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April 2, 2024

VIA ELECTRONIC FILING

Mr. Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20240025-EI, Petition for Rate Increase by Duke Energy Florida, LLC

Dear Mr. Teitzman,

Attached for filing on behalf of Duke Energy Florida, LLC's ("DEF") in the above-referenced docket is the Direct Testimony of Rebekah Buck and Exhibit Nos. REB-1 through REB-5.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

(Document 8 of 40)

Respectfully,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mw

Attachments

CERTIFICATE OF SERVICE

Docket No. 20240025-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 2nd day of April, 2024, to the following:

/s/ Dianne M. Triplett
Dianne M. Triplett

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Petition for Rate Increase by Duke
Energy Florida, LLC**

**Docket No. 20240025-EI
Submitted for filing: April 2, 2024**

DIRECT TESTIMONY

OF

REBEKAH E. BUCK

On Behalf of Duke Energy Florida, LLC

1 **I. INTRODUCTION AND PURPOSE**

2 **Q. Please state your name and business address.**

3 A. My name is Rebekah E. Buck, and my business address is 525 South Tryon Street,
4 Charlotte, North Carolina 28202.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Business Services, LLC (“DEBS”) as Director of
8 Allocations and Reporting. DEBS provides various administrative and other services to
9 Duke Energy Florida, LLC (“DEF” or “Company”) and other affiliated companies of Duke
10 Energy Corporation (“Duke Energy”).

11
12 **Q. Please briefly describe your education and professional experience.**

13 A I graduated with a Bachelor of Arts Degree in Communication Studies from the University
14 of North Carolina at Chapel Hill and have a Master’s Degree in Accounting from the
15 University of North Carolina at Charlotte. I am a Certified Public Accountant in North
16 Carolina. I joined Duke Energy in 2010 in the Corporate Controller’s Department as a
17 Finance Associate, supporting the Commercial Power business. In 2012, I supported the
18 Duke Energy Generation Services, progressing from an Accounting Analyst to a Lead
19 Accounting Analyst. In 2018, I moved to a Lead Wholesale Renewables Analyst position
20 on the Distributed Energy Technology team where I provided financial modeling support
21 for various regulated renewables projects across the Duke Energy utilities. In 2019, I
22 returned to the Corporate Controller’s Department and Commercial Renewables
23 Accounting team as an Accounting Manager. In 2021, I was promoted to Manager

1 Accounting II and offered the opportunity to head up the Account Reconciliation Center
2 of Excellence (“ARCOE”) for Duke Energy. The ARCOE was created to implement
3 standardization and efficiencies across the mass inventory of account reconciliations
4 performed at the Company. In July of 2023 I was promoted to my current role, Director of
5 Allocations and Reporting.

6
7 **Q. Please briefly describe your duties as Director of Allocations and Reporting.**

8 A. I am responsible for various accounting activities, including the cost allocation processes
9 for service company costs utilized for Duke Energy and its affiliates, including allocations
10 to DEF.

11
12 **Q. What is the purpose of your testimony in this proceeding?**

13 A. My testimony in this proceeding addresses the various cost assignment processes utilized
14 by DEF and its affiliates, including its service company, DEBS, which in the ordinary
15 course of business provide services to each other. I will also provide an overview of the
16 other cost allocation methodologies utilized by DEF including cost pools, loading rates,
17 and indirect overhead allocations. I discuss the primary service agreements used by DEF
18 to enable the sharing of expertise and personnel between and among the Duke Energy
19 family of companies and to assign costs for such services that result in economies of scale
20 and services that benefit DEF customers. These service agreements include the following:
21 (1) the Service Company Utility Service Agreement (also referred to herein, as the “DEBS
22 Service Agreement”); (2) the Operating Companies Service Agreement; (3) Operating
23 Company/Nonutility Companies Service Agreement; and (4) the Intercompany Asset

1 Transfer Agreement. In my testimony, I briefly describe the history of these agreements. I
2 also describe the processes used to assign costs to the various parties under those
3 agreements as well as the nature and types of cost assignment that DEF experiences as an
4 electric utility and wholly-owned subsidiary of Duke Energy. These processes ensure that
5 affiliate originating costs are appropriately included on DEF's books and records, and the
6 forecasts of these costs are consistent with appropriate allocations of cost responsibility
7 and avoid cross-subsidization. I sponsor certain information that I supplied to DEF witness
8 Michael O'Hara for his use in developing the forecasted financial data, which includes any
9 cost reductions in overhead costs and assumptions on process improvements reflected in
10 the Administrative & General costs.

11
12 **Q. Do you sponsor any exhibits or minimum filing requirements?**

13 A. Yes. I sponsor and have included the following exhibits:

14 Exhibit REB-1- Service Company Utility Company Service Agreement;

15 Exhibit REB-2 - Operating Companies Service Agreement;

16 Exhibit REB-3 - Operating Company/Nonutility Companies Service Agreement;

17 Exhibit REB-4 - Intercompany Asset Transfer Agreement; and

18 Exhibit REB-5 - 2023 Service Company Cost Allocation Rate Schedule.

19 I sponsor or co-sponsor the following minimum filing requirements (MFRs):

C-6	Budgeted Versus Actual Operating Income And Expenses
C-8	Detail Of Changes In Expenses
C-9	Five Year Analysis - Change In Cost
C-12	Administrative Expenses

C-13	Miscellaneous General Expenses
C-14	Advertising Expenses
C-15	Industry Association Dues
C-16	Outside Professional Services
C-30	Transactions With Affiliated Companies
C-31	Affiliated Company Relationships
C-32	Non-Utility Operations Utilizing Utility Assets
C-33	Performance Indices
C-35	Payroll & Fringe Benefit Increases Compared To CPI
C-36	Non-Fuel Operation And Maintenance Expense Compared To CPI
C-37	O&M Benchmark Comparison By Function
C-41	O&M Benchmark Comparison By Function
F-3	Business Contracts With Officers Or Directors

1 These exhibits are true and accurate.

2

3 **II. THE SERVICE AGREEMENTS**

4 **Q. Do all charges for DEF originate on DEF's books?**

5 A. No. Charges can originate either on DEF's books for its own operations or can originate

6 from its parent company and/or other affiliated companies pursuant to several affiliate

7 service agreements. These services enable DEF to provide safe and reliable utility service

8 to its Florida customers at a reasonable price.

9

10 **Q. What is meant by the term "cost assignment"?**

1 A. “Cost assignment” refers to the process of assigning the costs incurred in providing a
2 product or service to the company or companies receiving such product or service. In
3 DEF’s case, cost assignment entails ensuring that DEF bears the costs incurred on DEF’s
4 behalf by affiliate companies, such as DEBS, and ensuring that costs incurred by DEF on
5 behalf of affiliate companies are borne by the affiliate companies.

6
7 **Q. Please describe DEBS.**

8 A. DEBS is a Federal Energy Regulatory Commission (“FERC”) authorized service company
9 that provides various administrative and other services to DEF and other affiliated
10 companies of Duke Energy. DEBS provides a variety of administrative, management, and
11 support services (sometimes referred to as “functions”), such as accounting and human
12 resources, to the Duke Energy family of companies pursuant to the agreements discussed
13 below.

14
15 **Q. Please briefly describe the various service agreements that enable DEF to provide
16 safe, reliable, and reasonable service to its Florida customers.**

17 A. DEF has several service agreements in place that allow the Company to provide services
18 to, or receive services from, the Duke Energy family of companies that are incidental or
19 necessary to the provision of utility service. These agreements provide for the standard
20 procedures and defined accounting processes for cost assignment that allow these services
21 to occur on an equitably priced basis among all parties.

22 I have attached the four major service agreements to my testimony, all of which were
23 effective when the Company commenced these proceedings.

1 Exhibit REB-1 is the Service Company Utility Service Agreement that governs the
2 provision of various services and the associated cost allocations to DEF for the services
3 DEBS provides.

4 Exhibit REB-2 is the Operating Companies Service Agreement that governs services
5 performed between or among Duke Energy's regulated utility operating companies and the
6 cost allocations or assignments for providing and receiving those services.

7 Exhibit REB-3 is the Operating Company/Nonutility Companies Service Agreement,
8 which governs the services performed and cost allocations between DEF and its non-utility
9 affiliates.

10 Exhibit REB-4 is the Intercompany Asset Transfer Agreement that allows for the transfer
11 of assets by and between DEF and its regulated utility affiliates.

12 Finally, Exhibit REB-5 is the Service Company Cost Allocation Rate Schedule that
13 outlines the allocation percentages, which reflect the current underlying foundation of the
14 ratios used to allocate costs for the services DEBS provides.

15
16 **Q. Has DEF historically relied upon service agreements to serve its Florida customers?**

17 A. Yes. These service agreements allow DEF, and in turn, its customers, to have access to
18 equipment and personnel that are common to utility operations and share in those costs
19 between multiple businesses as opposed to maintaining separate pools of personnel. The
20 use of service agreements has helped DEF, and its regulated utility affiliates, manage
21 staffing levels and costs through the sharing of common business functions and have ready
22 access to experienced and expertly trained personnel to manage its business and various
23 utility functions. Absent the ability to share these resources, DEF would have to maintain

1 its own independent organizations and systems, as well as cost responsibility, for various
2 operations including, but not limited to, engineering, construction, operations and
3 maintenance, installation services, equipment testing, generation technical support,
4 environmental health and safety, procurement services, accounting, human resources,
5 legal, and other necessary business functions.

6
7 **Q. How has DEF benefited from this arrangement?**

8 A. The Company has benefited from the economies of scale that occur from being part of a
9 larger corporate family that are not present as a standalone entity. By sharing resources and
10 personnel, DEF is able to provide service to its customers without having to invest in its
11 own full-time corporate personnel and resources that are otherwise able to be shared among
12 a family of companies.

