow the use of the Corporate Card.
- Transactions using the card must include the appropriate sales tax paid to the vendor.
- Consideration should be given to leveraging common use goods, high volume, or repetitive purchases to obtain favorable pricing and best terms.

Please see the Employee Expense and Corporate Card Policy for guidelines on the issuance of corporate cards, approval of transactions, and other restrictions on the use of the Corporate Card.

Contract Formation and Purchasing Process

Contracts must be written and include:

- A clear, concise scope of work or description of materials/equipment.
- Standard legal terms and conditions or Legal Department approval of any significant exceptions.
- Specifications for accrual and payment of taxes for purchase of goods and services.
- The right to terminate the contract for convenience; exceptions must be approved by the Legal Department.
- Requirements for appropriate business conduct in accordance with Code of Business Ethics, EH&S programs and fitness for duty, as applicable.
- An audit clause for non-fixed price contracts and for any non-fixed price subcontracts created by Duke Energy's prime contractor within the scope of their work.
- Mutual Confidentiality and Non-Disclosure Agreement if the disclosure of the confidential or proprietary information is not addressed by an executed set of terms and conditions governing the relationship.



Duke Energy Policy

Purchasing Controls Policy

The **purchasing process** and related documentation should reflect the complexity and materiality of the goods or services being purchased. The steps identified below should be considered and included in the process as appropriate to support compliance with this policy or to meet specific operational requirements.

- Engineering or technical representative to prepare and review to ensure compliance with scope of work or other specifications.
- Supplier qualification review.
- Compliance with a standard set of terms and conditions with any legal significant exceptions approved by Legal.
- Commercial and risk assessment including insurance, credit, foreign currency, and commodity risks.
- Reviews by Accounting and Corporate Tax for any sales or property tax implications (e.g., mill machinery) or accounting considerations (e.g., lease obligations).
- Ensure that Forms W-9 or W-8 have been obtained from the vendor in order to comply with Federal and State tax reporting requirements.
- Other analyses and functional coordination as appropriate.

Documentation of the purchasing process should support that the appropriate steps were taken and provide an audit trail. Documentation should be maintained in accordance with the Duke Energy Records and Information Management (RIM) Compliance Policy and the Duke Energy Records Retention Schedule and may be attached to the request in the purchasing system.

Standard of Business Conduct and Ethics / Foreign Corrupt Practices Act (FCPA)

Duke Energy complies with all applicable governmental laws, rules and regulations and maintains the highest standard of business ethics and conduct. Employees should refer to the Duke Energy Code of Business Ethics for an explanation of the Company's policies pertaining to topics such as gifts and entertainment; conflicts of interest; and bribery, kickbacks and other improper payments. Employees or contractors who are concerned about unethical behavior can anonymously report their concerns on the EthicsLine by calling 1-866-838-4427 or visiting <https://ethicsline.duke-energy.com/>. Employees should also consult and follow policies, procedures, and guidelines for complying with applicable Affiliate Codes of Conduct for any transactions between the regulated and non-regulated businesses.

Due diligence must be performed prior to engaging certain third-party vendors. Due diligence requirements are based on several factors including dollar value of the contract, risk considerations (including cybersecurity), the type of third-party vendor and the services or goods to be provided. All agency agreements must contain an FCPA clause that states that the third-party vendor acknowledges an understanding of the FCPA and affirms compliance with the FCPA. All agency agreements must include special provisions in the terms and conditions of the contract. The law department should be consulted for confirmation that proposed contracts comply with these requirements.



Duke Energy Policy

Purchasing Controls Policy

Confidentiality

In cases where Duke Energy is entering into a relationship with a prospective or selected supplier and confidential or proprietary information will be shared, a **Mutual Confidentiality and Non-Disclosure Agreement** must be signed by both parties, if the disclosure of the confidential or proprietary information is not addressed by an executed set of terms and conditions governing the relationship. This is a legally binding agreement that will protect Duke Energy and the supplier's interests and information. These non-disclosure requirements should also be included in the procurement documentation.

Supplier quotations should always be maintained as confidential information. Quotations of one supplier are not to be divulged to another. This information should not be made available within the Company except to individuals with a business need to know. The number of bidders, who is bidding, how much is in the budget, the past performance of bidders, and future business potential are topics that should **not** be discussed with suppliers unless Supply Chain or Designated Sourcing personnel authorize the discussion.

Approval Requirements

All Supply Chain and Designated Sourcing personnel are authorized to contractually commit the Company consistent with their purchasing authority limits as defined in the Purchasing Authority Policy. Only a limited number of individuals outside of Supply Chain and Designated Sourcing personnel can contractually commit the company, i.e., execute a contract or statement of work:

- Senior Management Committee members, consistent with the [Approval of Business Transactions Policy](#).
- Individuals in exception categories, as noted above, with signature authorization granted by the Board of Directors for the relevant legal entities.
- An Officer of the legal entity making the commitment, or other individual authorized to take action by the Board of Directors may execute **contracts under \$250,000** pursuant to the Delegation of Authority Policy. A listing of Officers can be found on the Legal Services Portal Page - Corporate Governance.

For clarification, the Delegation of Authority Policy (DOA) does not authorize employees to contractually commit the company except as noted above. DOA applies to approval levels for internal transactions such as invoice approvals, requisition approvals, employee expense approvals, and project approvals.

Approval for Single and Sole Sourcing and Documentation Requirements

- **Single Sourcing** – Any recommendation to single source purchases must be supported by documentation and the completion of a Single Sole Source Justification eform explaining the rationale for



Duke Energy Policy

Purchasing Controls Policy

the recommendation. The eform/recommendation requires joint approval by a Vice President (VP) or their designee and Supply Chain. The VP will establish the designee's single source approval limits (can be separate from their DOA limits) with a signed document to be filed with, and retained by Supply Chain. Supply Chain shall approve eforms/recommendations in accordance with their DOA limits.

- **Sole Sourcing** - Recommendations to sole source purchases must be supported by documentation and the completion of a single Sole Source Justification eform. Supply Chain shall approve eforms/recommendations in accordance with their DOA limits.

Approval for Changes in any Contract Terms, Requirements, or Work Scope

Prior to implementation or at any time during the duration of the contract, any material changes in contract terms including requirements, work scope, or cost should be documented in writing and approved in accordance with this policy, the [Delegation of Authority](#), [Purchasing Authority Policy](#), and [Approval of Business Transactions](#) policies.

Segregation of Duties

The following functions should be segregated between at least two people:

- Requisitioning and/or specifying
- Vendor File Maintenance
- Procurement/contracting
- Contract administration
- Receipt of goods or services
- Invoice approval
- Check signing or disbursements

Weaker segregation structures should be accompanied by additional management review. If anyone performs both the procurement and invoice approval processes, an additional level of management must review the approval of the invoice.

Sourcing Requirements Summary

Category	Requirements
Purchases of goods, components, and services which will or could be installed or performed on BES Cyber Systems	Must actively involve Supply Chain or Designated Sourcing personnel who will manage the procurement process including additional steps



Duke Energy Policy

Purchasing Controls Policy

	required for compliance with NERC CIP-013 Supply Chain Cybersecurity Risk Management.
Purchases equal to or > \$250K	Must actively involve Supply Chain (or a Designated Sourcing Representative) to engage in the Competitive bid process, which will be required unless sourced through a strategic agreement. Approval by Supply Chain in accordance with Purchasing Authority Policy approval limits.
Purchases > \$100K and < \$250K	Must actively involve Supply Chain (or a Designated Sourcing Representative) so that a PO with appropriate Duke Energy standard terms and conditions and/or other Duke contractual documents can be sent to the vendor.
Purchases equal to or < \$100K	If Supply Chain (or a Designated Sourcing Representative) is not involved, the person executing the contract must adhere to this policy. In addition, the agreement or contract must be executed by an officer of the company or by someone who is granted approval authority by the Board of Directors. The approval must be in accordance with their DOA limits. NOTE: Purchases of goods, components, and services which will or could be installed or performed on the Bulk Electric System (BES) cyber systems, must be sourced through Supply Chain as outlined above.
Single source recommendation above \$250K	Documentation and approval by functional VP or their designee. Approval by Supply Chain or a Designated Sourcing Representative in accordance with DOA limits.
Sole source recommendation above \$250K	Approval by Supply Chain or a Designated Sourcing Representative in accordance with DOA limits.
Corporate Card	No Cyber Assets can be purchased using the Corporate Card (per the Employee Expense and



Duke Energy Policy

Purchasing Controls Policy

Corporate Card Policy – See Appendix 2 within this policy). Low risk services or non-inventory purchases can be purchased using the Corporate Card.

Related Links:

[Purchasing Controls Policy - Frequently Asked Questions](#)

[Purchasing Authority Policy](#)

[Business Courtesy Policy](#)

[Brand Policy](#)

[Contingent Workforce Policy](#)

[EHS Risk Categorization](#)

[Diversity and Inclusion](#)

[Approval of Business Transactions Policy](#)

[Delegation of Authority](#)

[Sales/Use and Excise Tax Policy](#)

[Records and Information Management \(RIM\) Compliance Policy](#)

[Code of Business Ethics](#)

[Legal Services Portal Page - Corporate Governance](#)

[FCPA - Compliance with the Foreign Corrupt Practices Act Policy](#)

[Engaging Major Accounting Firms for All Services Policy](#)

[Engaging The Independent Auditor For Services](#)

[IT 200 Information Technology Asset Management](#)

[Employee Expense and Corporate Card Policy](#)

[NERC Glossary of Terms](#)



Duke Energy Policy

Inventory Controls Policy

Applicability: Applies to Enterprise
Originator: Supply Chain
Approval: SVP Supply Chain & CPO, Chief Accounting Officer and Controller

Effective Date: 12/28/2015
Revision Date:

Statement of Purpose

This policy defines the roles, responsibilities, and requirements related to inventory management processes at Duke Energy Corporation and its subsidiaries (Duke Energy or the Company). Specific topics addressed include:

- 1) Required approvals for adding new inventory or increasing inventory stocking levels;
- 2) Returns of material back into inventory from work orders and projects;
- 3) Identification and review of potential obsolete and surplus inventory;
- 4) Implementing Engineering and Standards changes; and,
- 5) Inventory treatment of materials related to repairs and engineering evaluations.

Accountability: Roles and Responsibilities

The **Duke Energy Controller and Chief Accounting Officer** are responsible for approving this policy and exceptions to the policy.

The **Duke Energy Chief Procurement Officer** is the owner of this policy and is responsible for communicating this policy throughout the corporation to all persons involved in supply chain processes. Any exceptions to this policy should be documented and approved in advance by the Chief Procurement Officer prior to obtaining approval by the Duke Energy Controller.

Executive Operational Management (SVP, VP) is accountable and responsible for the compliance with this policy within their areas of responsibility. This responsibility includes ensuring that all business operational personnel are aware of the policy. Additional requirements include that adequate internal controls and practices are in place to enable effective compliance of the inventory controls policy.

Asset Accounting will work with operational management, functional business support (Regulated Utility, Financial Planning, Legal, and Regulatory Compliance) and Supply Chain to resolve any inventory accounting issues in the application of this policy.



Inventory Controls Policy

Supply Chain Management (Managing Directors) is responsible for compliance with this policy for all inventory management processes performed by their personnel. The Supply Chain organization is responsible for managing all materials and supplies processed through the warehouse facilities; excluding exceptions as defined within this policy.

Definitions

Inventory

Inventory is comprised of materials purchased primarily for use in the utility business for construction, operation, and maintenance purposes. For purposes of this inventory controls policy, fuel and emission allowances are excluded. Materials become Inventory when they are assigned a Catalog Identifier in our inventory management system (Maximo / CAS / Passport) and placed into stock within a Duke Energy warehouse and/or storeroom with an assigned book value. Inventory shall be useful in Duke Energy operations and have an intended use that satisfies future demand. Materials and supplies carried in Inventory will be tracked in general ledger FERC Account 154.

Critical Materials (Capital / Rotable Spares / Emergency Spares)

A select group of materials are designated by a Business Operations representative as Critical Materials in our inventory management system. These materials are typically classified as capital spares, rotatable spares or emergency spares and are often capitalized and held in reserve for future use. Quantities of these materials are tracked in our inventory systems. Cost associated with these materials may be accounted for within property in-service accounts if they are capitalized.

Expensed Consumable Materials

Expensed Consumable Materials are expensed upon receipt and their quantities are not tracked in inventory management systems. Expensed Consumable Materials are typically available to approved employees to use in their operations and maintenance activities without the need to perform an inventory transaction (goods issue). These materials are often available in open bins that are replenished through vendor managed inventory processes.

Direct Purchased Materials

Direct Purchased Materials are items that are charged directly to a cost object such as a work order or project that are not issued from our inventory management systems. These materials are often delivered



Inventory Controls Policy

directly to the job or project and can be charged to either capital or O&M general ledger accounts. Direct Purchased Materials are not tracked or managed in our inventory management systems.

Stock Material

Stock Material is an item that has a Catalog Identifier in our Inventory Management system with one or more assigned storage locations. Stock materials have a recommended minimum and maximum inventory levels for purposes of inventory management and replenishment. Stock materials may be reserved and are available for material goods issues, receipts and returns.

Non-Stock Material

Non-Stock Material has a Catalog Identifier in our Inventory Management system, but is not intended to be placed into Inventory. Non-Stock Materials are created to ensure the item is fully documented, qualified and to ease the procurement process. A Stock Justification Form is required for Non-Stock Material to be placed into Inventory. If a Non-Stock Material is accepted into Inventory it will not be replenished once it has been issued.

Static Material

Static Material is defined as Inventory material within the FERC 154 General Ledger account that has had no material usage transactions (goods issues) within the last five year period and is not designated as a Critical Material with an associated bill of material related to an active installed asset.

Inventory Control Policy Statements

1. Required Approvals for Adding New Inventory or Increasing Inventory Stocking Levels

New materials are created by establishing a new unique catalog identifier (Cat ID) within the Inventory Management system (Maximo, Passport, and CAS). Creating Stock Material should only be performed if the material will be needed for a future recurring demand. Material that is for a single one time use should be designated as a Non-Stock Material and preferably procured through a direct purchase

Requests to either increase the stocking level of an existing inventoried item or creating a new inventoried material are initiated by the appropriate Business Operations Representative through the completion of a Stock Justification Form (SJF). The SJF for new Inventory requests will document the material description, unit of measure, average unit price, manufacture, manufacture part number, stocking



Inventory Controls Policy

location(s), applicable bills of material, requested stocking level and rationale for creating a new inventoried item. A Stock Justification Form to increase the stocking level will identify the requested Cat ID; document the requested stocking level unit increase, stocking locations that are included, and rationale for increasing stocking levels.

The Stock Justification Form will require financial approval based on the item's average unit price multiplied by the recommended maximum stocking level of all associated stocking locations for new items, or the change to the requested stocking level for existing items. Changes to the Inventory levels require site or business unit approval per the Delegation of Authority approval matrix. Inventory stocking requests that exceed \$250,000 require the site or regional leadership approval and higher level approval if the DOA level of site leadership is exceeded. Site leadership is defined as Fossil Hydro Plant Manager, Nuclear Site Vice President, or Transmission or Distribution Regional Vice President.

Corporate Inventory investments for materials that exceed \$250,000 require a business justification completed by the appropriate Business Operations Representative and included with the Stock Justification Form. The business justification should evaluate the technical rationale for the purchase, risk analysis of the inventory investment, and economic analysis of purchasing and storing the capital spares in inventory. The outputs of the business justification shall consider total cost of ownership from the business first cost to purchase the material through the long term supply chain commercial costs related to financing the inventory and carrying costs. Spares associated with new assets should be included in the PMCoE estimating process as per guidelines: [PJM-00006-ENTSTD Project and Operations Support Planning Standard](#).

Stock Justification Forms will be reviewed and processed by the appropriate Supply Chain Central Inventory Management Group. The Central Inventory Management Group will ensure the material is not currently identified within the inventory management systems to avoid duplicate inventory records. In addition, they will create new Cat IDs per the Inventory Management Standards and associate the material with the appropriate system and storage locations.

Stocking Levels

Supply Chain is responsible and accountable to review and establish economic stocking levels for Inventory items as well as stocking locations (storeroom associations) in support of ensuring plant and system reliability, effective supply chain performance, and corporate financial objectives. For Critical Materials, such as capital spares, rotatable materials, emergency spares and critical nuclear safety



Inventory Controls Policy

materials, business operations technical input will be used in establishing minimum stocking levels and stocking locations.