13 In other words, DEF has been able to share in common business functions rather than
14 maintain its own dedicated and thus duplicative functions. Through the service agreements,
15 DEF has also taken advantage of the expertise, resources, and key personnel employed by
16 its sister utilities, allowing the Company to utilize the economies of scale and best practices
17 that exist with an organization the size of Duke Energy.

18
19 **Q. Have there been any changes to these agreements since the time of the Company's**
20 **last base rate case in 2021?**

21 A. No, there have not been any significant changes since the 2021 Settlement Agreement.
22

1 **A. Service Company Utility Service Agreement**

2 **Q. Please briefly describe the Service Company Utility Service Agreement.**

3 A. This agreement permits DEBS to provide services that are corporate or general utility in
4 nature and are used by various business units, including DEF. A copy of this agreement is
5 included as Exhibit REB-1. In general, the services provided by DEBs include, but are not
6 limited to:

- 7 • Information Systems, Meters, and Transportation;
- 8 • Power Planning and System Maintenance;
- 9 • Marketing and Customer Relations;
- 10 • Transmission and Distribution Engineering and Construction;
- 11 • Power Engineering and Construction;
- 12 • Human Resources;
- 13 • Supply Chain;
- 14 • Facilities;
- 15 • Accounting;
- 16 • Operations;
- 17 • Public Affairs;
- 18 • Legal;
- 19 • Rates;
- 20 • Finance;
- 21 • Rights of Way;
- 22 • Internal Auditing;
- 23 • Environmental, Health, and Safety;
- 24 • Fuels;
- 25 • Investor Relations;
- 26 • Planning; and
- 27 • Executive.

28 By the terms of the Service Company Utility Service Agreement, compensation for any
29 service rendered by DEBS to its utility affiliates is the fully embedded cost thereof (*i.e.*,
30 the sum of: (i) direct costs; (ii) indirect costs; and (iii) cost of capital), except to the extent
31 otherwise required by Section 482 of the Internal Revenue Code. The affiliate companies
32 receiving services from DEBS are referred to as “client companies.” Each client company

1 is required to reasonably cooperate with each respective service provider to record billings
2 and payments in their common accounting systems.

3
4 **B. Operating Companies Service Agreement**

5 **Q. Please briefly describe the Operating Companies Service Agreement and its history.**

6 A. Like the Service Company Utility Service Agreement, the Operating Companies Service
7 Agreement has been in place in some form for decades. Under this agreement, DEF and its
8 utility affiliates, Duke Energy Carolinas, LLC; Duke Energy Progress, LLC; Duke Energy
9 Indiana, Inc.; Duke Energy Ohio, Inc.; Duke Energy Kentucky, Inc.; and Piedmont Natural
10 Gas Company, Inc., are permitted to provide and receive services to and from each other
11 in the normal course of conducting business at the providing company's fully embedded
12 cost. A copy of this agreement is included as Exhibit REB-2.

13 The services that may be provided between affiliate operating companies may include, but
14 are not limited to the following:

- 15 • Engineering and Construction;
- 16 • Generation Technical Support;
- 17 • Operations and Maintenance;
- 18 • Environmental, Health, and Safety;
- 19 • Installation Services;
- 20 • Customer Operations;
- 21 • Equipment Testing; and
- 22 • Procurement Services.

23 By the terms of the Operating Companies Service Agreement, compensation for any
24 service rendered between utility affiliates is the fully embedded cost thereof (*i.e.*, the sum
25 of: (i) direct costs; (ii) indirect costs; and (iii) cost of capital), except to the extent otherwise
26 required by Section 482 of the Internal Revenue Code. Each client company is required to
27 reasonably cooperate with each respective service provider to record billings and payments
28 in their common accounting systems.

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C. Operating Company/Nonutility Service Agreement

Q. Please describe the Operating Company/Nonutility Service Agreement.

A. DEF is a party to the Operating Company/Nonutility Service Agreement, pursuant to which DEF and certain of its non-utility affiliates are authorized to provide certain services to one another. These services are priced using asymmetric pricing, at an amount consistent with the following requirements:

- (a) In circumstances where DEF is the provider, non-utility affiliates shall pay the higher of the fully embedded cost thereof and the comparable market price (if any); and
- (b) In circumstances where a non-utility affiliate is the provider, DEF shall pay the lower of the fully embedded cost and the comparable market price (if any).

A copy of this agreement is included in Exhibit REB-3. The permitted services provided by DEF to certain of its non-utility affiliates may include, but are not limited to the following:

- Engineering and Construction;
- Operations and Maintenance;
- Installation Services;
- Equipment Testing;
- Generation Technical Support;
- Environmental, Health, and Safety; and
- Procurement Services.

The types of services that may be provided by certain non-utility affiliates to DEF, include, but are not limited to, the following:

- Information Technology Services;
- Monitoring;
- Surveying;

- Inspecting;
- Constructing;
- Locating and Marking of Overhead and Underground Utility Facilities;
- Meter Reading;
- Materials Management;
- Vegetation Management; and
- Marketing and Customer Relations.

By the terms of the Operating Company/Nonutility Agreement, requests for services are to be made in writing, in substantially the same form as set forth in “Exhibit A” of the Agreement. Compensation for any service rendered between DEF and its non-utility affiliates must follow the asymmetric pricing requirements listed above for all transactions between utilities and their non-utility affiliates. This asymmetric pricing requirement excludes services provided by service companies or services between and among regulated utility affiliates.

DEF provides non-tariffed goods or services to a party to this agreement at the greater of cost or market price but pays the lesser of cost or market price for any goods or services received under this agreement.

Q. Please explain how services between DEF and its affiliates that are not covered by the aforementioned service agreements are priced.

A. Non-covered services, as well as non-utility affiliates that are not a party to the cost-based Nonutility Service Agreement, must follow asymmetric pricing requirements for any transaction with DEF.

D. The Intercompany Asset Transfer Agreement

Q. Please explain and describe the Intercompany Asset Transfer Agreement.

1 A. DEF is a party to the Intercompany Asset Transfer Agreement. This agreement permits the
2 transfer of assets, excluding commodities, between and among DEF and its regulated utility
3 affiliates at the transferring company’s fully allocated cost, subject to certain limitations.
4 A copy of this agreement is included as Exhibit REB-4.

5
6 **E. Conclusion**

7 **Q. In your opinion, do the various service agreements fairly and accurately allocate costs
8 and revenues to DEF?**

9 A. Yes, these agreements are designed to fairly allocate costs and revenues among the
10 participants and in my opinion, they have done so.

11
12 **III. COST ALLOCATIONS**

13 **A. Overview of Cost Allocations**

14 **Q. Please describe what is meant by the term “cost.”**

15 A. “Cost,” as used in the Service Company Utility Service Agreement and Non-Utility Service
16 Agreement, means fully embedded cost, which is the sum of: (1) direct costs; (2) indirect
17 costs; and (3) cost of capital. Direct costs include labor, materials, and the expenses
18 incurred specifically for a particular service and any associated loadings. Indirect costs
19 include labor, materials, and other expenses, as well as any associated loadings, that cannot
20 be directly identified with any particular service. Indirect costs include, but are not limited
21 to, overhead costs, administrative support costs, and taxes. Cost of capital represents
22 financing costs, including, but not limited to, interest on debt and a fair return on equity to
23 shareholders based on the Florida Public Service Commission-approved cost of equity.

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Q. Please describe the cost allocations that affect DEF and its affiliates.

A. In general, there are three primary categories of cost allocations that affect DEF and its affiliates: (1) cost allocations from DEBS; (2) cost allocations for goods and services provided between and among DEF and its sister regulated utilities; and (3) loadings for various costs pools that are applied to labor, materials, contracts, and vehicles depending on the type of cost.

DEF also provides various services and goods to and receives various services and goods from its regulated and nonregulated affiliates as set forth in the various service agreements I previously described. These goods and services are also described in my Exhibit REB-5, which is the Service Company Cost Allocation Rate Schedule.

Q. What are “loadings”?

A. “Loadings” represent costs that are incurred and aggregated in “cost pools,” which are then subsequently “loaded” out (*i.e.*, allocated) to specific entities and projects by attaching an additional charge (“loading rate”) to the associated direct cost. Duke Energy’s loadings include fringe benefits (*e.g.*, medical, dental, pension, post-retirement); unproductive time (*e.g.*, vacation, holiday, sick time) for actuals only; stores, freight, and handling (*e.g.*, material management labor, freight); transportation (*e.g.*, vehicle leases, fuel, oil), and payroll taxes (*e.g.*, Federal Insurance Contributions Act (“FICA”) taxes, and state and federal unemployment taxes). Loading rates are determined through annual studies of both actual and budgeted information and are calculated by dividing the anticipated component costs by anticipated labor cost, material issues, or vehicle utilization, as applicable.

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Q. Are there other significant types of loadings that need to be addressed?

A. Yes. There is a DEBS Service Company Overhead Loader that is applied to all DEBS labor. There is a Utility-to-Utility Affiliate Loader, which is applied when employees of one utility charge to another utility or charge time to a non-regulated account. There are also functional indirect overheads, which spread common costs within a function (e.g. Distribution, Fossil) of DEF across a common allocator, typically department labor.

Q. What is the purpose of the DEBS Service Company Overhead Loader?

A. As part of a fully distributed cost, an overhead component is charged to affiliates as a percentage of DEBS labor costs, whether direct charged, distributed, or allocated. This overhead represents the cost of shared services provided by shared services employees. The rate is based on historical enterprise and governance costs in the following functions: Information Systems, Facilities, Transportation, Human Resources, Supply Chain, Accounting, Public Affairs, Legal, Finance, Internal Auditing, Environmental, Health and Safety, Investor Relations, Planning, and Executive. The purpose of this loader is to better align the cost of shared services provided by shared services employees, following their actual labor charged. The offset for the Overhead Loader in effect reduces the dollars being allocated through the normal service company allocations process. The Overhead Loader is calculated and updated annually as part of the budget.

Q. What is the purpose of the Utility-to-Utility Affiliate Loader?

1 A. The purpose of this loader is to assign fully burdened costs to utility labor. Charges are
2 generated when a utility employee charges labor to a business unit outside their
3 jurisdiction. For example, when a DEF employee charges outside of the DEF utility, not
4 only is the labor and associated benefit load costs moved off of DEF's books, but a portion
5 of costs for administrative and governance costs, training, facilities, and supervisory costs
6 that are charged by or allocated to DEF are also removed from DEF's regulated books. The
7 Utility-to-Utility loader is calculated annually and utilized for actuals during the calendar
8 year.

9
10 **Q. Please describe the functional indirect overheads process.**

11 A. Overhead costs are accumulated for a function (*e.g.*, production, transmission, distribution)
12 in a functional departmental pool. These costs could include dollars allocated or direct
13 charged from DEBS as well as departmental management costs. These costs are then
14 typically cleared as an overhead load on department labor following the same account
15 charged by employees of the department. To the extent a department employee is working
16 on a capital project, a portion of these costs are then capitalized.

17
18 **B. Cost Allocations Under the Service Agreements**

19 **Q. Please describe how costs incurred by DEBS are accounted for under the service
20 agreements.**

21 A. DEBS maintains an accounting system in which all its costs are accumulated. These costs
22 are charged to the appropriate client companies monthly, using one of the three approved
23 methods of assignment.

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Q. What are the approved methods of assignment?

A. The approved methods of assignment are: (1) directly assignable; (2) distributable; and (3) allocable.

Q. Please describe each method of assignment.

A. The directly assignable basis of cost assignment is utilized to directly charge costs for services specifically performed for a single client company. Costs are direct charged to the extent possible. The distributable cost assignment method is used to assign costs for services rendered specifically for two or more client companies. The distributable cost assignment method simply means that the cost is either directly charged or allocated to two or more, but not all, of the client companies. For example, costs incurred on behalf of DEF and Duke Energy Progress would be directly charged or allocated, as appropriate, and distributed across the two applicable entities in which these costs related. The allocable method of assignment is used to allocate costs for services of a general nature, which are applicable to all client companies or to a class or classes of client companies. The objectives of the cost distribution process are to:

- Meet regulatory requirements.
- Ensure that each affiliate shares in and is appropriately charged for the relevant shared services costs.
- Assist affiliates in understanding the cost drivers and basis for allocation of shared services costs that affect their operating results.
- Provide an accounting model whereby affiliates can see how much is allocated to them for each shared service.

Q. What types of expenditures are directly assigned from DEBS to DEF?

1 A. DEBS employees who work on a project specifically for DEF charge their labor and
2 expenses directly to DEF. For example, the legal services function will charge DEF directly
3 for work performed specifically for DEF. This is determined by the number of hours spent
4 on jurisdictional activities.

5
6 **Q. Please explain the allocable charges from DEBS to DEF.**

7 A. Allocable charges to DEF are for a portion of expenditures originating on DEBS' books
8 that are applicable to DEF and one or more other client companies, but which are not
9 directly assignable to DEF. These charges are allocated to DEF based on allocation ratios
10 set forth in Appendix A of the DEBS Service Agreement. For example, costs related to
11 Investor Relations activities are applicable to all Duke Energy affiliates but cannot be
12 directly charged to any one affiliate. Those costs are allocated to all affiliates using the
13 allocation factor described for the Investor Relations Function in Appendix A of the DEBS
14 Service Agreement.

15
16 **Q. What are the allocation methods specified in Appendix A of the DEBS Service
17 Agreement?**

18 A. Twenty allocation ratios are specified in the Utility Service Agreement. These ratios are
19 the:

- 20 (1) Sales Ratio;
- 21 (2) Electric Peak Load Ratio;
- 22 (3) Number of Customers Ratio;
- 23 (4) Number of Employees Ratio;
- 24 (5) Construction-Expenditures Ratio;

- 1 (6) Miles of Electric Distribution Lines Ratio;
- 2 (7) Circuit Miles of Electric Transmission Lines Ratio;
- 3 (8) Number of Central Processing Unit Seconds Ratio/Millions of Instructions
- 4 Per Second Ratio (Mainframe Services);
- 5 (9) Revenues Ratio;
- 6 (10) Inventory Ratio;
- 7 (11) Procurement Spending Ratio;
- 8 (12) Square Footage Ratio;
- 9 (13) Gross Margin Ratio;
- 10 (14) Labor Dollars Ratio;
- 11 (15) Number of Personal Computer Work Stations Ratio;
- 12 (16) Number of Information Systems Servers Ratio;
- 13 (17) Total Property, Plant and Equipment Ratio;
- 14 (18) Generating Unit MW Capability Ratio;
- 15 (19) Number of Meters Ratio; and
- 16 (20) O&M Expenditures Ratio.

17 In addition to the individual methods listed above, combinations of the above methods are
18 also used. The most widely used combinations are a weighted average of the Number of
19 Customers Ratio and the Number of Employees Ratio and a weighted average of the Gross
20 Margin Ratio, Labor Dollars Ratio, and Total Property, Plant and Equipment Ratio (Three
21 Factor Formula). Other combined methods include, but are not limited to, a weighted
22 average of the Circuit Miles of Electric Transmission Lines Ratio and Electric Peak Load
23 Ratio as well as a weighted average of the Circuit Miles of Electric Distribution Lines Ratio
24 and the Electric Peak Load Ratio.

1 **Q. What is the rationale behind the selection of these ratios?**

2 A. Consistent with traditional cost causation principles, the ratios represent “cost drivers” for
3 a particular function (*i.e.*, those factors which are the greatest contributors to costs). For
4 example, costs related to support of personal computers are allocated based on the Number
5 of Personal Computer Workstations Ratio. Costs related to meter reading and to customer
6 billing and payment processing in the Marketing and Customer Relations Function are
7 allocated based on the Number of Customers Ratio. For some functions, costs of a general
8 nature are allocated based on a weighted average of more than one ratio, as discussed
9 above. The DEBS Service Agreement describes how the weighted-average ratios are
10 calculated.

11
12 **Q. Under what circumstances are the allocation ratios set forth in Appendix A of the
13 DEBS Service Agreement used to determine charges to DEF?**

14 A. The allocation ratios provided in Appendix A of the DEBS Service Agreement are used to
15 assign charges to client companies, including DEF, for activities that cannot be charged
16 directly. For example, costs associated with the human resources function are allocated to
17 the client companies, including DEF, using the Number of Employees Ratio as provided
18 in the DEBS Service Agreement.

19
20 **Q. What processes do DEBS employees follow in allocating their time and expenses?**

21 A. All source documents (*e.g.*, time records, expense accounts, and journal entries) applicable
22 to DEBS require a special input code based on the applicable operating unit (“OU”). The
23 initiating department determines the appropriate OU for each transaction. The specific OU

1 indicates whether the cost should be directly assigned, distributed, or allocated, and it also
2 determines the appropriate percentage allocation to be used for those costs that are
3 allocated. Using the OU, the accounting system will process each transaction and assign
4 the appropriate costs to each respective client company. For the allocable OUs, the
5 percentage allocated to each client company is determined periodically, at a minimum on
6 an annual basis, by way of a cost study.

7
8 **Q. Do the utility-to-utility allocations work the same way?**

9 A. Yes, the utility-to-utility allocations work the same way and use some of the same
10 allocation factors as the service company allocations. A large portion of the employees are
11 Carolinas' utility employees (*i.e.*, Duke Energy Carolinas and Duke Energy Progress), but
12 they support the entire enterprise from a functional standpoint. Common costs for these
13 functions are allocated by a utility-to-utility allocation. It should be noted that employees
14 are instructed to direct charge whenever possible, and to not default to the allocation pool,
15 which would result in inappropriate costs being allocated to DEF. Duke Energy conducts
16 an internal audit of utility-to-utility allocations twice a year to determine compliance with
17 applicable service requests.