2. Returns of Material into Inventory

Stock Material that has been issued from Inventory may be returned back to Inventory and a credit will be issued to the appropriate cost object (work order/project) should the cost object still be open and valid. A return transaction will be entered into the appropriate Inventory Management system and require a reason code associated with the return.

Non-Stock Material that has been issued to a project will be accepted (returned) into inventory based on the following guidelines for temporary project delays:

- For O&M Projects that have been delayed and the materials are planned to be used by the project: materials not used within 30 days of receipt must be returned to Inventory at original cost or system average unit price (AUP).
- For Capital Projects that have been delayed and the materials are planned to be used by the project: Materials not used by in-service date or ready for service date (whichever occurs first) of the capital project should be returned to Inventory as soon as possible but no later than 90 days.
- Materials returned into Inventory based on a project delay will have a material reservation entered into the Inventory Management system by the Business Operations Representative. The material reservation will designate a date associated with the expected usage of the material that was provided during the return. If the Inventory item(s) has not been issued to the work order/project by the associated material reservation date or thereafter within a reasonable timeframe, that Inventory shall be expensed by the respective business unit. An approved Stock Justification Form is required to avoid this action.

Non-Stock Material that is not used or needed for a project or work order completion may be returned to Inventory, if a Stock Justification Form has been initiated and approved to accept the material into Inventory. A decision to accept material for a return to stock is based on the material meeting the definition of Inventory.



Inventory Controls Policy

Contingent Material Returns

Contingent material is associated with work on a conditional basis. It is usually related to uncertainty concerning the quantity needed of the material, or whether the defined scope of work will require the use of the material. Contingent material that is Stock Material will be accepted back into inventory based on the material having a future use and will not require a Stock Justification Form. Contingent material returns for Non-Stock Material will require a Stock Justification Form.

Inventoried Material Repair Returns

Material that is removed from service needing refurbishment or that may have a defect requiring repair is a common practice. Once an item has been removed from service it may be returned back into Inventory in repair status. The work and analysis to determine if the item can be repaired and continue to support an in service asset must be completed within a one year period. The repair of a material should be completed within a reasonable period of time and will be accounted for and tracked as a control by Asset Accounting.

3. Identification and Review of Potential Obsolete and Surplus Inventory

Per the US Electric & Gas Materials and Supplies Accounting Standards (Inventory) a formal review of Inventory for obsolete and surplus material shall be conducted annually (or more often if events dictate) by line of business personnel for Inventory stored at warehouse facilities. Prompt identification of obsolete or surplus materials is the responsibility of each line of business.

The Supply Chain and Asset Accounting organizations are the administrators of the review process for potential obsolete and surplus materials. To facilitate this process a report listing of Static Materials will be generated each annual cycle period. The Static Material report will identify all Inventory materials that do not have usage (goods issue transaction) within the last five years. The report will exclude catalog items that are designated as Critical Materials with an associated bill of material related to an active installed asset.

If an item is identified as obsolete/surplus by the Business Operations Representative, the Supply Chain Central Inventory Management Group will designate the CAT ID as obsolete and will inactivate the use and replenishment of the item. In addition, the total book value of the Inventory for the obsoleted material will be written off (expensed) against the associated business unit obsolete/surplus account. Supply Chain will work to remove the items from their storage locations and coordinate the scrap and/or recycling with the Asset Recovery Group.



Inventory Controls Policy

Each year the Supply Chain organization will provide a rolling twenty four month forecast of materials that are likely to appear on future Static Material Inventory reports. This forecast will facilitate the identification of Critical Material needing association with an active bill of material that might otherwise be identified on the static report. The Supply Chain Central Inventory Management Group is responsible for updating the CAT ID record once this information is provided by the Business Operations Representative.

Obsolete material created as a result of modifications and/or upgrades shall be identified and documented during project close out planning activities per the PMCoE Standard: [PJM-00006-ENTSTD Project and Operations Support Planning Standard](#). Per the standard, the handling, storage and disposal of obsolescent and/or decommissioning assets should be addressed in logistics planning. Ultimate storage, reuse, recycling and/or disposal of assets created and/or dismantled by the Project should be included in the lifecycle cost of the Project as they are a part of the cost of ownership to the company. Total Cost of Ownership (TCO) calculations should include eventual decommissioning and disposal of the asset delivered.

4. Implementing Engineering and Standards Changes

Engineering and Standards changes impacting existing Inventory shall be defined and communicated to the Supply Chain Central Inventory Management organization prior to taking effect. The Supply Chain will work with Engineering and Standards to conduct an analysis of Stock Materials that may be affected by the new standard or specification. This will include a "where used" analysis for items that are no longer associated with the bill of material (BOM). This step will identify material storage locations, stocking levels, other related bills of material, and uses for the material. The Engineering representative that is introducing the new standard or specification will be informed of the potential impact to existing Inventory. The Central Inventory Management Group will facilitate an optimization plan to rationalize (use up) existing Inventory before activating the new engineering standard. This can be accomplished through CAT ID and BOM maintenance that will enable the use of the old material until Inventory is depleted and then activate the new material per the new standard.

If the engineering and standard change identified a material that is no longer useful in operations due to safety, reliability, or in-service applicability; then, the existing Inventory balance of the item must be expensed to the appropriate project or asset accounting. The material would be designated as obsolete. Thereby the disposition of the material will follow the process defined in Section 3: Identification and review of potential obsolete and excess inventory.



Inventory Controls Policy

5. Inventory Treatment of Materials Related to Repairs and Engineering Evaluations

Materials may be placed into an inactive status within the Inventory Management system for the following reasons: repair hold, quality assurance hold, stores hold, repair vendor, procurement evaluation, and engineering evaluation. Materials that are placed in this status are not available for use. Inventory placed into an inactive status must return to an active state within a one year period of time. If the item is not active within this period it will be designated as a Static Material item and will be included in our Static Material review process.

Inventory Management Standards

The Inventory Controls Policy reinforces several of the asset accounting requirements for materials and supplies. There are additional Inventory Management Standards that must satisfy the minimum requirements that are outlined in the policies provided within this document.

Enterprise Asset Management Systems Standard

Supply Chain Management will be responsible and accountable for maintaining Inventory Management process documents for each of the Supply Chain Enterprise Asset Management (EAM) systems. This will include ensuring consistent Inventory Management system processes are identified and available for use by each Supply Chain employee. System processes and procedures that enable Inventory Management activities may be revised through continuous process improvement.

Inventory Access Standard

All Duke Energy employees, not in the Supply Chain organization, having access to facilities where material is managed and stored, are not permitted to remove Inventory material unless one of more of the following conditions has been met:

- Employee has provided the applicable information for a goods issue system transaction with the appropriate accounting for each Inventory item withdrawal.
- Supply Chain has communicated a Direct Purchase Material release of the items to a job site staging area for work completion.
- Employee is removing pre-charged Inventory items in order to support emergent work completion after hours or in an un-manned warehouse.



Duke Energy Policy

Inventory Controls Policy

Note: Duke Energy employees are responsible and accountable for third party contractors that perform Inventory withdrawals to adhere to the Inventory Access Standard.

Related Links:

- [US Electric & Gas Materials and Supplies Accounting Guidelines: \(Inventory and Capital\)](#)
- [US Electric & Gas Materials and Supplies Accounting Guidelines: Capitalization](#)
- [Purchasing Authority Policy](#)
- [Delegation of Authority](#)
- [Code of Business Ethics](#)



Duke Energy Policy

Purchasing Authority Policy

Applicability:	Applies to Enterprise
Originator:	Supply Chain
Approval:	Chief Procurement Officer

Effective Date:	01/01/2008
Revision Date:	03/01/2021

Statement of Purpose and Philosophy:

This Policy defines the approval limits for employees and contractors of Duke Energy who are in Supply Chain or who have been granted purchasing authority. Approval limits will be assigned based on an employee/contractor's position and/or responsibilities in the organization. This policy will be maintained in the Duke Energy Supply Chain organization.

Roles and Responsibilities

The **Duke Energy Chief Procurement Officer (CPO)** is the owner of this policy and is responsible for approving this policy and all exceptions to this policy. The approval authority for purchasing is delegated to individuals in supply chain organizations by the CPO based on approval levels delegated to the CPO per the Corporate Delegation of Authority (DOA) policy. **Supply Chain Management** is responsible for compliance with this policy.

DOA Approval Levels

The job positions in the following Approval matrix are general purchasing titles; however, actual purchasing positions throughout Duke Energy will be mapped to these titles. **Non-purchasing positions who perform purchasing functions will be treated as exceptions to this policy and require CPO approval.** The approval levels are based on the purchasing organizational hierarchy. The approval levels and exceptions will be maintained in a DOA database. **Note:** These DOA levels apply as both positive and negative values (such as for reductions in the value of previously issued contracts or purchase orders) and only apply to Purchasing activities. Signature or approval of contracts involving sales require that a DOA exception be granted.

Approval of Purchasing and Contract Documents

- Purchase orders, change orders, contract amendments, and new purchasing contracts must be approved as follows:
 - Original contracts and PO's that are \$10M or more must route to the CPO for approval. Includes signing of original contract document. This includes pricing agreements, blanket orders, alliance

agreements, service agreements, scope and method of payment documents, and other similar agreements that may not represent a firm financial commitment but potentially could result in expenditures of \$10M or more or the agreement has significant impact to Duke Energy. Agreements that do not represent a firm financial commitment that exceed five years in length may be approved by the CPO.

- Original purchase or purchase revisions that reference/utilize Master Contract Terms and Conditions/ Commercial Terms AND take an exception to those referenced Terms and Conditions/Commercial Terms require routing to the Supply Chain Vice President, Sourcing for approval and signature for any dollar amount.
- Change orders or other contract amendments can be approved in the system at the incremental value, however, when purchase revisions plus the original amount exceed the aggregate revision limits shown below, the transaction must be routed for approval to the appropriate level of Supply Chain management per the matrix below.
- Change orders or other contract amendments, except for those with Terms and Conditions changes as noted above, can be signed by an individual in sourcing as long as the transaction has been approved in a Supply Chain system per the following Approval matrix.

Job Position / Authority Level	Approval Dollar Limits (Original Transaction Amount)	Aggregate Revision Approval Limits (Original plus Revisions)
CPO	up to previously approved amount	up to previously approved amount
Vice President	\$12,500,000	\$30,000,000
Managing Director	\$10,000,000	\$12,500,000
Director, Sourcing	\$7,500,000	\$10,000,000
Category Manager I and II Director, Commercial Contracts Management Manager, Sourcing I Manager, Sourcing II	\$5,000,000	\$7,500,000
Director, Materials Management Lead Sourcing Specialist Principal Sourcing Specialist	\$2,500,000	\$5,000,000
Lead Contract Manager Director, Nuclear Inventory Mgmt & Ops Support Director, Regional Sourcing and Warehousing Senior Sourcing Specialist Director, Nuclear Supply Chain	\$1,000,000	\$2,500,000
Sourcing Specialist Lead Procurement Specialist Tech Syss Mgr II	\$750,000	\$1,000,000
Senior Contract Manager Contract Manager Tech Syss Mgr I Manager, Nuclear Site Supply Chain Senior Procurement Specialist	\$500,000	\$750,000

Associate Sourcing Specialist Procurement Specialist Supply Chain Associate I	\$250,000	\$500,000
Associate Procurement Specialist	\$100,000	\$250,000

Related Documents

- [Approval of Business Transactions Policy](#)
- [Delegation of Authority Policy](#)
- [Purchasing Controls Policy](#)
- [Purchasing Controls Policy – Frequently Asked Questions](#)



41087 Supply Chain

24943 Supply Chain, IT & Admin Svcs (.

41087 Supply Chain Exhibit SC-4

...

SVP, Supply Chain & Ch...

20242 StratSourcing&Accoun...

43429 Operations & Analyti...

43432 Business Support Ser...

45243 SupDiversity,Sustbly...

VP, Sourcing and Accou...

VP, Supply Chain Opera...

Managing Director, Str...

Director, Supplier Div...

Executive Assistant II



20242 StratSourcing&Accoun...

24943 Supply Chain, IT & Admin Svcs ..

41087 Supply Chain Exhibit SC-4

20242 StratSourcing&AccountsPayable .

VP, Sourcing and Accou...

20280 Materials Sourcing ...

Managing Director, Mat...

24295 NuclearSrcng,Prchnng&...

Managing Director, Nuc...

30356 Renewables,Major Pro...

Director, Renewables, ...

33947 Strategy & Transform...

Director, Sourcing Str...

46837 Accounts Payable & P...

Director, Accounts Pay...

47346 Service & Labor Sour...

Managing Director, Lab...

Executive Assistant I



43429 Operations & Analyti...

24943 Supply Chain, IT & Admin Svcs .

41087 Supply Chain Exhibit SC-4

43429 Operations & Analytics ..

VP, Supply Chain Opera...

14155 Materials Management...

Director, Trucking, Lo...

43431 Analytics (Nathan R...

Mgng Dir, Sup Chain An...

43661 Nuc Sta Site Sourcin...

Mgng Dir, SC Nuclear O...

46571 Inv Mgmt, Prcs Imprvm&...

Director, Inventory Mg...

47344 Warehouse Operations...

Managing Director, War...

47345 NGBU Programs & Bus ...

Developmental/Assignmen...

Executive Assistant I



43432 Business Support Ser...

24943 Supply Chain, IT & Admin Svcs ..

41087 Supply Chain Exhibit SC-4

43432 Business Support Services ..

Managing Director, Str...

21026 Policy & Controls (...)

Director, SC Policy & ...

46375 Org Eff & Supplier E...

Director, Organization...

47098 Contract Governance&...

Director, SC Contract ...

47320 Non-Financial Risk&C...

DevelopmentalAssignmen...

Executive Assistant I



45243 SupDiversity,Sustbly...

24943 Supply Chain, IT & Admin Svcs .

41087 Supply Chain Exhibit SC-4

45243 SupDiversity,Sustbly&AsocPrgrms. ●

Director, Supplier Div...

Supply Chain Associate...

Supply Chain Associate...

Supplier Engagement & ...

Supplier Engagement & ...

Intern - 4 Year

Supply Chain Associate...

Supply Chain Associate...

Intern - 4 Year

Supply Chain Associate...

Intern - 4 Year

Supply Chain Associate...

Intern - 4 Year

Supplier Engagement & ...

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
CORPORATE ENVIRONMENTAL HEALTH & SAFETY ORGANIZATION
SFR Reference: Chapter II (B)(9)(a)(i,ii,vi,vii,viii)

I. Policy and Goal Setting

Duke Energy's Environmental, Health & Safety (EHS) organization provides governance, oversight and support services to all business units and functions within the enterprise by overseeing the development, deployment, and implementation of corporate policies, strategies and systems designed to protect the environment and the health and safety of employees, contractors and the public.

EHS is responsible for driving Duke Energy's commitment to operate at the highest industry safety and environmental standards. EHS accomplishes this vision by establishing internal policies, procedures and practices that address environmental, health, safety issues or concerns based on the best available technical information and judgment. The organization ensures that programs and management systems are in place to comply with all laws, regulations and standards promulgated by Federal, State and local agencies and that assessment and reporting programs within each business unit and operating area are established to meet all regulatory requirements and obligations.

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

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

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

- EHS Policy
- Code of Business Ethics
- Safety Vision and Principles
- EHS Operating Model
- EHS Management System
- EHS Handbook

- EHS Compliance Manual

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

Each year the Senior VP, Environment, Health & Safety and Coal Combustion Products (SVP EHS & CCP) requires that all direct reports use the Duke Energy Performance Management system to provide personal performance goals and competencies that are used to align and measure departmental performance with the corporate standards for performance set by Duke Energy Leadership and the Board of Directors. Core responsibilities of the SVP EHS & CCP generally consist of high-level targets set for safety, O&M, reliability, environmental performance, etc. that are supportive of the corporate goals and business plan. As groups and individuals further down the management line develop their associated core accountabilities, they become more specific to the actual processes and procedures necessary to complete the work and attain the goals. The focus is on fixed, known and measurable indicators of performance to avoid subjective evaluation of results.

II. Strategic Planning

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

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

III. Organizational Structure

The EHS Department is organized under the SVP EHS & CCP. The SVP EHS & CCP reports to Executive Vice President of Generation & Transmission and Chief Operating Officer. Under the SVP EHS & CCP, the Vice President, EHS Programs & Environmental Sciences, leads various core functions of the organization.