18
19 **Q. Please describe further the cost study used to determine the allocation percentages.**

20 A. Annually during the budget cycle, DEBS conducts a cost study, applying the applicable
21 data to the allocation ratios described in Appendix A to the DEBS Service Agreement.
22 From these cost studies, DEBS updates the allocation percentages of each allocable OU to
23 reflect the current underlying foundation of the allocation ratios. For example, the OU

1 based on the number of employees, which is primarily utilized by the human resources
2 function within DEBS, is updated annually to reflect the number of employees of each of
3 DEBS' affiliate companies. These same calculations are then used during the actuals period
4 for which the budget was prepared. For the test periods at issue in this proceeding, the
5 Company used the cost study developed for 2023.
6

7 **IV. CONCLUSION**

8 **Q. Did you provide any information to other witnesses for their use in this proceeding?**

9 A. Yes, I supplied Company witness Michael O'Hara with the DEBS and Utility allocation
10 factors and loading rates as well as the A&G O&M in effect for his use in developing the
11 forecasted financial data. Through the budgeting process, I received information from
12 Company witness Shannon Caldwell regarding budgeted benefits and incentives. Benefits,
13 incentives, and other labor loadings were calculated based on this information. My team
14 also prepared the data used for allocations of the service company allocations and utility-
15 to-utility allocations where applicable. Under the DEBS Service Agreement and Utility
16 Service Agreement discussed above, allocations were then calculated based on this
17 information. This information was then provided and used for the Forecasted Test Years.
18

19 **Q. Does this conclude your pre-filed direct testimony?**

20 A. Yes.

**SERVICE COMPANY
UTILITY SERVICE AGREEMENT**

This Service Company Utility Service Agreement (this “Agreement”) is by and among Duke Energy Carolinas, LLC (“DEC”), a North Carolina limited liability company, Duke Energy Ohio, Inc., an Ohio corporation (“DEO”), Duke Energy Indiana, LLC an Indiana limited liability company (“DEI”), Duke Energy Kentucky, Inc., a Kentucky corporation (“DEK”), Duke Energy Progress, LLC, a North Carolina limited liability company (“DEP”), Piedmont Natural Gas Company, Inc., a North Carolina corporation (“Piedmont”), Duke Energy Florida, LLC (“DEF”), a Florida limited liability company, and Duke Energy Business Services LLC (“DEBS”), a Delaware limited liability company. DEBS is sometimes hereinafter referred to as a “Service Company.” DEC, DEO, DEI, DEK, DEP, DEF, and Piedmont are sometimes hereinafter referred to individually as a “Client Company” and collectively as the “Client Companies”. The Effective Date as stated herein is the date on which this Agreement is executed or, as may be required, submitted to the appropriate regulatory body for approval, whichever occurs last. This Agreement supersedes and replaces in its entirety all previous Service Company Utility Service Agreements dated before the Effective Date of this Agreement.

WITNESSETH

WHEREAS, each of the Client Companies and the Service Company are direct or indirect subsidiaries of Duke Energy Corporation;

WHEREAS, the Service Company and the Client Companies have entered into this Agreement whereby the Service Company agrees to provide and the Client Companies agree to accept and pay for various services as provided herein at cost, except to the extent otherwise required by Section 482 of the Internal Revenue Code; and

WHEREAS, economies and efficiencies benefiting the Client Companies will result from the performance by the Service Company of services as herein provided;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Agreement covenant and agree as follows:

ARTICLE I – SERVICES

Section 1.1 The Service Company shall furnish to the Client Companies, upon the terms and conditions hereinafter set forth, such of the services described in Appendix A hereto, at such times, for such periods and in such manner as the Client Companies may from time to time request and which the Service Company concludes it is equipped to perform. The Service Company shall also provide Client Companies with such special services, including without limitation cost management services, in addition to those services described in Appendix A hereto, as may be requested by a Client Company and which the Service Company concludes it is equipped to perform. In supplying such services, the Service Company may (i) arrange, where it deems appropriate, for the services of such experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the rendition of such services, and (ii) tender payments to third parties as agent for and on behalf of Client Companies, with such charges being passed through to the appropriate Client Companies.

Section 1.2 Each of the Client Companies shall take from the Service Company such of the services described in Section 1.1 and such additional general or special services, whether or not now contemplated, as are requested from time to time by the Client Companies and which the Service Company concludes it is equipped to perform.

Section 1.3 The services described herein shall be directly assigned, distributed or allocated by activity, process, project, responsibility center, work order or other appropriate basis. A Client Company shall have the right from time to time to amend, alter or rescind any activity, process, project, responsibility center or work order, provided that (i) any such amendment or alteration which results in a material change in the scope of the services to be performed or equipment to be provided is agreed to by the Service Company, (ii) the cost for the services covered by the activity, process, project, responsibility center or work order shall include any expense incurred by the Service Company as a direct result of such amendment, alteration or rescission of the activity, process, project, responsibility center or work order, and (iii) no amendment, alteration or rescission of an activity, process, project, responsibility center or work order shall release a Client Company from liability for all costs already incurred by or contracted for by the Service Company pursuant to the activity, process, project, responsibility center or work order, regardless of whether the services associated with such costs have been completed.

Section 1.4 The Service Company shall maintain a staff trained and experienced in the design, construction, operation, maintenance and management of public utility properties.

ARTICLE II - COMPENSATION

Section 2.1 Except to the extent otherwise required by Section 482 of the Internal Revenue Code, as compensation for the services to be rendered hereunder, each of the Client Companies shall pay to the Service Company all costs which reasonably can be identified and related to particular services performed by the Service Company for or on its behalf. Where more than one Client Company is involved in or has received benefits from a service performed, costs will be directly assigned, distributed or allocated, as set forth in Appendix A hereto, between or among such companies on a basis reasonably related to the service performed to the extent reasonably practicable.

Section 2.2 The method of assignment, distribution or allocation of costs described in Appendix A shall be subject to review annually, or more frequently if appropriate. Such method of assignment, distribution or allocation of costs may be modified or changed by the Service Company without the necessity of an amendment to this Agreement, provided that in each instance, all services rendered hereunder shall be at actual cost thereof, fairly and equitably assigned, distributed or allocated, except to the extent otherwise required by Section 482 of the Internal Revenue Code. The Service Company shall promptly advise the Client Companies of any material changes in such method of assignment, distribution or allocation. As appropriate, the Client Companies shall advise the North Carolina Utilities Commission (“NCUC”), the Public Service Commission of South Carolina, the Florida Public Service Commission; the Indiana Utility Regulatory Commission, the Public Utilities Commission of Ohio, the Kentucky Public Service Commission, and the Tennessee Regulatory Authority (“the “Affected State Commissions”) of any such changes. Such notice shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

Section 2.3 The Service Company shall render a monthly statement to each Client Company which shall reflect the billing information necessary to identify the costs charged for that month. By the last day of each month, each Client Company shall remit to the Service Company all charges billed to it. For avoidance of doubt, the Service Company and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 2.4 Subject to Section 482 of the Internal Revenue Code, it is the intent of this Agreement that the payment for services rendered by the Service Company to the Client Companies shall cover all the costs of its doing business (less the cost of services provided to affiliated companies not a party to

this Agreement and to other non-affiliated companies, and credits for any miscellaneous income items), including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, property insurance, injuries and damages, employee pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization and compensation for use of capital. Without limitation of the foregoing, "cost," as used in this Agreement, means fully embedded cost, namely, the sum of (1) direct costs, (2) indirect costs and (3) costs of capital.

ARTICLE III - TERM

Section 3.1 This Agreement is entered into as of the Effective Date and shall continue in force with respect to a Client Company until terminated by the Service Company and Client Company with respect to such Client Company (provided that no such termination with respect to less than all of the Client Companies shall thereby affect the term of this Agreement or any of the provisions hereof) or until terminated by unanimous agreement of all the parties then signatory to this Agreement.

ARTICLE IV – ACCOUNTS AND RECORDS

Section 4.1 The Service Company shall utilize the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Section 4.2 The Service Company shall permit each Affected State Commission and applicable statutory utility consumer representative(s), together with other interested parties as required under applicable law, access to its accounts and records, including the basis and computation of allocations, necessary for each Affected State Commission to review a Client Company's operating results.

ARTICLE V – MISCELLANEOUS

Section 5.1 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other parties.

Section 5.2 Entire Agreement; No Third Party Beneficiaries. This Agreement (including Appendix A and any other appendices or other exhibits or schedules hereto) (i) constitutes the entire agreement, and supersedes any prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement; and (ii) is not intended to confer upon any person other than the parties hereto any rights or remedies.

Section 5.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict of laws.

Section 5.4 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.5 Amendments. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties. To the extent that applicable state law or regulation or other binding obligation requires that

any such amendment be filed with any Affected State Commission for its review or otherwise, each Client Company shall comply in all respects with any such requirements.

Section 5.6 Interpretation. When a reference is made in this Agreement to an Article, Section or Appendix or other Exhibit, such reference shall be to an Article or Section of, or an Appendix or other Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. References to a person are also to its permitted successors and assigns.

Section 5.7 DEC, DEP, and Piedmont Conditions. In addition to the terms and conditions set forth herein, with respect to DEC and DEP, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, DEC’s, DEP’s, and Piedmont’s participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued, in NCUC Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682. In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of March 29, 2022.

DUKE ENERGY BUSINESS SERVICES LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

DUKE ENERGY CAROLINAS, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

DUKE ENERGY OHIO, INC.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

DUKE ENERGY INDIANA, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

DUKE ENERGY KENTUCKY, INC.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

DUKE ENERGY PROGRESS, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

DUKE ENERGY FLORIDA, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

PIEDMONT NATURAL GAS COMPANY, INC.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

Description of Services and Determination of Charges for Services

I. The Service Company will maintain an accounting system for accumulating all costs on an activity, process, project, responsibility center, work order, or other appropriate basis. To the extent practicable, time records of hours worked by Service Company employees will be kept by activity, process, project, responsibility center or work order. Charges for salaries will be determined from such time records and will be computed on the basis of employees' labor costs, including the cost of fringe benefits, indirect labor costs and payroll taxes. Records of employee-related expenses and other indirect costs will be maintained for each functional group within the Service Company (hereinafter referred to as "Function"). Where identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs will be directly assigned to such activity, process, project, responsibility center or work order. Where not identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs within a Function will be distributed in relationship to the directly assigned costs of the Function. For purposes of this Appendix A, any costs not directly assigned or distributed by the Service Company will be allocated monthly.

II. Service Company costs accumulated for each activity, process, project, responsibility center or work order will be directly assigned, distributed, or allocated to the Client Companies or other Functions within the Service Company as follows:

1. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for a single Client Company or Function will be directly assigned and charged to such Client Company or Function.

2. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for two or more Client Companies or Functions will be distributed among and charged to such Client Companies or Functions. The appropriate method of distribution will be determined by the Service Company on a case-by-case basis consistent with the nature of the work performed and will be based on the application of one or more of the methods described in paragraphs IV and V of this

Appendix A. The distribution method will be provided to each such affected Client Company or Function.

3. Costs accumulated in an activity, process, project, responsibility center or work order for services of a general nature which are applicable to all Client Companies or Functions or to a class or classes of Client Companies or Functions will be allocated among and charged to such Client Companies or Functions by application of one or more of the methods described in paragraphs IV and V of this Appendix A.

III. For purposes of this Appendix A, the following definitions or methodologies shall be utilized:

1. Where applicable, the following will be utilized to convert gas sales to equivalent electric sales: 1 cubic foot of gas sales equals 0.303048 kilowatt-hour of electric sales (based on electricity at 3412 Btu/kWh and natural gas at 1034 Btu/cubic foot).

2. "Domestic utility" refers to a utility which operates in the contiguous United States of America.

3. "Gross margin" refers to revenues as defined by Generally Accepted Accounting Principles, less cost of sales, including but not limited to fuel, purchased power, emission allowances and other cost of sales.

4. "Distribution" means electric distribution and local gas distribution as applicable.

5. "Distribution Lines" mean electric power lines at distribution voltages measured in circuit miles, and gas mains and lines, as applicable.

The weights utilized in the weighted average ratios in paragraph V of this Appendix A shall represent the percentage relationship of the activities associated with the function for which costs are to be allocated. For example, if an expense item is to be allocated on the weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the Total Property, Plant and Equipment ("PP&E") Ratio, and the activity to be allocated is one-third gross margin related, one-third labor related and one-third PP&E related, 33 percent of the Gross Margin Ratio would be utilized, 33 percent of the Labor Dollars Ratio and 34

percent of the PP&E Ratio would be utilized. To illustrate this application, assuming that the Gross Margin Ratio were 53.75 percent for Company A and 46.25 percent for Company B, the Labor Dollars Ratio were 25 percent for Company A and 75 percent for Company B, and the Total PP&E Ratio were 60 percent for Company A and 40 percent for Company B, the following weighted average ratio would be computed:

Activity	Weight	<u>Company A</u>		<u>Company B</u>	
		Ratio	Weighted	Ratio	Weighted
Gross Margin Ratio	33%	53.75%	17.74%	46.25%	15.26%
Labor Dollars Ratio	33%	25.00%	8.25%	75.00%	24.75%
Total Property, Plant and Equipment Ratio	<u>34%</u>	60.00%	<u>20.40%</u>	40.00%	<u>13.60%</u>
	100%		46.39%		53.61%

IV. The following allocation methods will be applied, as specified in paragraph V of this Appendix A, to assign costs for services applicable to two or more clients and/or to allocate costs for services of a general nature.

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable), This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable), This ratio will be determined annually, or at such time as may be required due to a significant change.

applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction-Expenditures Ratio

A ratio, based on the applicable projected construction expenditures for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Miles of Distribution Lines Ratio

In the case of electric Distribution, a ratio, based on the applicable installed circuit miles of domestic electric Distribution Lines, and in the case of gas Distribution, a ratio, based on the applicable installed miles of domestic gas Distribution Lines, in either case at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Millions of Instructions Per Second Ratio

A ratio, based on the sum of the applicable number of millions of instructions per second (MIPS) used to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client

Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable)

and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability / Maximum Dependable Capacity (MDC) Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

19. Number of Meters Ratio

A ratio, based on the number of electric and/or gas meters, as applicable, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. Separate ratios will be computed for appropriate meter classifications (e.g., type of metering

technology). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. O&M Expenditures Ratio

A ratio, based on the operation and maintenance (O&M) expenditures for a prior twelve month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total O&M expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually.

V. A description of each Function's activities, which may be modified from time to time by the Service Company, is set forth below in paragraph "a" under each Function. As described in paragraph II, "1" and "2" of this Appendix A, where identifiable, costs will be directly assigned or distributed to Client Companies or to other Functions of the Service Company. For costs accumulated in activities, processes, projects, responsibility centers, or work orders which are for services of a general nature that cannot be directly assigned or distributed, as described in paragraph II, "3" of this Appendix A, the method or methods of allocation are set forth below in paragraph "b" under each Function. For any of the functions set forth below other than Information Systems, Transportation, Human Resources or Facilities, costs of a general nature to be allocated pursuant to this Agreement shall exclude costs of a general nature which have been allocated to affiliated companies not a party to this Agreement. Substitution or changes may be made in the methods of allocation hereinafter specified, as may be appropriate, and will be provided to state regulatory agencies and to each Client Company. Any such substitution or changes shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

1. Information Systems

a. Description of Function

Provides communications and electronic data processing services. The activities of the Function include:

- (1) Development and support of mainframe computer software applications.
- (2) Procurement and support of personal computers and related network and software applications.
- (3) Development and support of distributed computer software applications (e.g., servers).
- (4) Installation and operation of communications systems.
- (5) Information systems management and support services.

b. Method of Allocation

- (1) Development and support of mainframe computer software applications - allocated between the Client Companies and other Functions of the Service Company based on the number of Millions of Instructions per Second Ratio (MIPS).
- (2) Procurement and support of personal computers and related network and software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Personal Computer Work Stations Ratio.
- (3) Development and support of distributed computer software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Information Systems Servers Ratio.
- (4) Installation and operation of communications systems - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.
- (5) Information systems management and support services – allocated to the Client Companies and to other Functions of the Service Company based on the Number of Personal Computer Work Stations Ratio.

2. Meters

a. Description of Function

Procures, tests and maintains meters.

b. Method of Allocation

Allocated to the Client Companies based on the Number of Customers Ratio.

3. Transportation

a. Description of Function

(1) Procures and maintains vehicles and equipment.

(2) Procures and maintains aircraft and equipment.

b. Method of Allocation

(1) The costs of maintaining vehicles and equipment are allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.

(2) The costs of maintaining aircraft and equipment are allocated to the Client Companies and to other Functions of the Service Company based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

4. System Maintenance

a. Description of Function

Coordinates maintenance and support of electric transmission systems and electric and gas Distribution systems.

b. Method of Allocation, note: where applicable, allocations specific to gas will follow similar methodologies.

(1) Services related to electric transmission systems - allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.

(2) Services related to electric Distribution systems - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.

(3) Services related to gas Distribution systems – allocated to the Client Companies based on the Labor Dollars Ratio.

5. Marketing and Customer Relations

a. Description of Function

Advises the Client Companies in relations with domestic utility customers.

The activities of the Function include:

- (1) Design and administration of sales and demand-side management programs.
- (2) Customer meter reading, billing and payment processing.
- (3) Customer services including the operation of call center.

b. Method of Allocation

- (1) Design and administration of sales and demand-side management programs - allocated to the Client Companies based on the Number of Customers Ratio.
- (2) Customer billing and payment processing - allocated to the Client Companies based on the Number of Customers Ratio.
- (3) Customer Services - allocated to the Client Companies based on the Number of Customers Ratio.

6. Transmission and Distribution Engineering and Construction

a. Description of Function

Designs and monitors construction of electric transmission and electric and gas Distribution Lines and associated facilities. Prepares cost and schedule estimates, visits construction sites to ensure that construction activities coincide with plans, and administers construction contracts.

b. Method of Allocation, note: where applicable, allocations specific to gas will follow similar methodologies.

- (1) Transmission engineering and construction allocated to the Client Companies based on the Electric Transmission Plant's Construction-Expenditures Ratio.
- (2) Distribution engineering and construction allocated to the Client Companies based on the Distribution plant's Construction-Expenditures Ratio.

7. Power Engineering and Construction

a. Description of Function

Designs, monitors and supports the construction and retirement of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units, improvements to existing electric generating units, and the retirement of existing electric generating equipment, including developing associated operating processes with operations personnel. Prepares cost and schedule estimates and visits construction sites to ensure that construction and retirement activities meet schedules and plans.

b. Method of Allocation

Allocated to the Client Companies based on the Electric Production Plant's Construction-Expenditures Ratio.

8. Human Resources

a. Description of Function

Establishes and administers policies and supervises compliance with legal requirements in the areas of employment, compensation, benefits and employee health and safety. Processes payroll and employee benefit payments. Supervises contract negotiations and relations with labor unions.

b. Method of Allocation

Allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.

9. Supply Chain

a. Description of Function

Provides services in connection with the procurement of materials and contract services, processes payments to vendors, and provides management of material and supplies inventories.

b. Method of Allocation

- (1) Procurement of materials and contract services and vendor payment processing - allocated to the Client Companies and to other Functions of the Service Company based on the Procurement Spending Ratio.
- (2) Management of materials and supplies inventory – allocated to the Client Companies on the Inventory Ratio.

10. Facilities

a. Description of Function

Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.

b. Method of Allocation

Allocated to the Client Companies and to other Functions of the Service Company based on the Square Footage Ratio.

11. Accounting

a. Description of Function

Maintains the books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, prepares tax filings and supervises compliance with the laws and regulations.

b. Method of Allocation

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

(2) Certain merger related costs are allocated based on Generating Unit MW Capability/ MDC Ratio.

12. Power and Gas Planning and Operations

a. Description of Function

Coordinate the planning, management and operation of Duke Energy Corporation's power generation, transmission and electric and gas Distribution systems. The activities of the Function include:

- (1) System Planning - planning of additions and retirements to the electric generation units and transmission and electric and gas Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.
 - (2) System Operations - coordination of the dispatch and operation of the electric generating units and transmission and electric and gas Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.
 - (3) Power Operations – provides management and support services for the electric generation units owned or operated by subsidiaries of Duke Energy Corporation.
 - (4) Wholesale Power Operations – coordination of Duke Energy Corporation’s wholesale power operations.
- b. Method of Allocation, note: where applicable, allocations specific to gas will follow similar methodologies.
- (1) System Planning
 - (a) Generation planning - allocated to the Client Companies based on the Electric Peak Load Ratio.
 - (b) Transmission planning – allocated to the Client Companies based on the Electric Peak Load Ratio.
 - (c) Electric Distribution planning - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.
 - (d) Gas Distribution planning – allocated to the Client Companies based on the Construction-Expenditures Ratio.
 - (2) System Operations –
 - (a) Generation Dispatch - allocated to the Client Companies based on the Sales Ratio.
 - (b) Transmission Operations - allocated to the Client Companies based on a weighted average of the Circuit Miles of Electric Transmission Lines Ratio and the Electric Peak Load Ratio.