The EHS Programs & Environmental Sciences organization is structured into eight groups with the following direct reports to the Vice President:

- Director – Environmental Projects
- Director – EHS Programs
- Director – EHS CCP Waste & Groundwater Programs
- Director – Environmental Science
- Director – Carolinas Environmental Field Services
- Director – Florida Environmental Field Services
- Director – Midwest Environmental Field Services
- Director – Centralized EHS Field Support

The organizational structure of EHS is charted in Exhibit EHS-1.

IV. Responsibilities

Overall responsibilities for the five major functions within EHS are as follows:

Environmental Projects – This function provides, leadership, guidance, and technical support for the air emission monitoring systems, enterprise wide remediation, and permitting and compliance support for the safe and compliant removal, handling, and closure of coal ash from the various impacted sites. Air emissions monitoring activities, due diligence support for property transactions, acquisitions and divestitures, and clean-up of impaired legacy properties related to Duke Energy's historical operations are also managed within the Environmental Projects group.

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

and world class safety culture. This function ensures that new and pending regulatory changes and developments are understood and implemented across the enterprise as appropriate.

EHS Coal Combustion Products Waste & Groundwater Programs – This function supports Waste and Groundwater Programs related to coal combustion products. This function manages waste programs and practices that apply broadly across Duke Energy's operations. This group is responsible for technical report preparation, environmental compliance guidance, and regulatory review/analysis in these areas of expertise. Waste & Groundwater Programs has authority and responsibility for regulatory interpretation within these areas of expertise collaborating with Legal, Environmental and Energy Policy, business unit management and other functions.

Environmental Science – This function is responsible for activities associated with performing internally or externally contracted analytical testing, as well as securing analytical testing by external vendor laboratories. In addition to analytical testing, the function provides specialized research and scientific support when requested by customers. Specific programs and customer needs dictate the level of service provided. A variety of related support services are performed for internal customers including water resources support, instrumentation and data management, and natural resources support.

Environmental Field Services (Midwest, Carolinas, Florida, and Centralized Field Support) – This function provides regionalized environmental field support and permitting services to the Regulated Generation, Customer Delivery and Transmission Organizations, and centralized environmental, health and safety field support for other business operational units. This function is staffed with Environmental Professionals and Health & Safety Professionals who provide permitting and compliance support; program implementation; technical environmental support of operations, outages, and projects; incident investigation; and related services. This function maintains an overall awareness of environmental activities and environmental laws, health & safety activities and laws, regulations and standards promulgated by Federal, State, and local agencies. This function serves as a technical point of contact in the implementation of environmental compliance programs for a facility or department and serves as a first-line level of support for environmental issues that arise in day-to-day operations. This function also serves as a technical point of contact in the implementation of health and safety compliance programs for construction projects and contractor oversight.

V. Practices and Procedures

Environmental, Health and Safety policies, procedures, practices, and other related documents are located on an internal company employee portal. These documents

provide administrative and functional information and guidance for use by EHS and other areas of the company to facilitate uniform management practices across the enterprise. This material provides guidance and consistency to application of company policies and ensures that the latest version of the policy is available at all times.

The Environmental Field Services function provides resources to monitor, train, and audit compliance with a variety of environmental laws, regulations, and policies. Environmental specialists are strategically located at generating stations, regional offices, and corporate offices such that they can provide expertise and guidance for the administration of environmental policies to managers and employees located over a regional geographic area. These groups contain highly qualified environmental scientists, engineers and professionals that provide their services to facility managers and capital project teams that require assistance with environmental program or regulatory compliance issues. They study, review, and interpret requirements and provide guidance to management and engineers in the performance of their work. They may acquire outside environmental consulting firms to supplement internal resources. In addition to ensuring that monthly continuous emission data and discharge data is quality assured and supplied to government agencies, these groups also perform, arrange, coordinate and oversee environmental testing services as required to demonstrate compliance with issued permits and applicable laws.

This EHS Department interfaces with the Federal and State policy and governmental affairs organizations which regularly interact with government agencies, industry committees, vendors, contractors, consultants and working groups to ensure a good flow of accurate and up-to-date information is both received and supplied by all parties involved with environmental decision making. Corporate EHS maintains programs to help ensure compliance with federal state and other requirements such as air, water and waste regulations and permits for use by the Regulated Transmission and Generation, Non-Regulated Generation, Power Delivery, and Duke Energy Corporate groups.

VI. Decision Making and Control

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

expected to comply with company policies and formally document completion of required training programs.

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

VII. Internal and External Communication

Informal verbal communication may be conducted between individuals directly, computer video chats, or by telephone. Telephone calls and electronic video chat discussions are normally conducted on an informal basis and are not generally documented.

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

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

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

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

EHS communicates with other shared service entities regularly to exchange information in the normal course of business. A partial listing includes Supply Chain, Treasury, Tax, Finance, Enterprise Risk Governance, Payroll, Accounting, Fuels, Human Resources, Information Technology, Corporate Communications, and Legal.

External communications would include contacts with:

- Vendors, suppliers, contractors, and service providers - These contacts are in the form of general communication required to receive services or products from outside sources. In addition, employees are included in users groups and process improvement committees that meet regularly;
- General public – Working with Corporate Communications and Community Relations, these contacts are in the form of general communications about environmental, health or safety topics to ensure the protection of public health and safety. These are generally informal in nature through in-person conversations, phone calls or media interviews, although sometimes more formal communications such as written notices or brochures are issued.
- Government Agencies – Communication with these agencies is of both formal and informal nature. Procedures generally dictate the formal contacts;
- Utilities – With co-owned units; and
- Professional Societies and Industry Trade Groups - The group also participates in a variety of industry committees and professional societies maintaining membership as well as leadership positions within these groups.

VIII. Goal Attainment Quantification

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

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

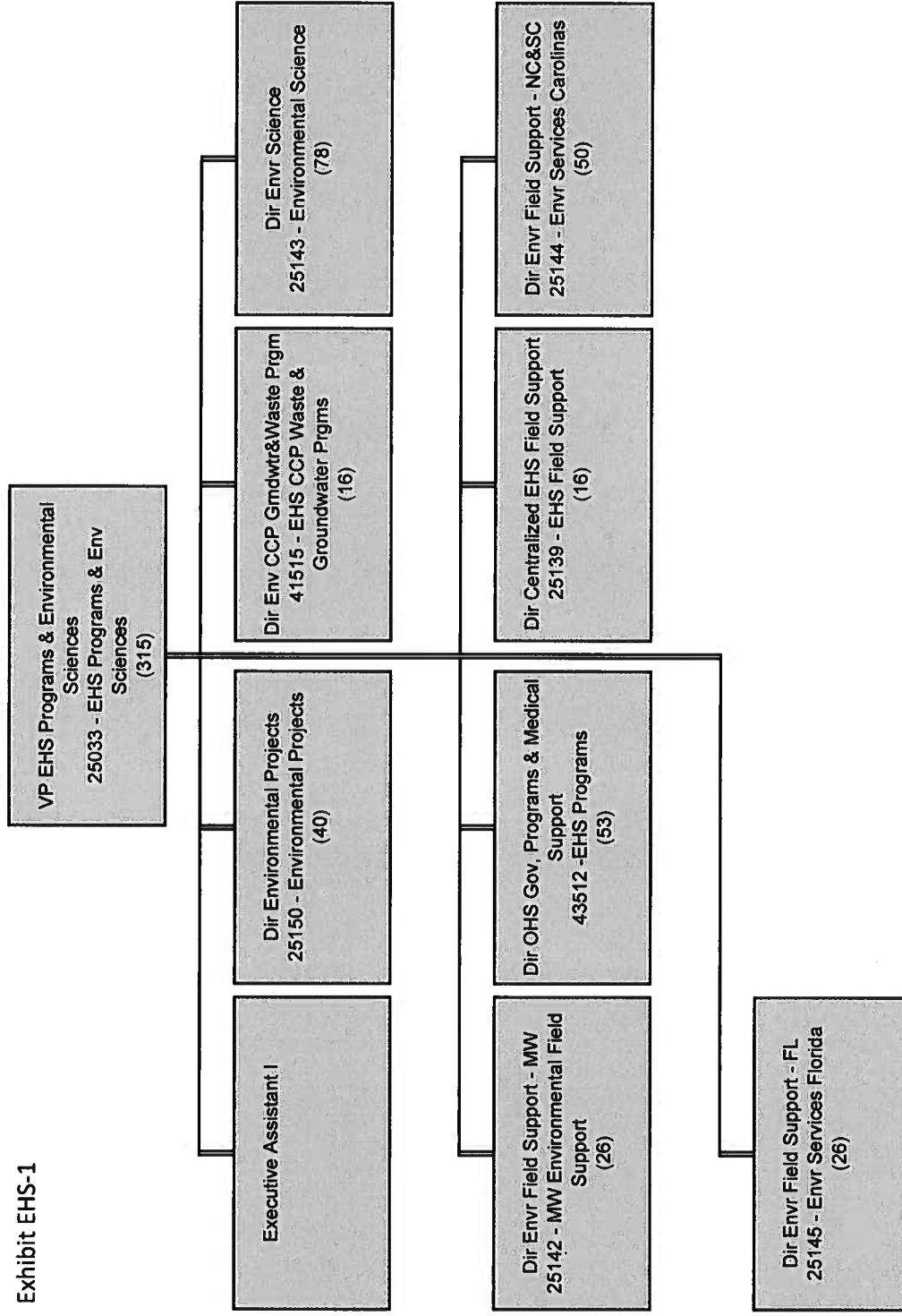
- Safety – OSHA Total Incident Case Rate;
- Safety – ASTM 2920e Level 1 Incident Rate;
- Financial – O & M Budget Variance;
- Financial – Capital Budget Variance;
- Environmental – Regulatory Citations; and
- Environmental – Environmental Events

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

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

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

Exhibit EHS-1



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
ACCOUNTING DEPARTMENT
SFR Reference: Chapter II(B)(9)(b)(ii, iv), Chapter II(B)(9)(e)(iv)

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 web sites on Duke Energy's intranet.

The Electric Utility and Infrastructure group is primarily responsible for the books and records of Duke Energy's electric utilities operations, including Duke Energy Ohio. This group supports the corporate policies developed by the Corporate Controller's Department through department directives, procedures and practices. The groups that report to the Corporate Controller set goals designed to support the financial and administrative goals of the Corporate Controller's Department which are aligned to support the Company's strategic and business plans. The goal setting process is a joint effort of the 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 the Company's strategic plan. As mentioned in Section I, Policy and Goal Setting, the Corporate Controller's Department goals are designed to align with the Company'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

The Company's accounting operations are centralized and led by the Corporate Controller. Reporting directly to the Corporate Controller are the Director, Electric Utilities and Infrastructure; Director, Gas Utilities and Infrastructure; Director, Asset Accounting; Director, Financial Reporting and Accounting Research; Director, Wholesale Accounting; and Director, Renewables Accounting. The Director, Corporate Accounting and Business support has a dotted line reporting relationship to the Controller for corporate accounting matters.

An organizational chart of the Department is attached as Exhibit CO-1.

IV. Responsibilities

The Electric Utilities and Infrastructure and Gas Utilities and Infrastructure groups are responsible for ensuring the integrity of the utilities accounting books and records; providing accounting-related information to support Duke Energy's regulatory initiatives and assure the organization's reporting documents are in compliance with generally accepted accounting principles and practices as well as established governmental standards set by regulators, such as the SEC, the FERC and the Utility Regulatory Commissions of Ohio, Indiana, Kentucky, Florida, North Carolina, South Carolina and Tennessee.

The Electric Utilities and Infrastructure organization includes an Ohio and Kentucky Accounting and Reporting group, and the Gas Utilities and Infrastructure organization has the Midwest Gas Accounting and Reporting group which have involvement with the DE Ohio jurisdiction:

Duties of the groups include:

- closing the books monthly, analyzing financial results and providing internal management reporting;
- recording revenues, primarily utility related, for the business units;
- performing accounting control functions for utility processes to ensure data integrity;
- preparing information for filings with regulators including FERC Form 1, FERC Form 2, and FERC Form 3Q, or others as required;
- supporting the company'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 testing for compliance with Sarbanes-Oxley 404 requirements.
- coordinating data gathering for 10Q/10K filings for Duke Energy Corp.; and
- coordinating updates of key financial messages for Investor Relations.

Within Electric Utilities & Infrastructure, the following allocation and other corporate accounting duties are also performed:

- service company allocations;
- labor loading factors, labor distribution;
- captive insurance accounting, parent company and joint venture accounting, reserves, and accruals;
- quarterly cash flow roll forwards, various quarterly schedules and analysis to support SEC (10Q and 10K) disclosures,
- income and balance sheet variance analysis and reporting for the Duke Other segment and;
- governance accounting and reporting;
- other special projects of a corporate nature as needed

The duties of the Asset Accounting group include:

- maintaining property, fuel, materials and supplies inventory, and emission allowance records (Asset valuation, depreciation, AFUDC, capital recovery, asset retirement obligations, 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 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 Renewables Accounting group is responsible for the books and records, financial reporting and other accounting related aspects for both wind and solar related business activities.

The Corporate Accounting and Business support group is responsible for corporate level benefits accounting, and stock based compensation accounting. Additionally, the group is responsible for reserves and accruals, incentive accruals, quarterly Cash flow roll forwards, various quarterly schedules and analysis to support SEC (10Q and 10K) disclosures, income and balance sheet variance analysis and reporting, and other special projects of a corporate nature as needed

The Financial Reporting & Accounting Research 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 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;
- The Accounting Research team 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.

V. Practices and Procedures

The Corporate Controller's Department's practices and procedures comply with Duke Energy policies and procedures located on the Company'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.

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 which 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 the Company'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 which 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 the Company 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 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 on 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.

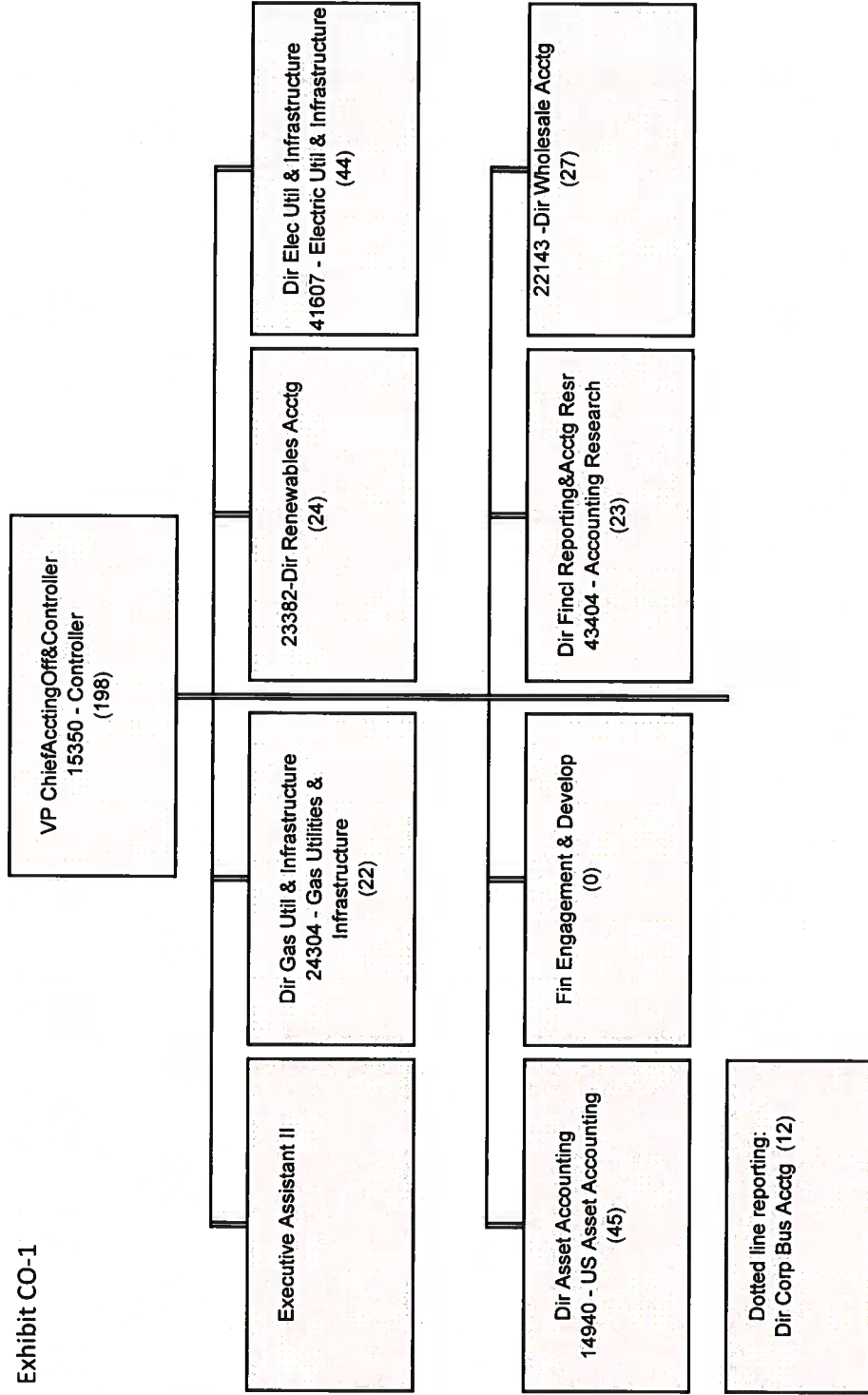
VIII. Goal Attainment and Qualification

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 maintenances 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.

Exhibit CO-1



As of August 6, 2021, numbers fluctuate throughout the year as job openings occur

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND
ORGANIZATION
INTERNAL CONTROLS GROUP
SFR Reference: Chapter II (B)(9)(b) (ii, vi, vii)

I. Policy and Goal Setting

The Finance Governance 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, to ensure activities associated with documenting, testing, and evaluating the effectiveness of the Company's internal controls over financial reporting are successfully performed by the organization, and to support Management's quarterly and annual assertions regarding the effectiveness of such internal controls. The Finance Governance 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 VP Chief Accounting Officer & Controller. The Finance Governance 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 Manager, Finance Governance. 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 Finance Governance Group is under the direction of the Manager, Finance Governance, who reports to the Director, Financial Reporting &

Accounting Research 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. See Exhibit IC-1 Org Chart.

IV. Responsibilities

Primary responsibilities for the Finance Governance Group include providing general oversight, guidance and monitoring to ensure that quarterly activities associated with the Section 302/404 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 Finance Governance Group include:

- Maintaining certain Corporate Financial/Accounting policies and procedures;
- Coordinating Section 302/404 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 Company'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 Company's external auditors regarding their attestation work; and
- Communicating project status and other related information (e.g., remediation activities status) to key stakeholders.
- Performing testing of IT General Controls testing that is in scope for the audit period.

V. Practices and Procedures

As stated earlier, the Finance Governance 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 Finance Governance Group develops and directly manages to an overall program work plan; day-to-day work activities are closely monitored to ensure the timely completion of all Section 302/404 related requirements. Various monthly/quarterly meetings/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 Finance Governance 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 302/404, to ensure Company compliance.

VI. Decision Making and Control

The Manager, Finance Governance and Director, Financial Reporting & Accounting Research have responsibility for the general oversight, governance and monitoring of Section 302/404 activities, reporting directly to the VP Chief Accounting Officer & Controller. In addition, ad hoc meetings of applicable business process owners occur, as necessary, to address areas of specific or immediate concern. Control Owners aid in the execution of Section 302/404 activities and provide their annual assertions as to the effectiveness of internal controls over financial reporting related specifically to their

affected business areas. The VP Chief Accounting Officer & Controller is ultimately responsible for providing periodic presentations on program status to the Audit Committee of the Board of Directors. In addition, the VP Chief Accounting Officer & Controller is 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 Finance Governance Group, in the performance of its duties and responsibilities, interfaces frequently with personnel from outside and within the Company. These interfaces are accomplished by written communications (e.g., e-mails, reports, memorandum, etc.), telephone conversations, and personal meetings.

External interfaces include the Company's external auditors and other utility companies. Periodic meetings are held between the Finance Governance Group and the Company'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 Finance Governance 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 VP Chief Accounting Officer & Controller serves as Chairperson. The purpose of the Corporate Disclosure Committee is to assist the Company's Chief Executive Officer and Chief Financial Officer in fulfilling their responsibilities for oversight of the accuracy and timeliness of disclosures made by the Company. 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.

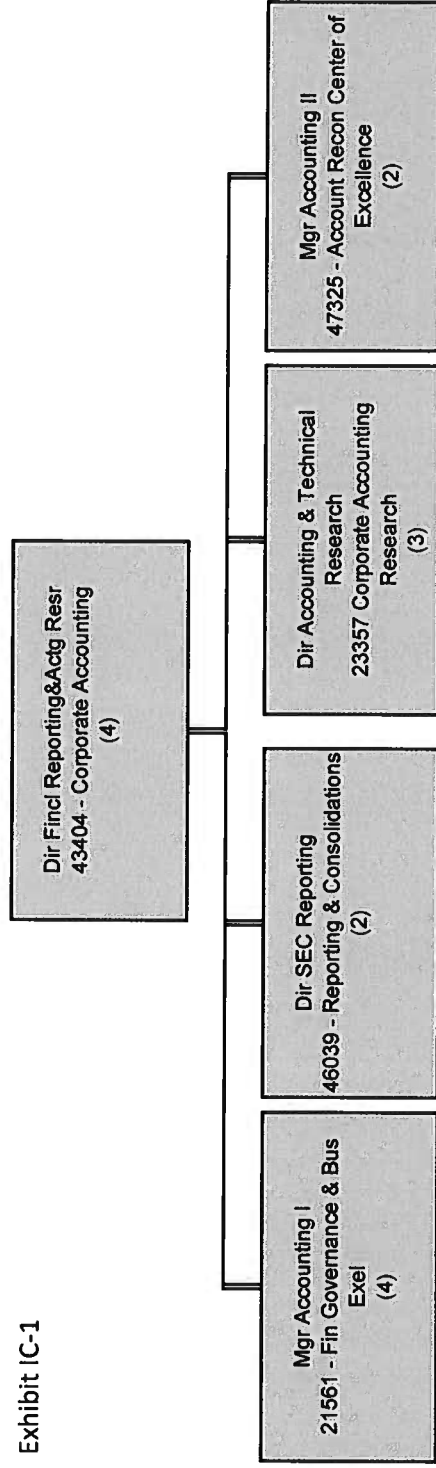
Periodic program status update meetings are held with executive management and the Audit Committee of the Board of Directors. Attendees of these meetings include the VP Chief Accounting Officer & Controller, and the Company's internal and/or external audit engagement partners (as necessary).

Quarterly updates are provided to IT leadership which includes the CIO and CSO and Director of IT Security and Compliance.

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.

Exhibit IC-1



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
TREASURY DEPARTMENT
SFR Reference: Chapter II (B)(9)(b) (i, ii, iii, iv)

I. Policy and Goal Setting

The financial policies of the Company are the responsibility of the Chief Financial Officer, who is principally responsible for the development and protection of the Company'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 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
- 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 encompass 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 the Company'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 and timing 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 the Company'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 areas of responsibility, Corporate Finance, Structured 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 the Company under four areas of responsibility:

- Corporate Finance;
- Structured 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 and improve risk allocation between the Company and various investors for the benefit of both shareholders and customers.

The department has responsibility for all corporate funds of the Company, including cash funds management, wire transfer disbursements and borrowing and/or investing of funds. Treasury also has responsibility for money pool administration, financial asset and liability management, leasing, indenture administration, pension fund, 401(k) plan, and other health and welfare fund asset oversight, nuclear decommissioning trust fund management, and cost of capital

studies. The department is also responsible for maintaining relationships with the banking community, fixed income investors, minority equity 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 Director, Cash Management & Assistant Treasurer. Cash Management personnel assist in executing this responsibility with oversight from the Assistant Treasurer. The Cash Management group obtains interest rates from banks/brokers/dealers and evaluates the most advantageous actions to be taken by the Company. 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 which converts the Duke Energy Annual Financial Plan to actionable items. In doing so, the group 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 the company'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 provide business updates and respond to needed data requests.

Structured Finance

The Structured Finance team provides support to the growth plans of the company's corporate, regulated and commercial businesses, in particular Duke Energy Sustainable Solutions. In this role, the team supports non-recourse project financings, equipment/facility leasing, securitization transactions and tax-equity transactions. Structured Finance also engages with the product specialists from the Company's various banking relationships and institutional investors concerning upcoming and existing financing transactions.

Long-Term Investments

Long-Term Investments oversees the management of assets within the pension, 401(k), nuclear decommissioning trusts, and other health and welfare plans and manages ongoing fund cash flows including making contributions, funding benefit payments, and paying expenses, including investment manager, management consultant, and trustee fees. Activities also include re-balancing asset investment positions consistent with established investment policy benchmarks and objectives, and monitoring manager and fund performance. 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. The Treasury Policy and Guideline Manual is attached as Exhibit TR-2. 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, to 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 the Company. In addition, department personnel are made available for presentations to other departments within the Company.

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

VIII. Goal Attainment and Qualification

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.

Cash Management

Performance is measured by a number of factors, most of which relate to the following:

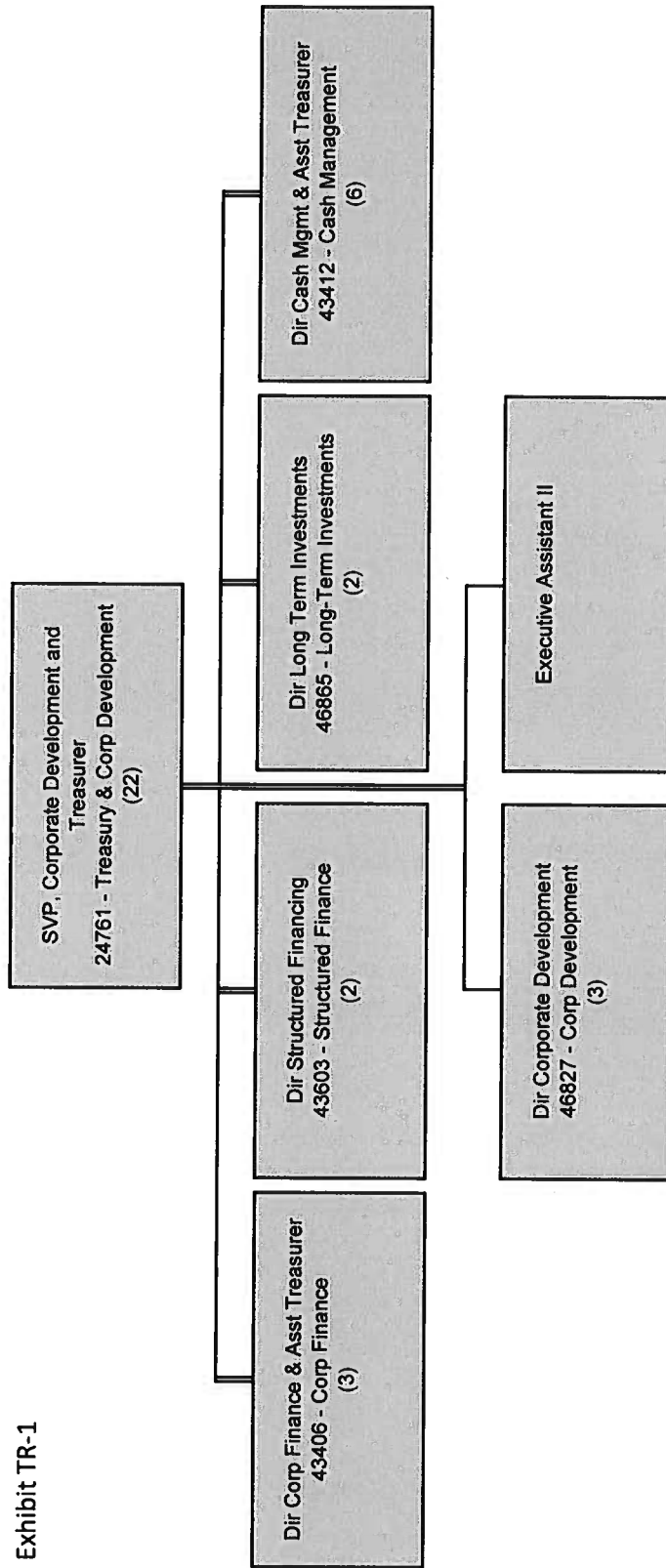
- Ability to concentrate funds for optimizing cash flow strategies;
- Ability to complete short-term borrowing requirements at costs comparable to equivalent or higher-rated companies;
- Ability of obtain favorable rates of return on cash investments;
- Ability to secure bank pricing that is below published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

Long-Term Investments

Performance is largely evaluated by comparing total fund investment performance with the total fund composite benchmark. Further performance comparisons are made for each asset class allocation and investment manager within a fund with their respective benchmarks.

Performance goals are specified in the approved Investment Policy Statement. While investment performance is monitored and evaluated on a continuous basis, the attainment of performance goals has a longer term focus (e.g. generally rolling 3-year and 5-year periods) and are evaluated on such a basis.

Exhibit TR-1



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES & ORGANIZATION
FINANCE PROGRAM OFFICE
SFR Reference: Chapter II(B)(9)(b) (ii, iv)

I. Policy and Goal Setting

The Finance Program Office (FPO) 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 FPO 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 FPO maintains an overall plan and regularly monitors actual performance against that plan. Where necessary, the FPO's plan is modified based on changes in the Company's strategic directions.

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

III. Organizational Structure

The FPO directly reports to the Senior Vice President, Global Risk and Insurance. It is a dynamic organization which changes as improvement initiatives change. Currently, FPO has a project-based organization and a support function. A varying number of functional and technical employees have been assigned full time. These are supplemented by contractors and consultants, as necessary. An organizational chart is attached as Exhibit FPO-1.

IV. Responsibilities

This organization is responsible for developing the three-year 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 the enterprise financial systems platform (e.g. PeopleSoft, Hyperion, PowerPlan, etc.). The project management function 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 level and the program level to ensure FPO 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 communicating 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 FPO management team. Key directional decisions are made as part of periodic review sessions with the CFO and his direct reports.

VI. Internal and External Communication

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

A large amount 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, etc. The FPO Change Management Services assists to disseminate formal communications outside the FPO to affected constituencies. A Finance Portal has been established to facilitate communications throughout the Finance organization.

VII. Goal Attainment and Qualification

Performance of the FPO is considered in conjunction with other goals for the broader Global Risk and Insurance department. Goal attainment will be to successfully deliver core Roadmap project milestones and maintain performance metrics on support of the Enterprise Financial Systems Platform.



14280 Finance (102646) Exhibit FPO-1

(/)

14280 Finance
EVP & CFO

15350 Controller
VP, Chief Accounting...

8 .. See Page 2

21991 Global Risk Mg...
VP, Global Risk Mgmt...

7 .. See Page 3

22779 Financial Planni...
VP, Financial Planning...

7 .. See Page 4

24761 Corp Develop...
SVP Corporate Devel...

6 .. See Page 5

43345 Tax
Director Tax

5 .. See Page 6

43346 Investor Relatio...
VP Investor Relations

6 .. See Page 7

Sr Exec Asst



21991 Global Risk Mgmt and Insurance

(/)

21991 Global Risk Mgmt...
VP, Global Risk Mgmt...

See Page 1

21529 Finance Progr...	6	..
Dir Finance Program O...		
21984 Enterprises & R...	5	..
Dir Enterprise & Regul...		
22523 Renewables & ...	3	..
Dir Rnw Risk Mgmt&Cr...		
25786 Natural Gas En...	2	..
Dir Gas Risk Manag...		
33206 Ins-Policies & ...	2	..
Director Insurance		
45387 INS-Captive, Cl...	8	..
Director Insurance		
Executive Assistant II		

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
CORPORATE AND REGULATORY STRATEGY
SFR Reference: Chapter II (B)(9)(a) (iv, v), Chapter II (B)(9)(d)(iv),
Chapter II (B)(9)(i) (i, ii, iii, v)

I. Policy and Goal Setting

The Enterprise 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 company 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 and providing research and analytical support as needed for senior management.

The Enterprise Strategy and Planning Department is also responsible for load forecasting, resource plans, and renewable policy, interconnection monitoring and analysis.

The Department Executive, in consultation with his/her staff, coordinates goal setting for the group. Goals for the group reflect the financial, growth, customer and safety goals as set by the Chief Strategy and Commercial officer.

II. Strategic Planning

Planning for the department is the responsibility of the Department Executive in consultation with his/her staff. Departmental planning decisions are made annually for the next five to ten years. These planning decisions are tailored to support corporate goals.

III. Organizational Structure

The Enterprise Strategy and Planning Department is under the direction of the Department Executive and is a part of the Strategy and Commercial Group. There are seven direct reports to the Department Executive, including: Directors of Load Forecasting, Integrated System Planning, Renewable Strategy, Renewable interconnection, Enterprise Strategy and Market Strategy.

The Organization chart of the Corporate and Regulatory Strategy Department is attached as Exhibit SP-1.