- (c) Electric Distribution Operations - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.
 - (d) Gas Distribution Operations – allocated to the Client Companies based on the Construction-Expenditures Ratio.
- (3) Power Operations – allocated to the Client Companies based on the Generating Unit MW Capability / Maximum Dependable Capacity (MDC) Ratio.
- (4) Wholesale Power Operations – allocated to the Client Companies based on the Sales Ratio.

13. Public Affairs

a. Description of Function

Prepares and disseminates information to employees, customers, government officials, communities and the media. Provides graphics, reproduction lithography, photography and video services.

b. Method of Allocation

- (1) Services related to corporate governance, public policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.
- (2) Services related to utility specific activities - allocated to the Client Companies based on a weighted average of the Number of Customers Ratio and the Number of Employees Ratio.

14. Legal

a. Description of Function

Renders services relating to labor and employment law, litigation, contracts, rates and regulatory affairs, environmental matters, financing, financial reporting, real estate and other legal matters.

b. Method of Allocation

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

15. Rates

a. Description of Function

Services related to rate design and analysis, and rates support. Such as: determines the Client Companies' revenue requirements and rates to electric and gas requirements customers; administers interconnection and joint ownership agreements; researches and forecasts customers' usage.

b. Method of Allocation

Allocated to the Client Companies based on the Sales Ratio.

16. Finance

a. Description of Function

Renders services to Client Companies with respect to investments, financing, cash management, risk management, claims and fire prevention. Prepares budgets, financial forecasts and economic analyses.

b. Method of Allocation

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

17. Rights of Way

a. Description of Function

Purchases, surveys, records, and sells real estate interests for Client Companies.

b. Method of Allocation, note: where applicable, allocations specific to gas will follow similar methodologies.

(1) Services related to Distribution system - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.

(2) Services related to electric generation system- allocated to the Client Companies based on the Electric Peak Load Ratio.

- (3) Services related to electric transmission system – allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.

18. Internal Auditing

a. Description of Function

Reviews internal controls and procedures to ensure that assets are safeguarded and that transactions are properly authorized and recorded.

b. Method of Allocation

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

19. Environmental, Health and Safety

a. Description of Function

Establishes policies and procedures and governance framework for compliance with environmental, health and safety (“EHS”) issues, monitors compliance with EHS requirements and provides EHS compliance support to the Client Companies’ personnel.

b. Method of Allocation

(1) Services related to corporate governance, environmental policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

(2) Services related to utility specific activities – allocated to the Client Companies based on the Sales Ratio.

20. Fuels

a. Description of Function

Procures coal, gas and oil for the Client Companies. Ensures compliance with price and quality provisions of fuel contracts and arranges for transportation of the fuel to the generating stations.

b. Method of Allocation

Allocated to the Client Companies based on the Sales Ratio.

21. Investor Relations

a. Description of Function

Provides communications to investors and the financial community, performs transfer agent and shareholder record keeping functions, administers stock plans and performs stock-related regulatory reporting.

b. Method of Allocation

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

22. Planning

a. Description of Function

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

b. Method of Allocation

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

23. Executive

a. Description of Function

Provides general administrative and executive management services.

b. Method of Allocation

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

24. Nuclear Development

a. Description of Function

Provides design, engineering, project management and licensing for potentially proposed new operating units.

b. Method of Allocation

Directly assigned/charged to participating jurisdictions.

OPERATING COMPANIES SERVICE AGREEMENT

This Operating Companies Service Agreement (this “Agreement”) by and among Duke Energy Carolinas, LLC (“DEC”), a North Carolina limited liability company, Duke Energy Ohio, Inc. (“DEO”), an Ohio corporation, Duke Energy Indiana, LLC (“DEI”), an Indiana limited liability company, Duke Energy Kentucky, Inc. (“DEK”), a Kentucky corporation, Duke Energy Progress, LLC (“DEP”), a North Carolina limited liability company, and Duke Energy Florida, LLC (“DEF”), a Florida limited liability company and Piedmont Natural Gas Company, Inc., a North Carolina corporation (“Piedmont”), supersedes and replaces in its entirety all previous Operating Company Service Agreements dated before the Effective Date of this Agreement. The Effective date as stated herein is the date on which this agreement is signed or, as may be required, submitted to the appropriate regulatory body for approval, whichever occurs last. DEC, DEO, DEI, DEK, DEP, DEF and Piedmont are referred to collectively as the “Operating Companies” and, individually, an “Operating Company.”

WITNESSETH:

WHEREAS, Duke Energy Corporation (“Duke Energy”) is a Delaware corporation;

WHEREAS, each Operating Company is a subsidiary of Duke Energy and a public utility company;

WHEREAS, in the ordinary course of their businesses, Operating Companies maintain organizations of employees with technical expertise in matters affecting public utility companies and related businesses and own or acquire related equipment, facilities, properties and other resources; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the parties’ utility responsibilities or primary business operations, as the case may be, the parties hereto are willing, upon request from time to time, to perform such services, and in connection therewith to make available such equipment, facilities, properties and other resources, as they shall request from each other;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

(a) Except as hereinafter provided with respect to DEC, DEP, and Piedmont providing services for each other, upon receipt by a party hereto (in such capacity, a “Service Provider”) of a written request in substantially the same form attached hereto as Exhibit A (a “Service Request”) from another party hereto (in such capacity, a “Client Company”) for the provision to such Client

Company of such services as are specified therein, including if applicable use of any related equipment, facilities, properties or other resources (collectively, “Services”), the Service Provider, if in its sole discretion it has available the personnel or other resources needed to perform the Service Request without impairment of its utility responsibilities or business operations, as the case may be, shall furnish such Services to the Client Company at such times, for such periods and in such manner as the Client Company shall have so requested and otherwise in accordance with the provisions hereof.

(b) For purposes of this Agreement, “Services” may include, but shall not be limited to, services in such areas as engineering and construction; operations and maintenance; customer operations; installation services; equipment testing; generation technical support; environmental, health and safety; and procurement services (including, but not limited to, fuel procurement).

(c) “Services” may also include the use of assets, equipment and facilities, provided the Client Company compensates the Service Provider for such use in accordance with Article 3.

(d) For the avoidance of doubt, affiliate transactions involving sales or other transfers of assets, goods, energy commodities (including electricity, natural gas, coal and other combustible fuels) or thermal energy products are outside the scope of this Agreement.

Section 1.2 Loaned Employees.

(a) If specifically requested in connection with the provision of Services, Service Provider shall loan one or more of its employees to such Client Company, provided that such loan shall not, in the sole discretion of Service Provider, interfere with or impair Service Provider’s utility responsibilities or business operations, as the case may be. After the commencement thereof, any such loaned employees may be withdrawn by Service Provider from tasks duly assigned by Client Company, prior to completion thereof as contemplated in the associated Service Request, only with the consent of Client Company (which shall not be unreasonably withheld or delayed), except in the event of a demonstrable emergency requiring the use of any such employees in another capacity for Service Provider.

(b) While performing work on behalf of Client Company, any such loaned employees shall be under its supervision and control, and Client Company shall be responsible for their actions to the same extent as though such persons were its employees (it being understood that such persons shall nevertheless remain employees of Service Provider and nothing herein shall be construed as creating an employer-employee relationship between any Client Company and any loaned employees). Accordingly, for the duration of any such loan, Service Provider shall continue to provide its loaned employees with the same payroll, pension, savings, tax withholding, unemployment, bookkeeping and other personnel support services then being provided by Service Provider to its other employees.

ARTICLE 2. SERVICE REQUESTS

Section 2.1 Procedure. All Services (including any loans of employees) (i) shall be performed in accordance with Service Requests issued by or on behalf of Client Company and

accepted by Service Provider and (ii) shall be assigned to applicable activities, processes, projects, responsibility centers or on other appropriate bases to enable specific work to be properly assigned. Service Requests shall be as specific as practicable in defining the Services requested. Client Company shall have the right from time to time to amend or rescind any Service Request, *provided* that (a) Service Provider consents to any amendment that results in a material change in the scope of Services to be provided, (b) the costs associated with an amended or rescinded Service Request shall include the costs incurred by Service Provider as a result of such amendment or rescission, and (c) no amendment or rescission of a Service Request shall release Client Company from any liability for costs already incurred or contracted for by Service Provider pursuant to the original Service Request, regardless of whether any labor or the furnishing of any property or other resources has been commenced or completed.