IV. Responsibilities

An important function of the Enterprise strategy 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 jurisdictional business plans are well aligned on a corporate basis. The department also supports the company's executive team by providing research and analytical support for special projects.

The Enterprise Strategy Department also has input into the development, support and facilitation of long-term resource planning efforts at Duke Energy. This includes responsibility for load forecasting and integrated resource plans.

V. Practices and Procedures

The Enterprise 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 the company's point of view regarding these issues. Strategy and Planning facilitates the development of the company's strategy and communicates it to employees and other stakeholders through information sessions.

VI. Decision Making and Control

All important decisions are subject to the review of the Department Executive.

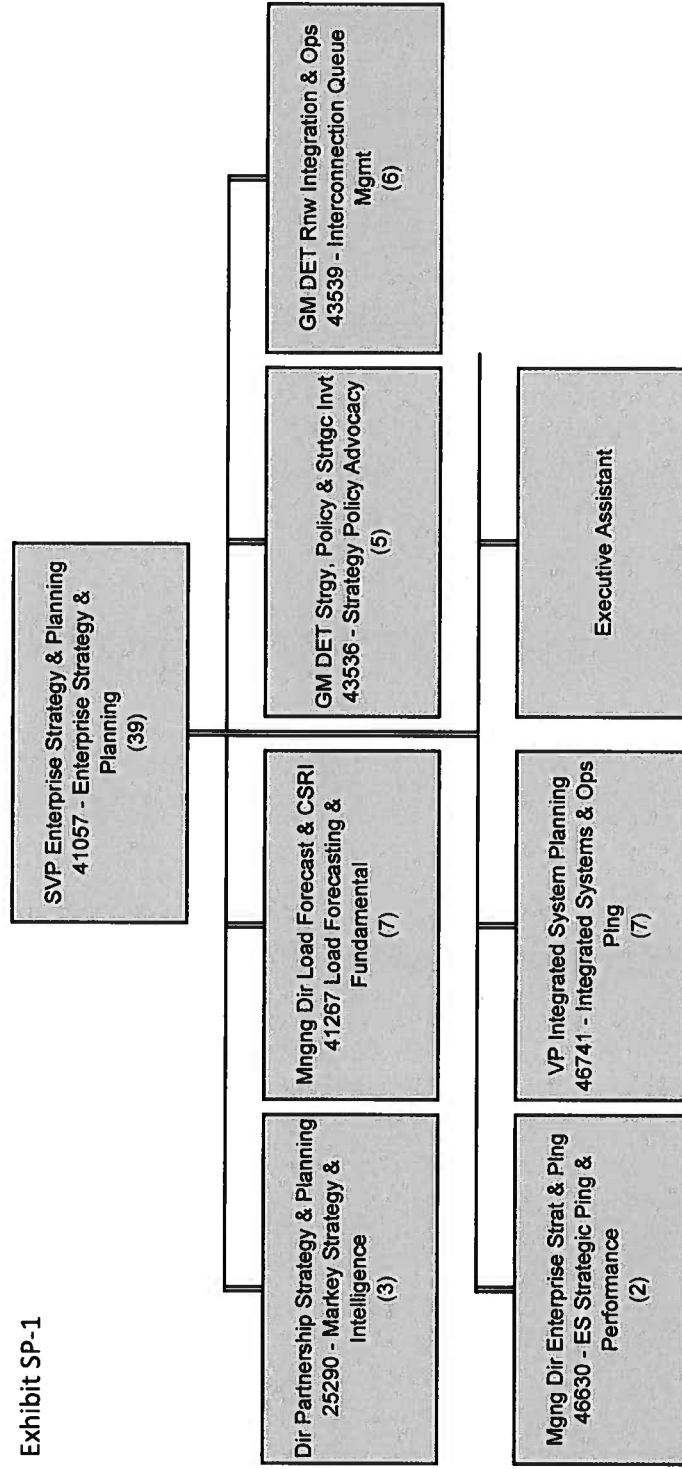
VII. Internal and External Communication

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 jurisdictions and Business Units as well as with other Corporate center departments such as Financial Planning, and Mergers and Acquisitions. External communication includes publications, conferences, personal communication and industry forums.

VIII. Goal Attainment and Qualification

Performance of the group 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 Enterprise Strategy and Planning group. The group solicits feedback through surveys and direct interviews.

Exhibit SP-1



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
FINANCIAL PLANNING AND ANALYSIS
SFR Reference: Chapter II(B)(9)(b) (i, iii), Chapter II(B)(9)(i)(vi)

I. Policy and Goal Setting

The financial policies of the Company are the responsibility of the Company's Executive Vice President and 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 financial and business plans. These goals and objectives are primarily developed by the Vice-President Financial Planning and Analysis and approved by the Executive Vice President and Chief Financial Officer.

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 alternatives prior to decisions being made. Once a strategic direction is identified, communication and coordination among many departments occurs to generate Duke Energy's Five-Year Financial Plan, including the next year's budget, and various updates to the plan.

III. Organizational Structure

The Financial Planning and Analysis function consists of six separate teams led by Directors who report to the Vice-President Financial Planning and Analysis who then reports to the Executive Vice President and Chief Financial Officer. The six teams are 1) –Strategic Forecasting & Commercial Support 2) Jurisdictional Forecasting 3) Corporate Accounting and Business Support 4) Generation and Transmission Finance 5) Corporate Business Support 6) Regulated Utility Customer Support Finance

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 Five-Year Financial Plan, which include short and long-term operating and cash forecasts. It also assists Corporate Accounting in monitoring corporate budget variances and providing explanations to senior management, as well as revising current year financial projections over the course of the year. The forecasts are used to assist in the development of Duke Energy and its subsidiaries' (including Duke Energy Ohio) strategy for regulatory issues.

V. Practices and Procedures

The principal 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;
- 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 the corporation. 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. Department staff members have a multi-functional background and expertise he/she brings to each issue being analyzed.

Much of the decision making in the department 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 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, video conferences, 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.

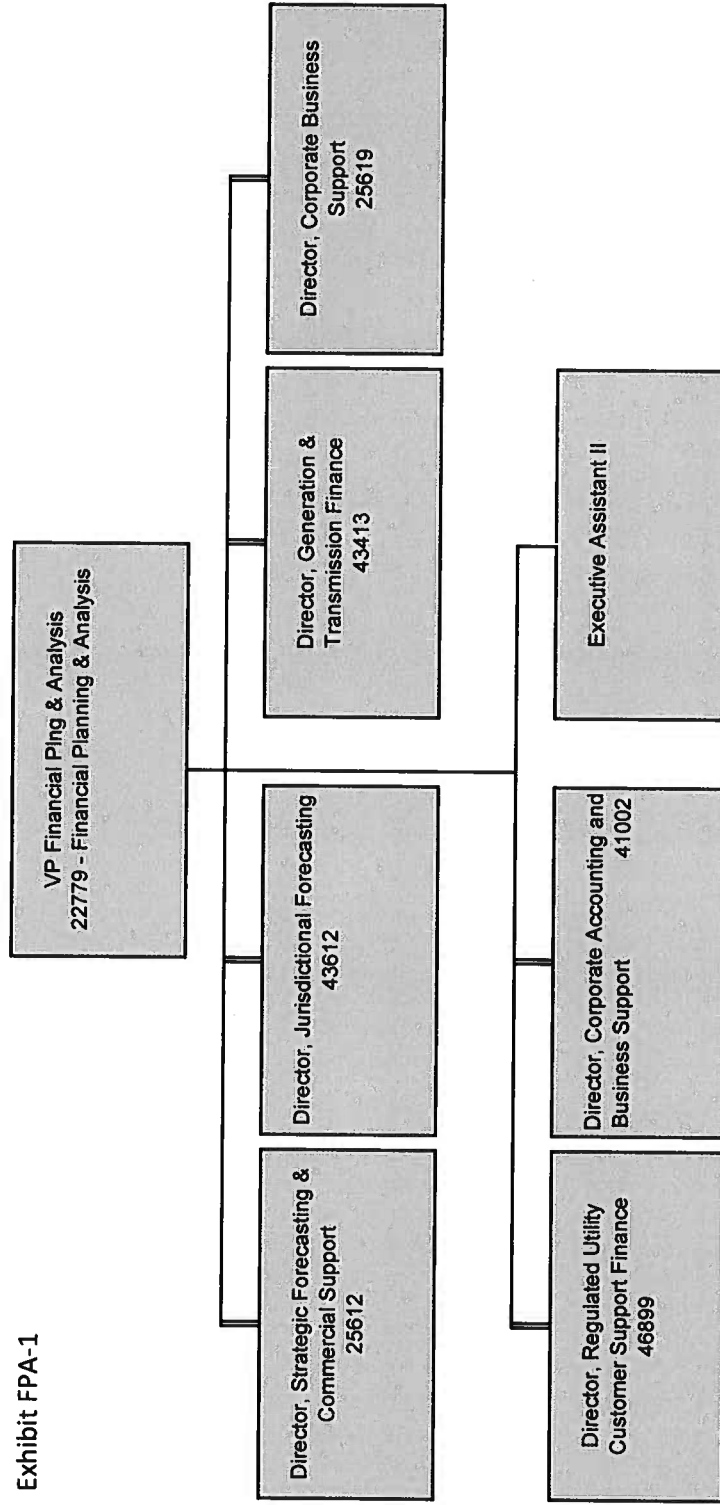
VIII. Goal Attainment and Qualification

The following are the most recent stated goals for the Financial Planning and Analysis Department. The goals are primarily subjective in nature and are based on quality of performance. The quantification is based on the assessment of the Executive Vice President and Chief Financial Officer and the direct feedback of the Vice-President Financial Planning and Analysis.

-
- Achieve growth and financial results
- Focus on operational excellence; optimize performance and lead organization with emphasis on strong governance, accuracy and sustainable efficiency

Leverage Duke Energy's Leadership Imperatives to foster a culture of innovation and execution and to attract diverse and highly engaged employees

Exhibit FPA-1



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
INSURANCE MANAGEMENT DEPARTMENT
SFR Reference: (B) (9) (e) (ii)

I. Policy and Goal Setting

Departmental practices and procedures are conducted within the guidelines established by Duke Energy (the Company) corporate 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 strategic plan is determined annually by assessing industry trends regarding the limits and coverage available in insurance markets, by benchmarking with industry peers and by examining the development of claims against the Company. Insurance coverage limits are purchased based upon current market conditions and risk assessments of the Company.

Analysis of the insurance strategy is performed during the annual renewal of insurance policies which generally takes place periodically throughout the 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 & 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 the Director, Insurance Policies and Renewals, and the Director, Captives and Claims. who report to the Vice-President Global Risk Management & Insurance & CRO. The Vice-President Global Risk Management & Insurance & CRO reports to the Group Executive, Chief Financial Officer.

The organization chart for Insurance Management is provided in Exhibit IM-1.

IV. Responsibilities

Insurance Management Claims Department is responsible for assessing insurance risks, for negotiating and renewing insurance policies for the Company, and for managing claims against the Company and against insurance carriers as described below:

Insurance

The insurance program is structured such that Duke Energy's subsidiaries (including Duke Energy Ohio) self-insure low-level losses. Duke Energy provides limited insurance above the subsidiaries self-insured retentions through its captive insurance companies. The captives then reinsure with A. M. Best "A-", S&P" BBB+" or better rated insurers against losses above captives' 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 Company. This includes establishing appropriate loss reserve levels, reviewing and adjusting loss estimates as necessary, and negotiating the settlement of claims in conjunction with the Legal Department.

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, establishes 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 Insurance and Claims 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 which are comprised of Duke Energy Insurance and Tax group personnel as well as third party directors.

VII. Internal and External Communication

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 Management Department works with various groups such as Corporate Accounting and in-house legal counsel to ensure that departmental activities support the overall corporate objectives.

VIII. Goal Attainment and Qualification

The achievement of Insurance Management 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 Management at least quarterly. In addition, Insurance Management has incentive goals regarding the timely and accurate submission of monthly financial supporting schedules to corporate accounting and reporting groups

21991 Global Risk Mgmt and...

VP, Global Risk Mgmt and Insurance,
Chief Risk Officer

21529 Finance Program Offi...

Dir Finance Program Office

21984 Enterprise & Reg Elec...

Dir Enterprise & Regulated
Electric Risk Mgmt

22523 Renewables & Credit ...

Dir Rnw Risk Mgmt & Credit
Risk

25786 Natural Gas Entros R...

Dir Gas Risk Management

33206 Ins-Policies & Renew...

Director Insurance

45387 INS-Captive, Claims ...

Director Insurance

Executive Assistant II

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
TAX DEPARTMENT
SFR Reference: Chapter II (B)(9)(b)(ii), Chapter II (B)(9)(e)(iv)

I. Policy and Goal Setting

The Tax Department follows the Corporate Policies and Procedures. Each employee of the department is knowledgeable of these by having access to the company portal where the Corporate Policies and Procedures are available, as well as being made aware of these through employee orientation, discussions in company meetings and company training.

The goal setting process for the Tax Department is a joint effort between the Director, Tax and the Executive Vice President and 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 the company's business plan. As mentioned in Section I, Policy and Goal Setting, the 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 Director Tax and the Executive Vice President and Chief Financial Officer and through corporate teams established for this purpose.

III. Organizational Structure

The Tax Department is headed by the Director Tax who reports to the Executive Vice President and Chief Financial Officer. The Tax Department is currently divided into three areas, Tax Operations including Tax Compliance of Federal and State & Local Income Tax, Other Non-Income and Property Tax, and Tax Research, Planning & Modeling. Please see organizational structure below.

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, with the assistance of external service providers, 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 on Company operations;
- Communicate tax research findings to appropriate levels of the organization and assist in formulating appropriate tax strategies;
- Provide Company responses to inquiries made by various taxing authorities during audit;
- Defend the Company'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 Company's tax accounting practices are in accordance with the respective regulatory agencies' requirements;
- To support the Company'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 company.

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 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 Director Tax. Detailed direction is provided by each leader who assigns tasks to the appropriate individual. 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 Director 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 Director Tax attends monthly CFO staff meetings. In addition, the heads of Federal Income and State & Local Tax Compliance and Planning are members of several Transaction Review Committee Scrub Teams, which provide the forum for the exchange of information about the Company on a broad basis. The Director Tax and the head of Tax Operations regularly attend meetings with the Senior Vice President, Chief Accounting Officer and Controller, in which specific issues regarding accounting matters impacting the Company are discussed. This information is

disseminated within the leadership of the Tax Department by the Director Tax and the head of Tax Operations. These meetings allow for the communication and identification of tax related issues.

Regular communication occurs among the Director Tax, 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 written and orally, between Tax Department personnel and employees of the various tax agencies with which the Company files tax returns. The Director Tax communicates with other utilities, members of utility industry organizations, tax leaders outside the industry, and tax & legal experts in the profession on tax and accounting issues, which may impact the company.

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;
- Information requested by other departments is correct and timely;
- Assessment of effectiveness in developing and advocating for federal and state tax policy.

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

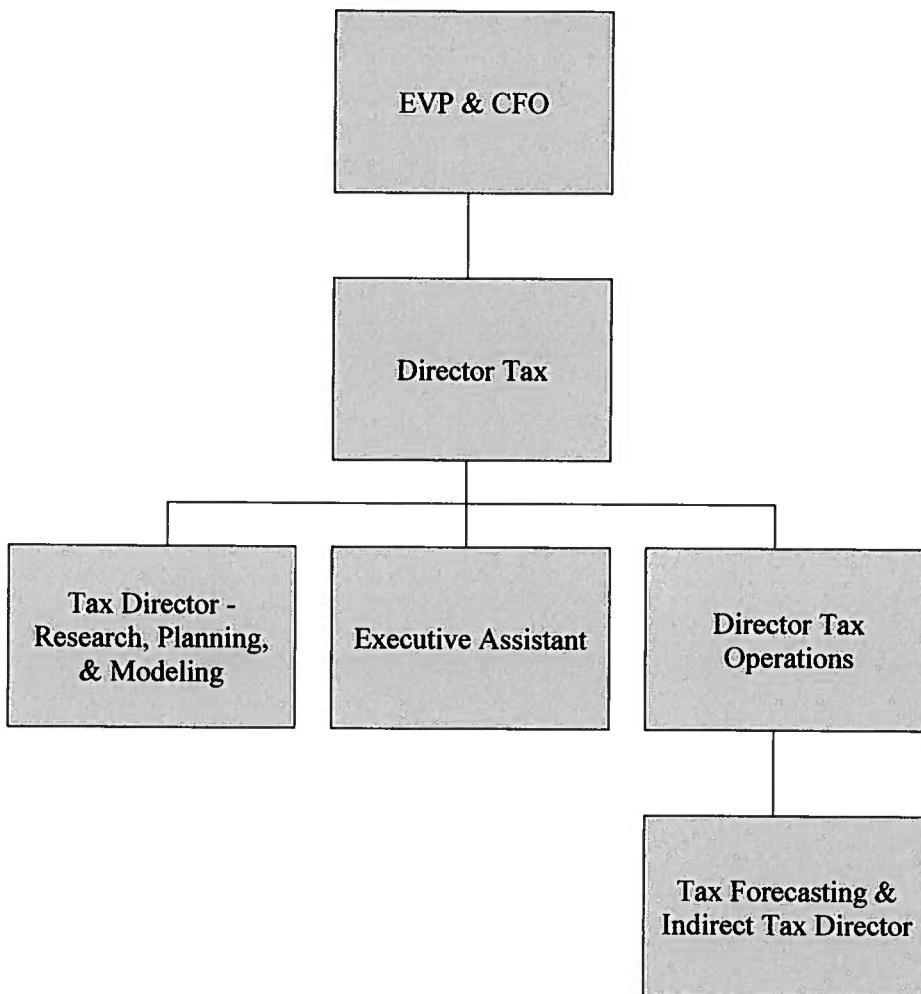
- Tax Department monthly calendar of returns and payments due;
- Independent verification and review of returns, work papers and payment calculations; and
- On-going education and training of tax personnel.

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.

Tax Department Organizational Structure:



DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
INVESTOR RELATIONS DEPARTMENT
SFR Reference: Chapter II (B)(9)(d)(v)

I. Policy and Goal Setting

The Investor Relations Department (Department) does not issue formal policy statements but supports the 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 the Company. These goals and objectives are developed under the direction of the Vice President of Investor Relations ("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 the Company as a valuable equity and fixed income investment opportunity;
- Maintain a 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, and financial terminology utilized by the investment community; and
- Ensure appropriate disclosure 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 ongoing basis, an investor relations calendar is maintained detailing our planned interaction with the investment community for the upcoming months (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 review of the Annual Report and proxy materials as well as ensuring compliance with rules and regulations of the Securities and Exchange Commission and New York Stock Exchange.

III. Organizational Structure

The 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 Vice President is a Director who, along with a Manager and Financial Analyst, works primarily with institutional investors and analysts. A Director of Shareholder Services Communications and a Manager of Shareholder Services Operations also report to the Vice President, with primary responsibility for retail shareholder communications and shareholder services operations. Additionally, an executive assistant supports the Department.

An organization chart is attached as Exhibit IR-1.

IV. Responsibilities

Investor Relations, under the direction of the Vice President, 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 equity research analysts.

Specifically, the Department:

- Coordinates earnings releases and investor presentation materials related to the Company's financial results on a quarterly basis;
- Develops responses to 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 the Company;
- Performs investor targeting and monitoring based upon trends seen in the broad markets as well as the utility industry;
- Monitors trends and developments among our peer group utilities;
- Educates employees, executive management and the Board of Directors about Duke Energy stock performance, investor perceptions on Duke, 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 assists in preparations relating to the annual meeting of shareholders, including overseeing the distribution of proxies.

V. Practices and Procedures

The Department's activities are reviewed and approved by the 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 to develop appropriate disclosures.

From a Shareholder Services perspective, the department acts as the Company'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 the Securities and Exchange Commission (SEC) as well as our external auditors, Deloitte & Touche. Audits have also been performed by our internal auditors.

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 in accordance with Board-approved financing plan; and
- Ensuring the accurate distribution of dividend payments to shareholders
- In collaboration with Corporate Communications, posting documents and other information to our Investor Relations website.

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, SEC filings (Form 8-K), presentations delivered at conferences, one-on-one meetings with investors, and 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, to discuss work assignments and work schedules, and to provide an informal forum to discuss problems, concerns, and suggestions of the employees.

Frequent informal communication lines are also maintained with other departments within the Company.

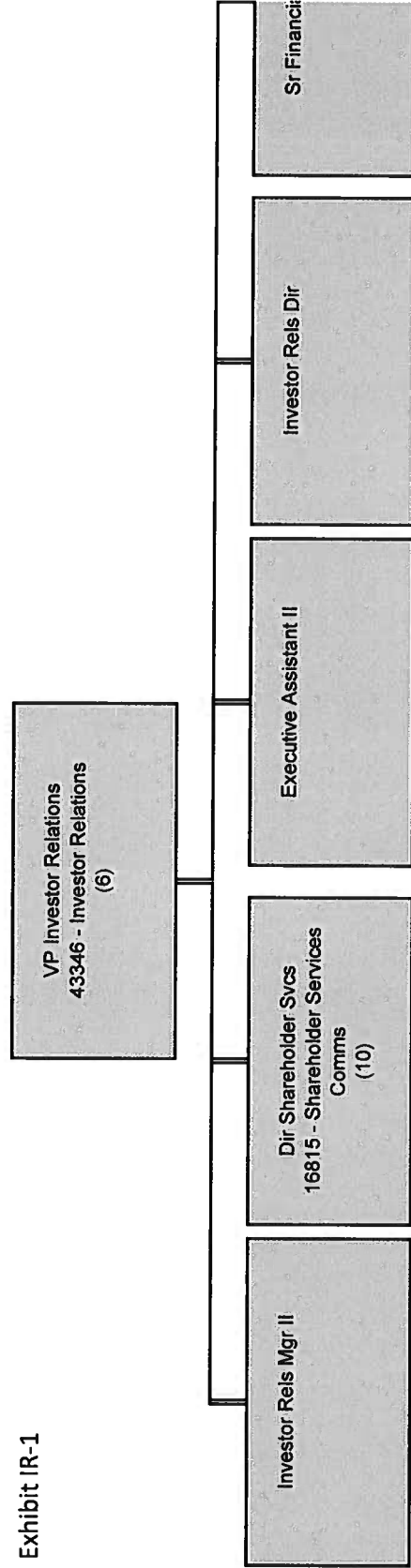
VIII. Goal Attainment and Qualification

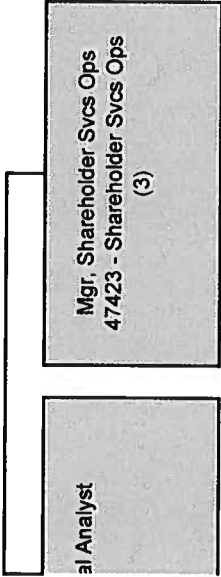
Department performance is measured by numerous factors, which include:

- Effective communication with the investment and research community, through, but not limited to, industry conferences and one-on-one meetings
- Advocacy of the company's clean energy and growth strategies through proactive investor engagement
- Ability to provide timely and insightful feedback with management to communicate investor perspectives and address any emerging concerns

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 SEC, the Internal Revenue Service, and the New York Stock Exchange.

Exhibit IR-1





DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
INTERNAL AUDIT SERVICES
SFR Reference: Chapter II(B)(9)(b)(vi)

I. Policy and Goal Setting

The Company has an internal audit function (Corporate Audit Services) with approximately 41 in-house personnel. Corporate Audit Services engages external professional services firms for expertise and supplemental resources, as required.

Corporate Audit Services' policies and goals are outlined in the Company's Corporate Audit Services Charter and Policy (Policy) - Exhibit IA-2. The overall goal of Corporate Audit Services, as outlined in the Policy, is to provide an independent, objective assessment of the Company's activities and internal control structure to all levels of management and the Audit Committee of the Board of Directors.

II. Strategic Planning and Long-Range Planning

Corporate Audit Services conducts a risk planning process to create an annual audit plan – Exhibit IA-3. Input into the audit plan includes collaboration with Global Risk Management, interviews with management, Company initiatives and strategic priorities, systems and process changes, and industry trends and developments. The plan is updated, as required, based on developments within the Company. The audit plan is formally approved by the Audit Committee of the Board of Directors.

III. Organizational Structure

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

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

An organization chart for Corporate Audit Services is presented as Exhibit IA-1.

IV. Responsibilities

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

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

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

- Develop an annual audit plan using an appropriate risk-based methodology, incorporating significant risks or control concerns identified by management, and communicate the plan to the Audit Committee. This plan may be modified, as appropriate, for changing or emerging business risks or issues. Modifications that significantly alter the nature of collective audit and risk coverage provided under the plan must be reviewed and approved by the Audit Committee.
- Implement the annual audit plan, as approved, including any requested special audits or projects as appropriate
- Provide consulting services to assist organizational efforts related to governance, risk management, controls, and process change

- Maintain a professional audit staff with sufficient knowledge, skills, experience, and relevant professional certifications to perform its responsibilities
- Work collaboratively with the Company's external auditors to ensure appropriate risk coverage
- Report the results of its work to management in a timely manner
- Assist in the investigation of significant suspected fraudulent activities within the organization and report the results to management and the Audit Committee
- Maintain and administer a rigorous follow-up process to ensure that committed management actions to address audit issues are properly and timely executed or that Senior Management has accepted the risk of not taking action
- Govern itself by adherence to The Institute of Internal Auditors' Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The IIA's Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.
- Discharge these responsibilities in a manner consistent with the purpose and objectives set forth in the Policy, with the Duke Energy Code of Business Ethics and the Duke Energy culture

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

V. Practices and Procedures

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

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

VI. Decision Making and Control

Roles and responsibilities with regard to audit projects are defined by Corporate Audit Services' methodology. Generally, the manager provides overall management for the audit projects, including audit scope, objectives, issue resolution, and communications (including reporting). The in-charge auditor and other team

members support the manager throughout the project. Audit reports are reviewed and approved by the appropriate manager, director, and Vice President.

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

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

VII. Internal and External Communication

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

Corporate Audit Services reports the results of its audits and other projects using standard templates or memoranda (depending upon the nature of the project). The reports include the conditions and their prioritization, management responses, and planned remediation dates. The reports are addressed to the appropriate process owners, and the report distribution includes management of the process owners, the Corporate Controller and certain members of the Controller's leadership team, a representative of the external auditor, a designated representative in the Ethics and Compliance department, the Chief Information Officer or Chief Security Officer (if IT or cybersecurity-related), the Senior Vice President-Environmental, Health & Safety (if EHS-related), and other Company leadership as necessary. An Executive Summary of audit reports issued, including links to the reports themselves is provided to the Chief Executive Officer and direct reports periodically.

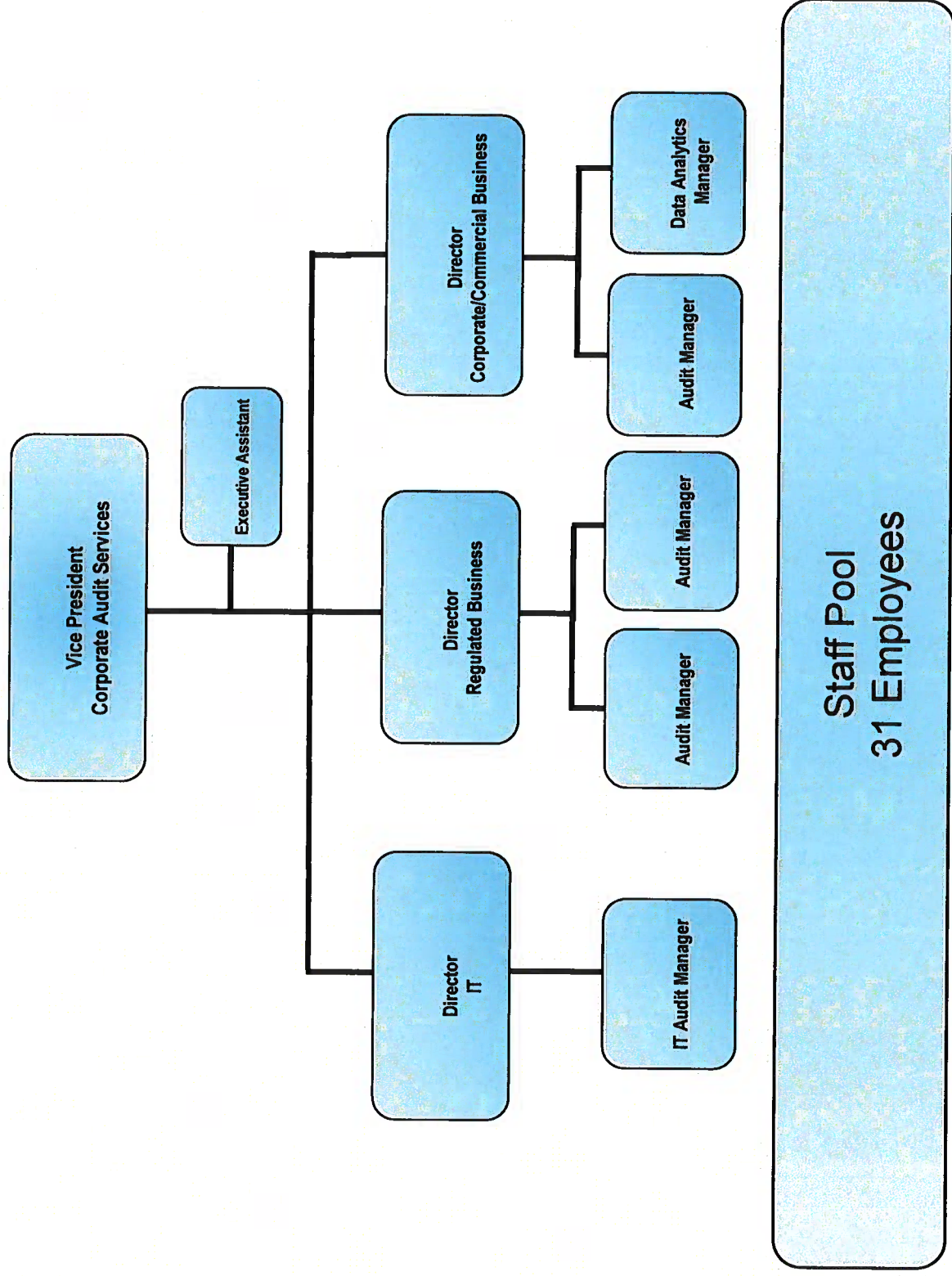
Corporate Audit Services provides periodic updates to the Audit Committee as noted above.

VIII. Goal Attainment and Qualification

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

Corporate Audit Services Org Chart

Exhibit IA-1





Duke Energy Policy

Corporate Audit Services Charter

Applicability: Applies to Enterprise

Originator: Corporate Audit Services

Approval: Executive Vice President, Chief Legal Officer and Corporate Secretary; Audit Committee

Effective Date: 12/16/2020

Revision Date: 12/16/2020

Reissue Date:

Vision

Duke Energy's Corporate Audit Services Department delivers world-class internal audit services that enable Duke Energy to achieve superior performance. In conjunction with the delivery of these services, Corporate Audit Services will:

- Champion Strong Controls and Governance
- Drive Effective Risk Management
- Enhance Operational Efficiency
- Foster Compliance
- Facilitate Constructive Change
- Develop Duke Energy Leaders

Statement of Purpose and Philosophy

It is the policy of Duke Energy, including its subsidiary business units and affiliates, to provide and support a strong internal audit department as an independent assurance function for the purpose of advising and assisting all levels of management and the Audit Committee of the Board of Directors with objective evaluations, appraisals, and recommendations concerning the organization's activities and internal control structure.

Duke Energy management, including the Board of Directors and the Audit Committee of the Board of Directors, supports and expects a capable and independent internal audit function. This is part of Duke Energy's strong commitment to an effective internal control environment and related risk assessment structure and represents the tone at the top that is critical to effective governance and internal controls.

Policy Expectations

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

Duke Energy Policy

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

Duke Energy has adopted the Committee of Sponsoring Organizations (COSO) framework of internal control. Internal control is a process affected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives ("control objectives") in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Corporate Audit Services assesses risk and controls in accordance with the COSO framework.

Accountability: Roles and Responsibilities

The Corporate Audit Services Department must maintain independence and objectivity in their work. In order to maintain this independence, the Corporate Audit Services Department reports functionally to the Audit Committee of the Board of Directors and administratively to the Executive Vice President, Chief Legal Officer and Corporate Secretary. This reporting relationship is designed to provide sufficient authority to promote independence and to ensure broad audit coverage, adequate consideration of audit reports, and appropriate action regarding audit observations.