ARTICLE 3. COMPENSATION FOR SERVICES

Section 3.1 Cost of Services. As compensation for any Services rendered to it pursuant to this Agreement, Client Company shall pay to Service Provider the Cost thereof, except to the extent otherwise required by Section 482 of the Internal Revenue Code. “Costs” means the sum of (i) direct costs, (ii) indirect costs and (iii) costs of capital. As soon as practicable after the close of each month, Service Provider shall render to each Client Company a statement reflecting the billing information necessary to identify the costs charged for that month. By the last day of each month, Client Company shall remit to Service Provider all charges billed to it. For avoidance of doubt, the Service Provider and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 3.2 Exception. In the event any Services to be rendered under this Agreement are to be provided to or from DEC, DEP, and Piedmont in accordance with DEC’s, DEP’s, and Piedmont’s North Carolina Code of Conduct at anything other than fully embedded cost as described above, then prior to entering into the transaction, DEI, DEK, DEF or DEO, whichever is applicable, shall provide 30 days written notice to the respective state commission staffs and state consumer representatives explaining the proposed transaction, including the benefits of the transaction. If no objection is received within 30 days, then the transaction may proceed. If one or more third parties object to the transaction in writing within 30 days, then DEI, DEK, DEF or DEO, whichever is applicable, must seek specific state commission approval of the transaction prior to entering into the transaction.

ARTICLE 4. LIMITATION OF LIABILITY; INDEMNIFICATION

Section 4.1 Limitation of Liability/Services. In performing Services pursuant to Section 1.1 hereof, Service Provider will exercise due care to assure that the Services are performed in a workmanlike manner in accordance with the specifications set forth in the applicable Service Request and consistent with any applicable legal standards. The sole and exclusive responsibility of Service Provider for any deficiency therein shall be promptly to correct or repair such deficiency or to re-perform such Services, in either case at no additional cost to Client Company, so that the Services fully conform to the standards described in the first sentence of this Section 4.1. No Service Provider makes any other warranty with respect to the provision of Services, and each Client Company agrees to accept any Services without further warranty of any nature.

Section 4.2 Limitation of Liability/Loaned Employees. In furnishing Services under Section 1.2 hereof (*i.e.*, involving loaned employees), neither the Service Provider, nor any officer, director, employee or agent thereof, shall have any responsibility whatsoever to any Client Company receiving such Services, and Client Company specifically releases Service Provider and such persons, on account of any claims, liabilities, injuries, damages or other consequences arising in connection with the provision of such Services under any theory of liability, whether in contract, tort (including negligence or strict liability) or otherwise, it being understood and agreed that any such loaned employees are made available without warranty as to their suitability or expertise.

Section 4.3 Disclaimer. WITH RESPECT TO ANY SERVICES PROVIDED UNDER THIS AGREEMENT, THE SERVICE PROVIDER THEREOF MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 4.1, AND THE PARTIES HERETO HEREBY AGREE THAT NO OTHER WARRANTY, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), SHALL BE APPLICABLE TO THE PROVISION OF ANY SUCH SERVICES. THE PARTIES FURTHER AGREE THAT THE REMEDIES STATED HEREIN ARE EXCLUSIVE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

Section 4.4 Indemnification.

(a) Subject to subparagraph (b) of this Section 4.4, Service Provider shall release, defend, indemnify and hold harmless each Client Company, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees), whether or not involving a third-party claim, incurred or sustained by or against any such Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services.

(b) Notwithstanding any other provision hereof, Service Provider's total liability hereunder with respect to any specific Services shall be limited to the amount actually paid to Service Provider for its performance of the specific Services for which the liability arises, and under no circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

Section 4.5 Procedure for Indemnification. Within 15 business days after receipt by any Client Company of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a "Proceeding") with respect to which it is eligible for indemnification hereunder, such Client Company shall notify Service Provider thereof in writing (it being understood that failure to so notify Service Provider shall not relieve the latter of its indemnification obligation, unless Service Provider establishes that defense thereof has been prejudiced by such

failure). Thereafter, Service Provider shall be entitled to participate in such Proceeding and, at its election upon notice to such Client Company and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Client Company, Service Provider shall not enter into any settlement of any third-party claim that would lead to liability or create any financial or other obligation on the part of such Client Company for which such Client Company is not entitled to indemnification hereunder. If such Client Company has given timely notice to Service Provider of the commencement of such Proceeding, but Service Provider has not, within 15 business days after receipt of such notice, given notice to Client Company of its election to assume the defense thereof, Service Provider shall be bound by any determination made in such Proceeding or any compromise or settlement made by Client Company. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Client Company to Service Provider.

ARTICLE 5. MISCELLANEOUS

Section 5.1 Amendments. Any amendments to this Agreement shall be in writing executed by each of the parties hereto. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any affected state public utility commission for its review or otherwise, each Operating Company shall comply in all respects with any such requirements.

Section 5.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect as to each party until terminated by any party, as to itself only, upon not less than 30 days prior written notice to the other parties hereto. Any such termination of parties shall not be deemed an amendment hereto. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of all of the parties hereto.

Section 5.3 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto. Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 5.4 Severability. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 5.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.6 Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of New York, without regard to conflicts of laws principles.

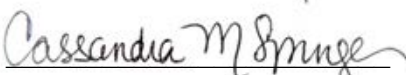
Section 5.7 Captions, Headings. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, “hereof,” “hereunder,” “herein,” “hereto,” and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 5.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

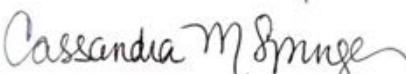
Section 5.9 DEC, DEP, and Piedmont Conditions. In addition to the terms and conditions set forth herein, with respect to DEC, DEP, and Piedmont, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, except with respect to the pricing of Services as set forth herein, DEC’s, DEP’s and Piedmont’s participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the North Carolina Utilities Commission (“NCUC”) in its *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* issued, in Docket Nos. E-2, Sub 1095 and E-7, Sub 1100, and G-9, Sub 682, and applicable to South Carolina, as such Regulatory Conditions and Code of Conduct may be amended from time to time. In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on March 29, 2022, on its behalf by an appropriate officer thereunto duly authorized.

Duke Energy Carolinas, LLC

By: 
Cassandra M. Springer
Assistant Secretary

Duke Energy Ohio, Inc.

By: 
Cassandra M. Springer
Assistant Corporate Secretary

Duke Energy Indiana, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

Duke Energy Kentucky, Inc.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

Duke Energy Progress, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

Duke Energy Florida, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

Piedmont Natural Gas Company, Inc.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

Service Request For Affiliates

Id

Status

* Red Asterisk indicates required fields

*Functional Area (for the Service Provider)

Service Provider

*Service Provider

*Legal Approval Representative

Proposed Service

*Proposed Service

* Additional Detail
Please provide basis for appropriate pricing and further details about parties involved.

Estimated Costs (NA-see accounting records)
*Scheduled Start Date
*Scheduled Completion Date

Client Company

*Client Company

PeopleSoft Accounting Codes for the Services Provided

*** Process OR Project & Activities OR GL Account for Client Company must be entered

*Client Company Operating Unit *Service Provider Resp. Center * Process

Service Request For Affiliates

* Project * Activity * GL Account

Confirmation of Service Provider Utility Responsibilities by Service Provider Approver

Check this box to confirm that this Service Request will not result in impairment of Service Provider's utility responsibilities or business operations.

Approver Selection

The approvers should be appropriate according to the Delegation of Authority (DOA) matrix.

Route To	Name	Phone	Status
* Client Company	<input type="text"/> Joel T	<input type="text"/> (980) 373	<input type="text"/>
* Service Provider	<input type="text"/>	<input type="text"/>	<input type="text"/>
* Legal	<input type="text"/>	<input type="text"/>	<input type="text"/>

Submitter Details

Created By <input type="text"/> Chelsea	Created On 05/17/2018 10:53 PM
*Phone <input type="text"/> (980) 373	
Last Modified By <input type="text"/> Chelsea	Last Modified Date <input type="text"/> 05/23/2018 4:31 PM

Exhibit B

DUKE ENERGY CAROLINAS, LLC DUKE ENERGY PROGRESS, LLC, AND PIEDMONT NATURAL GAS COMPANY, INC. CONDITIONS

1. Access to DEC, DEP or Piedmont Information. Any Operating Company providing Services to DEC or DEP pursuant to this Agreement, including any loaned employees under Section 1.2 of the Agreement, shall be permitted to have access to DEC's, DEP's or Piedmont's Customer Information and Confidential Systems Operation Information, as those terms are defined in the Code of Conduct, to the extent necessary for the performance of such Services; provided that such Operating Company shall take reasonable steps to protect the confidentiality of such Information.
2. Procedures for Services Received By DEC DEP, or Piedmont from each other or the other Operating Companies and for Services Provided by DEC, DEP or Piedmont to each other or the other Operating Companies. DEC, DEP, and Piedmont shall receive from each other and the other Operating Companies, upon the terms and conditions set forth in this agreement, such of the services listed in the Operating Companies Service Agreement List on file with the NCUC, at such times, for such periods and in such manner as DEC DEP, or Piedmont may from time to time request of each other or another Operating Company. DEC, DEP, or Piedmont may provide to each other and the other Operating Companies, upon the terms and conditions set forth in this Agreement, at such times for such periods, and in such a manner as DEC, DEP or Piedmont concludes it is equipped to perform for each other or another Operating Company. DEC, DEP, or Piedmont may perform these services for each other as described in this paragraph without the requirement of a written request in substantially the form attached to this Agreement as Exhibit A.

OPERATING COMPANY/NONUTILITY COMPANIES SERVICE AGREEMENT

This Operating Company/Nonutility Companies Service Agreement (this “Agreement”) is made and entered into as of April 1, 2016 (the “Effective Date”) by and among Duke Energy Florida, LLC, a Florida limited liability company (“DEF”), (“Operating Company”), and the respective associate nonutility companies listed on the signature pages hereto (each, a “Nonutility Company”).