With respect to audit matters, the Corporate Audit Services Department is authorized to:

- Have full and unrestricted access to all Duke Energy (including subsidiary business units and affiliates) functions, records, property, and personnel, and may make direct contact with any level of management
- Communicate directly with the Audit Committee, as needed
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives
- Obtain the necessary assistance of personnel in units of the organization where audits are performed, as well as other specialized services from within or outside the organization

Duke Energy Policy

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

The responsibilities of the Corporate Audit Services Department are to:

- Develop an annual audit plan using an appropriate risk-based methodology, incorporating significant risks or control concerns identified by management, and communicate the plan to the Audit Committee. This plan may be modified, as appropriate, for changing or emerging business risks or issues. Modifications that significantly alter the nature of collective audit and risk coverage provided under the plan must be reviewed and approved by the Audit Committee.
- Implement the annual audit plan, as approved, including any requested special audits or projects as appropriate
- Provide consulting services to assist organizational efforts related to governance, risk management, controls, and process change
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and relevant professional certifications to perform its responsibilities
- Work collaboratively with the Company's external auditors to ensure appropriate risk coverage
- Report the results of its work to management in a timely manner
- Assist in the investigation of significant suspected fraudulent activities within the organization and report the results to management and the Audit Committee
- Maintain and administer a rigorous follow-up process to ensure that committed management actions to address audit issues are properly and timely executed or that Senior Management has accepted the risk of not taking action
- Govern itself by adherence to The Institute of Internal Auditors' Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The IIA's Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.
- Discharge these responsibilities in a manner consistent with the purpose and objectives set forth in this policy, with the Duke Energy Code of Business Ethics, and the Duke Energy culture

The responsibilities of business unit or functional area management are to:

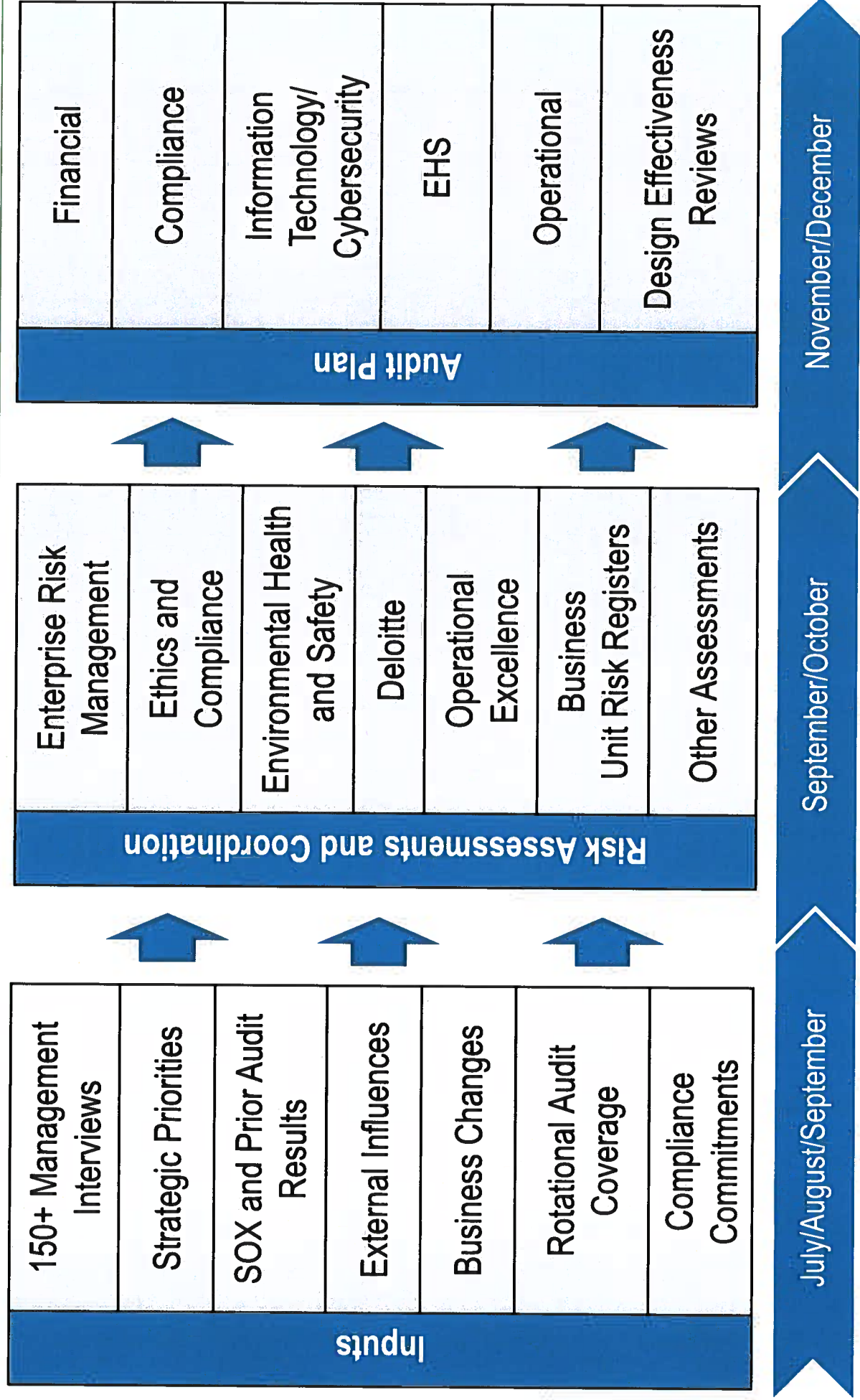
- Establish and maintain a strong and effective system of internal controls consistent with the COSO framework, including an appropriate tone at the top
- Develop and execute appropriate timely action plans to address issues or risk exposures communicated by Corporate Audit Services
- Provide full and unrestricted access to all Duke Energy (including subsidiary business units and affiliates) functions, records, property, and personnel
- Provide any necessary assistance or resources to Corporate Audit Services personnel to facilitate the execution of their responsibilities



Review and approval of Corporate Audit Services 2021 Audit Plan

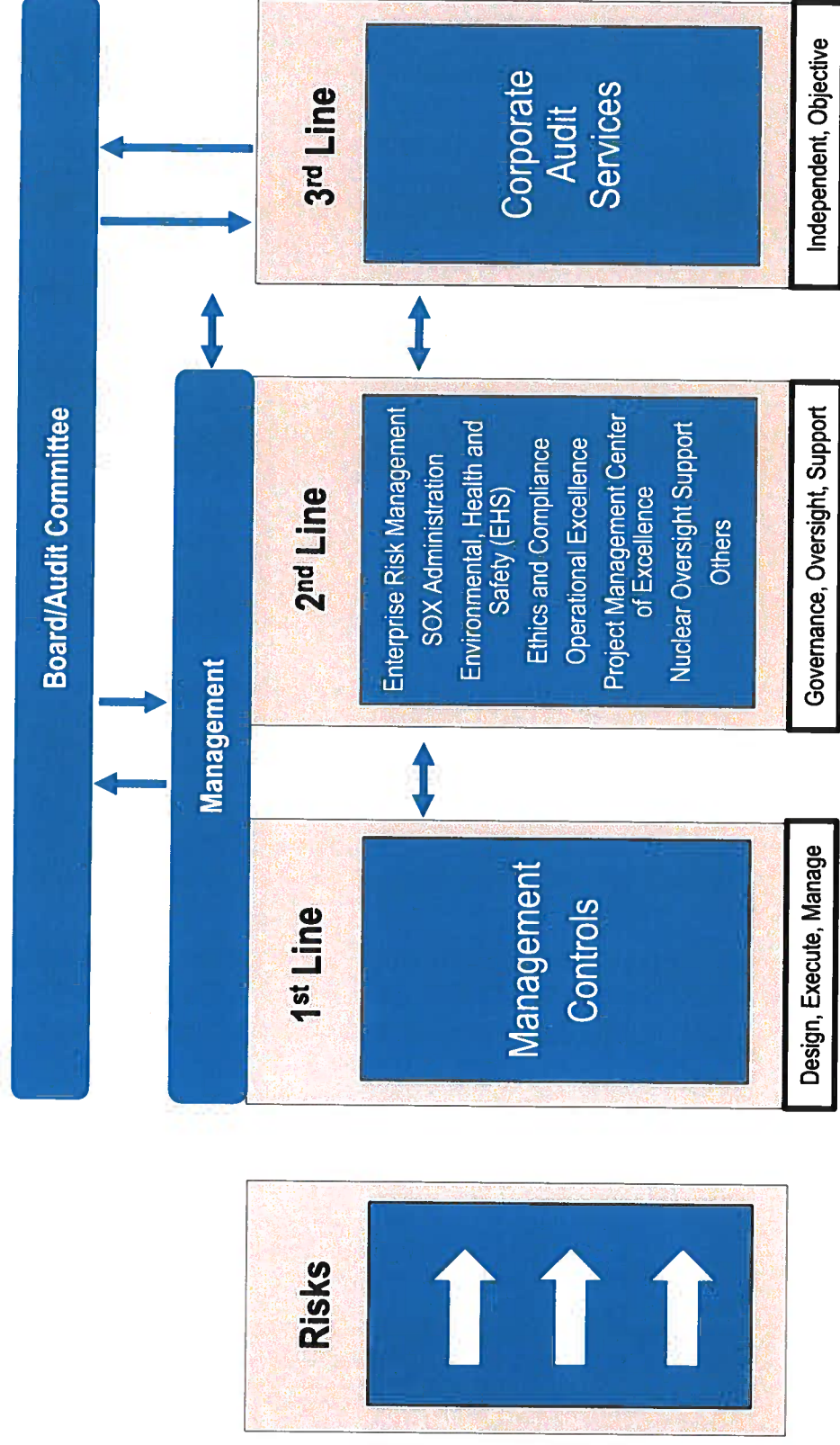
Vice President, Corporate Audit Services

Annual audit planning process overview



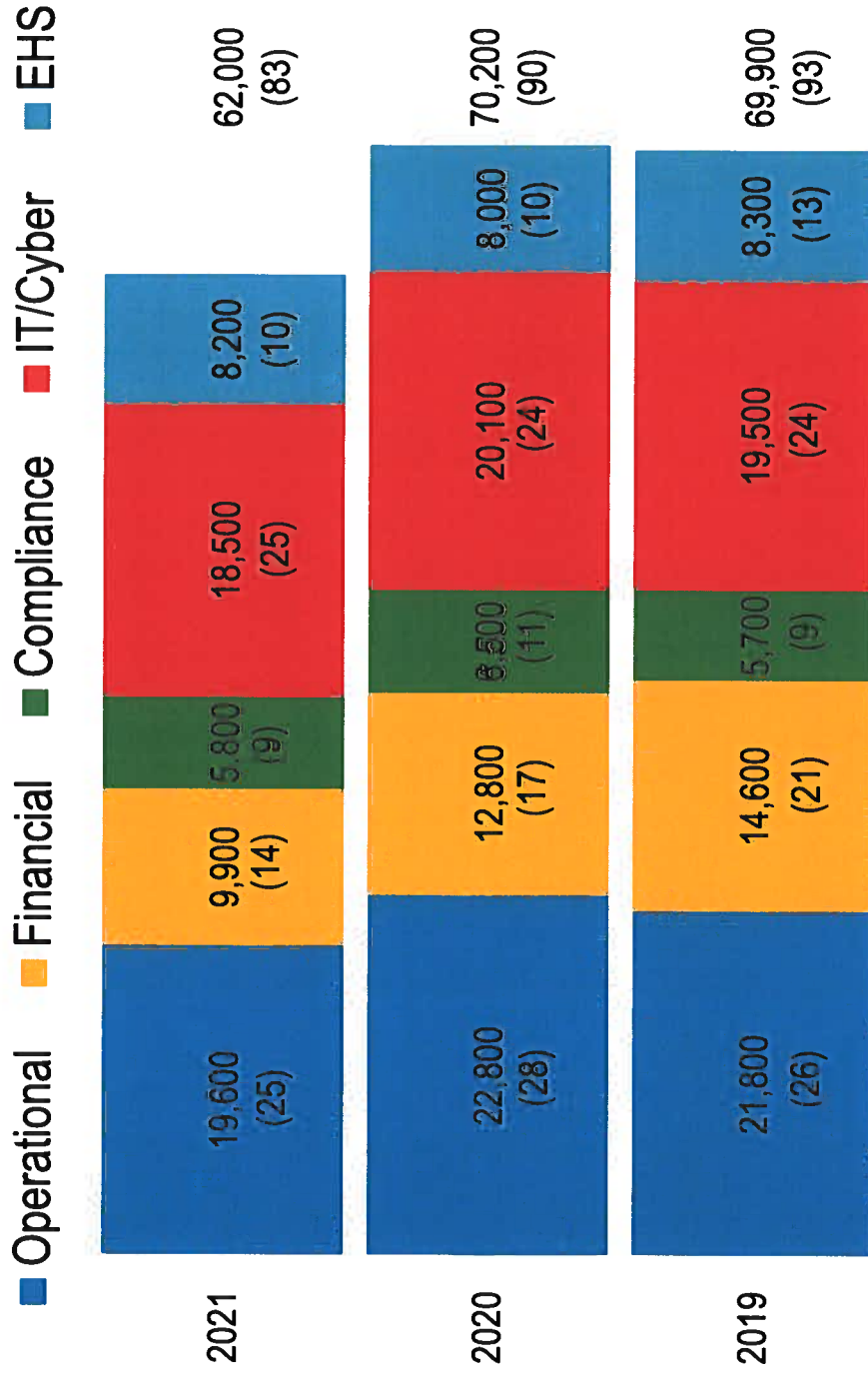
The IIA's Three Lines Model

Three lines represent areas providing key risk mitigation, which are considered when developing the annual audit plan



KEY: ↑ Accountability, reporting ↓ Delegation, directions, resources, oversight ↔ Alignment, communication, coordination, collaboration

Audit hour (and number) allocation



Based upon risk trends, current performance, and prior results, the level of audit risk coverage for 2021 is appropriate and approval is recommended. See Appendix B.

Annual Trends

2020 – 2021:

- Similar coverage in key high risk areas
- Cancellation of Atlantic Coast Pipeline/maturity of integration with Piedmont
- Expected Customer Connect implementation (decrease in hours over prior years)
- Data analytics and other efficiency efforts identified

2019 – 2020:

- Continued focus on Customer Connect Program
- Continued increase in cybersecurity coverage
- Increased physical security coverage

Proposed 2021 audit coverage of top execution and operational risks

Risks		Potential 2021 Audit Coverage	
Top Enterprise Risks* (Internal-facing)	Cybersecurity, IT Systems, Digital Transformation	<ul style="list-style-type: none"> • External Penetration Test • PwC Assessment Follow-up • Third Party Resource Management • Enterprise Architecture Governance 	
	New Growth Execution	<ul style="list-style-type: none"> • Business Development Contract Approval Process 	
	Agility Execution (financially)	Across all audits – monitor and consider control impacts to meet financial commitments	
	Changing Customer Expectations	<ul style="list-style-type: none"> • Customer Connect • Deferred Payment Arrangements • Home Energy Resources and Optimization project 	
Additional Risks**	Maintain Operational Excellence	<ul style="list-style-type: none"> • High Risk Work Activities (EHS) • Transmission Health and Risk Management Application and Program Implementation • Coal Combustion Products (CCP) Environmental Task Management • Customer Services Robotics Program • Warehousing and materials management 	
	Capital Deployment	<ul style="list-style-type: none"> • CCP Project Management - Carolinas • Charlotte Metro Program • Project Management Standard Adherence – North Carolina 	
	Major Event Response	<ul style="list-style-type: none"> • Business Continuity Plan Effectiveness • COVID Safety Protocols and Adherence 	
	Data Privacy/Loss	<ul style="list-style-type: none"> • Medical Services and Records Management • Cloud Security 	
External-facing Top Enterprise Risks* are being addressed by Enterprise team(s)			

Proposed 2021 audit plan

Corporate	
<p><u>Financial</u></p> <ul style="list-style-type: none"> Disbursements and Employee Expense Reports with Officer and Director Expense Reporting IT General Computing Controls SOX Testing Journal Entry Testing Political Contribution Reporting Political Expenditures Policy Proxy Development – Executive Compensation Disclosures Third Party Warehousing Contract Administration <p><u>Operational</u></p> <ul style="list-style-type: none"> Business Continuity Plan Effectiveness Charlotte Metro Program Contingent Worker Off-Boarding COVID Safety Protocols and Adherence Enterprise Risk Management Program Hire NC Program Physical Security Camera Surveillance Warehouse Material Returns <p><u>Design Effectiveness Review</u></p> <ul style="list-style-type: none"> Cybersecurity Policy Refresh 	<p><u>Compliance</u></p> <ul style="list-style-type: none"> Affiliate Property Rates Federal Contract Compliance Program Nuclear Inventory Operations and Controls State Affiliate Code of Conduct – North Carolina <p><u>Information Technology/Cyber</u></p> <ul style="list-style-type: none"> Badge Access Center Cloud Security Cloud-Based Telephone Systems and Services Cybersecurity Incident and Event Management Platform Cybersecurity Vulnerability Assessment Enterprise Architecture Governance Integrated Command Center IT Continuous Audit Oracle Database Configuration & Management Operational Technology Security Operations Center PwC Cybersecurity Assessment Follow-up Software Defined Wide-Area Network Telecom Field Cellular Device Management Third-Party Risk Management Utility of the Future Security and Governance

Proposed 2021 audit plan (continued)

Non-Nuclear Generation	Nuclear Generation
<p><u>Financial</u></p> <ul style="list-style-type: none"> • Natural Gas Procurement and Contract Administration <p><u>Operational</u></p> <ul style="list-style-type: none"> • Coal Combustion Products Project Management - Carolinas • Fossil-Hydro Operations Outage Management • Operational Excellence Assessment Coordination <p><u>Information Technology/Cyber</u></p> <ul style="list-style-type: none"> • Medical Services and Records Management <p><u>Environmental Health and Safety</u></p> <ul style="list-style-type: none"> • Avelta – Contractor Pre-Qualification Process • Coal Combustion Products EHS Compliance Task Management • EHS Records Management • Fossil-Hydro Operations Contractor Oversight 	<p><u>Financial</u></p> <ul style="list-style-type: none"> • Nuclear Materials Contract Administration <p><u>Operational</u></p> <ul style="list-style-type: none"> • Consolidated Asset Suite Business Preparedness <p><u>Information Technology/Cyber</u></p> <ul style="list-style-type: none"> • Nuclear Defensive Strategy Upgrade <p><u>Environmental Health and Safety</u></p> <ul style="list-style-type: none"> • Chemical/Hazardous Materials Management

Proposed 2021 audit plan (continued)

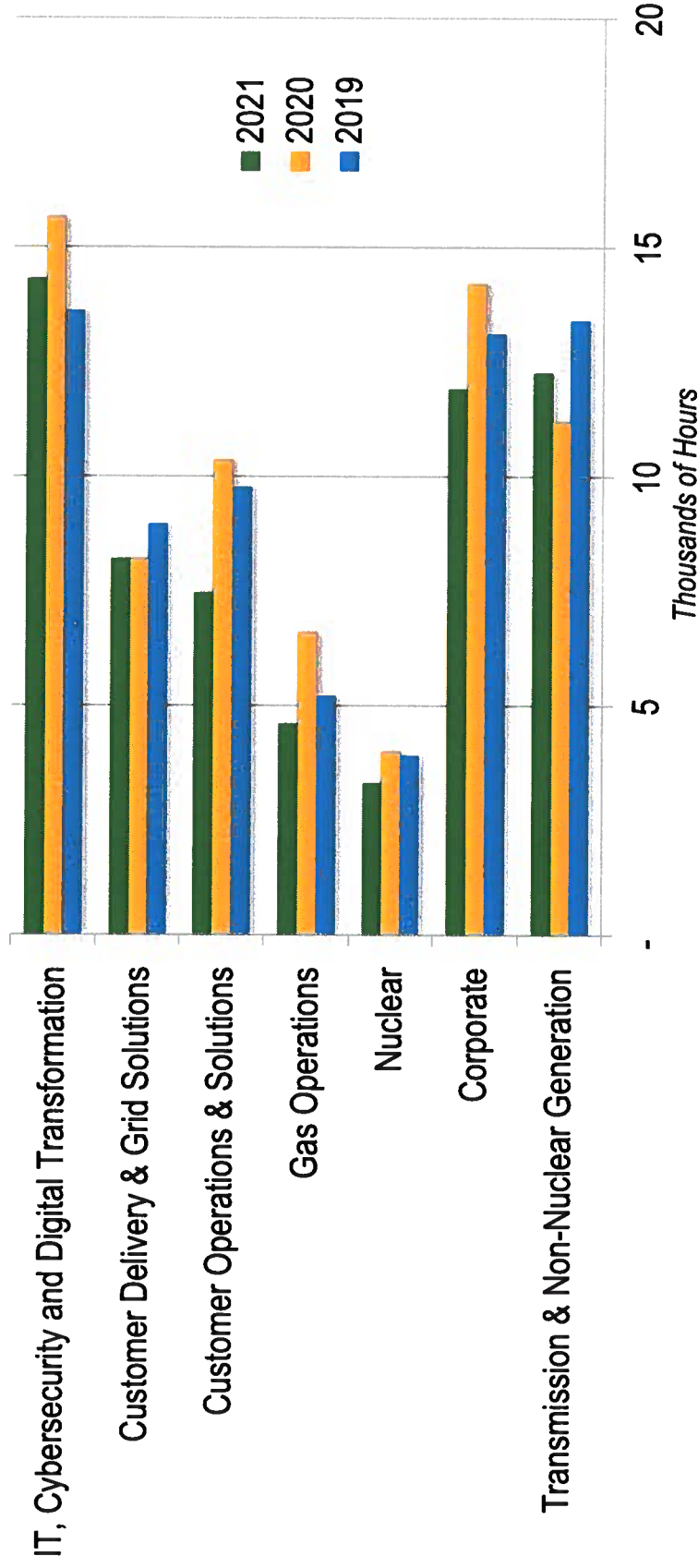
Customer Delivery	Transmission
<p><u>Financial</u></p> <ul style="list-style-type: none"> • Central Invoicing <p><u>Compliance</u></p> <ul style="list-style-type: none"> • DEO Distribution Capital Investment Rider Stipulation (2) - Contribution in Aid of Construction & Contractor Charges <p><u>Operational</u></p> <ul style="list-style-type: none"> • Asset Management Programs • Compatible Unit Governance • Project Management Standard Adherence – North Carolina <p><u>Information Technology/Cyber</u></p> <ul style="list-style-type: none"> • Battery Storage Control System • Secure Access Device Management <p><u>Environmental Health and Safety</u></p> <ul style="list-style-type: none"> • High Risk Work Activities • Operations Center Safety and Environmental Inspection Program <p><u>Design Effectiveness Review</u></p> <ul style="list-style-type: none"> • Advanced Distribution Management System 	<p><u>Financial</u></p> <ul style="list-style-type: none"> • Work Order Closeout <p><u>Compliance</u></p> <ul style="list-style-type: none"> • Intelligent Keys (NERC CIP Low Sites) <p><u>Operational</u></p> <ul style="list-style-type: none"> • Equipment Change Process - Regulatory Assets • Line and Breaker Maintenance • Materials Management • Vegetation Management <p><u>Information Technology/Cyber</u></p> <ul style="list-style-type: none"> • Health and Risk Management Application and Program Implementation <p><u>Environmental Health and Safety</u></p> <ul style="list-style-type: none"> • Switching and Tagging Program

Proposed 2021 audit plan (continued)

Customer Operations and Solutions	Gas Operations
<p><u>Financial</u></p> <ul style="list-style-type: none"> • Deferred Payment Arrangements – Piedmont • Distributed Energy Technology Interconnection Financial Processes • Revenue Services' Quality Assurance Monitoring <p><u>Compliance</u></p> <ul style="list-style-type: none"> • Regulatory Order Implementation - Customer Services <p><u>Operational</u></p> <ul style="list-style-type: none"> • Business Development Contract Approval Process • Customer Services Robotic Program • Universal Marketing Customer Consent <p><u>Information Technology</u></p> <ul style="list-style-type: none"> • Home Energy Resources and Optimization Project <p><u>Environmental Health and Safety</u></p> <ul style="list-style-type: none"> • Cranes and Rigging - Duke Energy Renewables Operations <p><u>Design Effectiveness Review</u></p> <ul style="list-style-type: none"> • Customer Connect Program 	<p><u>Compliance</u></p> <ul style="list-style-type: none"> • Gas Price Indices Reporting <p><u>Operational</u></p> <ul style="list-style-type: none"> • Central Corridor Project Management • Critical Valve Inspection Process • Equipment Calibration Process <p><u>Information Technology/Cyber</u></p> <ul style="list-style-type: none"> • Gas Transaction Information System <p><u>Environmental Health and Safety</u></p> <ul style="list-style-type: none"> • Lockout Tagout

Appendices

Appendix A - Audit hour breakdown by organization

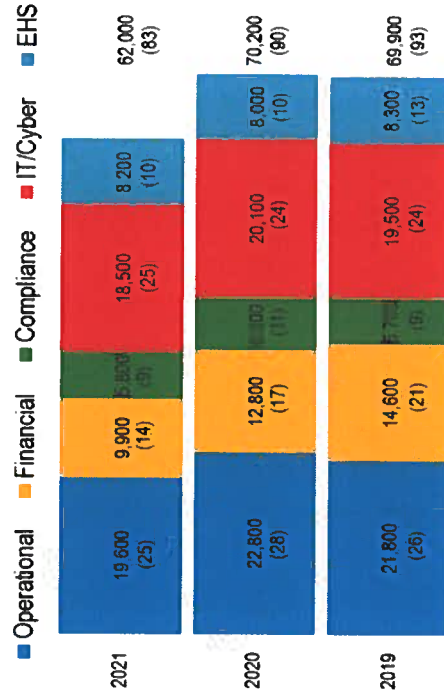


Annual Trends:

- Reflects appropriate breadth of coverage – Overall risk coverage from EHS, IT and cybersecurity audits is relatively consistent with prior year; however, distributed differently contributing to -
 - Increase in Transmission
 - Decrease in Customer Operations and Solutions
- Corporate – Decrease in number of lower risk audits and extension of timeline for certain rotational audits. Higher percentage of audits with realized efficiencies (e.g. continuous audits)

Appendix B - Audit hour coverage trend

The chart below reflects audit plan hours (and numbers) for 2021 compared to the two previous years:



The 2021 audit plan reflects an 8,200 hour or approximately 11% decrease from 2020. This decrease is justified for the following reasons:

- The cancellation of Atlantic Coast Pipeline resulted in a reduction of approximately 1,000 hours. In addition, the integration with Piedmont has reached a level of maturity. These two items contributed to the reduction in operational coverage.
- For the last two years, audit has provided significant audit coverage of the Customer Connect project. In April 2021, the first jurisdiction is scheduled to "Go Live". Overall, 2021 will see a reduction in audit hours by our internal team as well as by Deloitte (total reduction of ~1,500 hours).
- The department has made improvements in the use of data analytics which provide more efficient coverage through targeted sampling and scoping. In addition, improvements have been made to streamline audit documentation, focus risk assessments and drive better project management.
- Extended the timeline of coverage on certain rotational audit work
- Although the total audit plan reflects fewer total hours, there is comparable audit coverage and hours in EHS, IT/Cyber, and certain key operational areas. This focus includes cybersecurity, high risk work activities, maintaining operational excellence and regulatory compliance. This coverage is consistent with our risk assessment.

For the reasons above and based on comparisons with other large utility internal audit groups, these decreases and the resulting level of audit risk coverage for 2021 are reasonable.

DUKE ENERGY CORPORATION
DUKE ENERGY OHIO
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION
RATES & REGULATORY STRATEGY DEPARTMENT
SFR Reference: Chapter II (B)(9)(c) (i, ii, iii, iv, v), Chapter II (B)(9)(i) (iv, vii)

I. Policy and Goal Setting

The Senior Vice President & CEO of Florida and Midwest Regions Pricing & Strategy and the State President of Ohio and Kentucky have the primary responsibility for establishing department goals. Goal achievement is the responsibility of the department's management team, which includes the Senior Vice President, State President, Directors, and Managers. Department goals are developed to support the Midwest and Florida Regions department objectives as they pertain to the company's strategy and objectives that were communicated by the Duke Energy Chairman and Chief Executive Officer.

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

II. Strategic Planning

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

III. Organizational Structure

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

The State President of Ohio and Kentucky reports directly to the Senior Vice President and President of Midwest and Florida Regions. The responsibilities of the Rates and Regulatory Strategy Department are divided into the jurisdictional groups, pricing, and regulatory accounting. The Directors and managers are responsible for the rate activities of the operating companies Duke Energy Ohio, Inc., and Duke Energy Kentucky, Inc. An organization chart depicting the Rates and Regulatory Strategy Department is attached as Exhibit RD-1.

IV. Responsibilities

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

- Developing revenue requirements for regulated operations;
- Developing cost of service requirements and allocating costs equitably among customer classes;
- Developing rates that provide sufficient revenues to recover the full cost of providing gas and electric service; and
- Preparing required rate and accounting applications presented to regulatory commissions.

The Rates and Regulatory Strategy Department provide a variety of services crucial to the overall success of its internal customers within the Company. More specifically, the department has the following responsibilities:

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

V. Practices and Procedures

Principal duties of the Rates and Regulatory Strategy Department are to:

- Remain informed on local and national utility pricing and regulatory issues. Evaluate their effect on the Company's business, and recommend solutions through study and association with other utility personnel, industry groups, and committees;
- Calculate, as required, new or revised rate structures, including rates, service regulations, purchased gas and electric fuel cost recovery mechanisms;
- Analyze results of operations, trends, and deviations as they pertain to or affect rate structures.

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

VI. Decision Making and Control

Daily operational decisions are made in a participative manner by the directors and managers of the affected areas. Decisions affecting corporate profits or establishing policies are reviewed and discussed with the Senior Vice President and President Midwest and Florida Regions.

The Vice President, Rates and Regulatory Strategy, provides weekly reports to the State President of Ohio and Kentucky of current activities. The State President of Ohio and Kentucky participates in staff meetings held by the Senior Vice President and President Midwest and Florida Regions in order to discuss top management's plans and current issues within the Company.

VII. Internal and External Communication

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

The Rates and Regulatory Strategy Department interacts with various customer contact and communications groups throughout Duke Energy to implement and convey changes in gas and electric rates, as well as other rate and regulatory policy matters. Duke Energy News, as part of the Duke Energy Portal, is also a source used to communicate the results of regulatory activities to every Duke Energy employee.

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

Internally, department meetings are convened monthly in order to provide a forum for open communication to all department personnel. Each team meets as needed to evaluate newly assigned projects, to plan and assign work activities, to discuss the

status or results of current projects, to discuss any problems with regard to the team's assigned tasks, and to provide training to the members of the team as needs require.

VIII. Goal Attainment Quantification

Timeliness, communication, and accuracy are important performance standards for the Rates and Regulatory Strategy Department. To best meet these performance standards, the Rates and Regulatory Strategy Department is organized to support the utility operating companies Duke Energy Ohio, Inc., and Duke Energy Kentucky, Inc., Rates and Regulated Strategy. A flexible work force enables the department management team to realign job responsibilities to meet the stated goals and objectives for each operating company. Personal computers have become an indispensable tool. The streamlining of the data collection and analysis processes has enabled the department to produce highly accurate and timely reports. As an example, the revenue requirements and cost of service studies models for the respective operating companies have been streamlined and modified for uniformity.

The standards of performance utilized to meet stated goals and objectives are established by the specific requirements of job duties and projects. Rate case preparation is driven by the time frame constraints established by the regulatory agencies.

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

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



47416 FL&MW, Pricing&Strat Solutions

(1)

Exhibit RD-1

47416 FL&MW, Pricing... SVP and CEO, Duke...

41051 Ohio/Kentucky... State President-OH/KY	4 •• See Page 2
41054 Indiana State President-IN	7 •• See Page 3
43373 Florida State President-FL	5 •• See Page 4
43545 Pricing & Strat... VP Rate Design & Str...	5 •• See Page 5
46893 Strategic Reg I... SVP Strategic Regula...	1 •• See Page 6
47417 FL & MW Integr... VP, Integrated Plannin...	3 •• See Page 7
Sr Exec Asst	



41051 Ohio/Kentucky

(1)

41051 Ohio/Kentucky...
State President-OH/KY

See Page 1

41110 Government Aff...
VP Government Affairs

5

43531 Community Rel...
VP Community Relations

4

43547 Rates & Reg St...
VP Rates & Reg State...

4

Executive Assistant II

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/1/2021 2:25:11 PM

in

Case No(s). 21-0887-EL-AIR, 21-0888-EL-ATA, 21-0889-EL-AAM

Summary: Application Volume 2 of 11
Schedule 4.2 Part 1 of 2

electronically filed by Mrs. Debbie L. Gates on behalf of Duke Energy Ohio Inc. and Kingery,
Jeanne W and D'Ascenzo, Rocco O. Mr. and Brama, Elizabeth M. Ms.