WITNESSETH:

WHEREAS, Duke Energy Corporation (“Duke Energy”) is a Delaware corporation;

WHEREAS, Operating Company is a subsidiary of Duke Energy and subject to the regulatory authority of the Florida Public Service Commission (“FPSC”);

WHEREAS, each Nonutility Company is a subsidiary of Duke Energy that is or was formed to engage in any one or more non-regulated businesses;

WHEREAS, in the ordinary course of their businesses, Operating Company and each Nonutility Company maintain organizations of employees with technical expertise in matters affecting public utility companies and related businesses and own or acquire related equipment, facilities, properties and other resources; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the parties’ utility responsibilities or primary business operations, as the case may be, the parties hereto are willing, upon request from time to time, to perform such services, and in connection therewith to make available such equipment, facilities, properties and other resources, as they shall request from each other;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

(a) Upon receipt by a party hereto (in such capacity, a “Service Provider”) of a written request in substantially the form attached hereto as Exhibit A (a “Service Request”) from another party hereto (in such capacity, a “Client Company”) for the provision to such Client Company of such services as are specified therein, including if applicable use of any related equipment, facilities, properties or other resources (collectively, “Services”), the Service Provider, if in its sole discretion it has available the personnel or other resources needed to perform the Service Request without impairment of its utility responsibilities or business operations, as the case may be, shall furnish such Services to the Client Company at such times, for such periods and in such manner as the Client Company shall have so requested and otherwise in accordance with the provisions hereof.

(b) For purposes of this Agreement, “Services” may include, but shall not be limited to: (i) in the case of Services that may be provided by the Operating Company hereunder, services in such areas as engineering and construction; operations and maintenance; installation services; equipment testing; generation technical support; environmental, health and safety; analytical technical support; and procurement services; and (ii) in the case of Services that may be provided by Nonutility Companies hereunder, services in such areas as information technology services; monitoring, surveying, inspecting, constructing, locating and marking of overhead and underground utility facilities; meter reading; materials management; vegetation management; professional services; and marketing and customer relations.

(c) For the avoidance of doubt, affiliate transactions involving (i) sales or other transfers of assets, goods, energy commodities (including electricity, natural gas, coal and other combustible fuels) or thermal energy products, and (ii) regulated services subject to approved rate tariffs are outside the scope of this Agreement.

Section 1.2 Loaned Employees.

(a) If specifically requested in connection with the provision of Services, Service Provider shall loan one or more of its employees to such Client Company, provided that such loan shall not, in the sole discretion of Service Provider, interfere with or impair Service Provider’s utility responsibilities or business operations, as the case may be. After the commencement thereof, any such loaned employees may be withdrawn by Service Provider from tasks duly assigned by Client Company, prior to completion thereof as contemplated in the associated Service Request, only with the consent of Client Company (which shall not be unreasonably withheld or delayed), except in the event of a demonstrable emergency requiring the use of any such employees in another capacity for Service Provider.

(b) While performing work on behalf of Client Company, any such loaned employees shall be under its supervision and control, and Client Company shall be responsible for their actions to the same extent as though such persons were its employees (it being understood that such persons shall nevertheless remain employees of Service Provider and nothing herein shall be construed as creating an employer-employee relationship between any Client Company and any loaned employees). Accordingly, for the duration of any such loan, Service Provider shall continue to provide its loaned employees with the same payroll, pension, savings, tax withholding, unemployment, bookkeeping and other personnel support services then being provided by Service Provider to its other employees.

Section 1.3 Access to Operating Company Information. Any Nonutility Company providing Services to Operating Company pursuant to this Agreement, including any loaned employees under Section 1.2, shall be permitted to have access to Operating Company’s Customer Information¹ and Confidential Systems Operation Information² to the extent necessary for the

¹ “Customer Information” is all non-public information or data specific to a retail electric customer (“Customer”) or a group of Customers, including, but not limited to, electricity consumption, load profile, billing history, or credit history that is or has been obtained or compiled by the Operating Company in connection with supplying FPSC-regulated electric power generation, transmission, distribution, delivery, and sales, and other related services, including, but not limited to, administration of Customer accounts and rate schedules, metering, billing, standby service, backups, and changeovers of service to other suppliers (“Electric Services”), to that Customer or group of Customers.

performance of such Services, provided that such Nonutility Company shall take reasonable steps to protect the confidentiality of such Information.

ARTICLE 2. SERVICE REQUESTS

Section 2.1 Procedure. All Services (including any loans of employees) (i) shall be performed in accordance with Service Requests issued by or on behalf of Client Company and accepted by Service Provider and (ii) shall be assigned to applicable activities, processes, projects, responsibility centers or on other appropriate bases to enable specific work to be properly assigned. Service Requests shall be as specific as practicable in defining the Services requested. Client Company shall have the right from time to time to amend or rescind any Service Request, *provided* that (a) Service Provider consents to any amendment that results in a material change in the scope of Services to be provided, (b) the costs associated with an amended or rescinded Service Request shall include the costs incurred by Service Provider as a result of such amendment or rescission, and (c) no amendment or rescission of a Service Request shall release Client Company from any liability for costs already incurred or contracted for by Service Provider pursuant to the original Service Request, regardless of whether any labor or the furnishing of any property or other resources has been commenced or completed.

ARTICLE 3. COMPENSATION FOR SERVICES; RATEMAKING

Section 3.1 Compensation for Services. Operating Company may not make or incur a charge under this Agreement except in accordance with Florida law and the rules, regulations and orders of the FPSC promulgated thereunder. Except to the extent otherwise required by Section 482 of the Internal Revenue Code, as compensation for any Services rendered to it pursuant to this Agreement, Client Company shall pay to Service Provider an amount consistent with the following requirements: (a) In circumstances where Operating Company is a Service Provider, Client Company shall pay the higher of the fully embedded cost thereof (i.e., the sum of (i) direct costs, (ii) indirect costs and (iii) costs of capital) and the comparable market price (if any); and (b) in circumstances where a Nonutility Company is a Service Provider, Client Company shall pay the lower of the fully embedded cost and the comparable market price (if any). As soon as practicable after the close of each month, Service Provider shall render to each Client Company a statement reflecting the billing information necessary to identify the costs charged for that month. By the last day of each month, Client Company shall remit to Service Provider all charged billed to it.

Section 3.2 Ratemaking

(a) Operating Company may not seek to reflect in rates any (i) costs incurred under this Agreement exceeding the amount allowed by the FPSC or (ii) revenue level earned under this Agreement less than the amount imputed by the FPSC; and

(b) Except to the extent that requesting FERC review and authorization pursuant to Section 1275(b) of Subtitle F in Title XII of PUHCA 2005 may be determined to have preemptive

² "Confidential Systems Operations Information" is all non-public information that pertains to Electric Services provided by Operating Company, including, but not limited to, information concerning electric generation, transmission, distribution, or sales.

effect under the law, DEF will not assert in any forum that the FPSC's authority to assign, allocate, make pro-forma adjustments to or disallow revenues and costs for retail ratemaking and regulatory accounting and reporting purposes is preempted and will bear the full risk of any preemptive effects of federal law with respect to this Agreement.

ARTICLE 4. LIMITATION OF LIABILITY; INDEMNIFICATION

Section 4.1 Limitation of Liability/Services. In performing Services pursuant to Section 1.1 hereof, Service Provider will exercise due care to assure that the Services are performed in a workmanlike manner in accordance with the specifications set forth in the applicable Service Request and consistent with any applicable legal standards. The sole and exclusive responsibility of Service Provider for any deficiency therein shall be promptly to correct or repair such deficiency or to re-perform such Services, in either case at no additional cost to Client Company, so that the Services fully conform to the standards described in the first sentence of this Section 4.1. No Service Provider makes any other warranty with respect to the provision of Services, and each Client Company agrees to accept any Services without further warranty of any nature.

Section 4.2 Limitation of Liability/Loaned Employees. In furnishing Services under Section 1.2 hereof (i.e., involving loaned employees), neither the Service Provider, nor any officer, director, employee or agent thereof, shall have any responsibility whatsoever to any Client Company receiving such Services, and Client Company specifically releases Service Provider and such persons, on account of any claims, liabilities, injuries, damages or other consequences arising in connection with the provision of such Services under any theory of liability, whether in contract, tort (including negligence or strict liability) or otherwise, it being understood and agreed that any such loaned employees are made available without warranty as to their suitability or expertise.

Section 4.3 Disclaimer. WITH RESPECT TO ANY SERVICES PROVIDED UNDER THIS AGREEMENT, THE SERVICE PROVIDER THEREOF MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 4.1, AND THE PARTIES HERETO HEREBY AGREE THAT NO OTHER WARRANTY, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), SHALL BE APPLICABLE TO THE PROVISION OF ANY SUCH SERVICES. THE PARTIES FURTHER AGREE THAT THE REMEDIES STATED HEREIN ARE EXCLUSIVE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

Section 4.4 Indemnification.

(a) Indemnification In Respect of Services Provided by Operating Company.

(i) In circumstances where Operating Company is a Service Provider: (x) subject to subparagraph (ii) of this Section 4.4(a), Service Provider shall release, defend, indemnify and hold harmless each Client Company, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees), whether or not involving a third-party

claim (collectively, "Damages"), incurred or sustained by or against Service Provider or any such Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services, and (y) each Nonutility Company that is a Client Company with respect to such Services shall release, defend, indemnify and hold harmless Service Provider, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any Damages incurred or sustained by or against Service Provider or any such Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services, to the extent such Damages are not covered by Service Provider's indemnification obligation as provided in the preceding clause (x) or exceed the liability limits provided in subparagraph (ii) of this Section 4.4(a).

(ii) Notwithstanding any other provision hereof, in circumstances where Operating Company is a Service Provider: (x) Service Provider's total liability hereunder with respect to any specific Services shall be limited to the amount actually paid to Service Provider for its performance of the specific Services for which the liability arises, and (y) under no circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

(b) Indemnification In Respect of Services Provided by Any Nonutility Company.

(i) In circumstances where a Nonutility Company is a Service Provider (*i.e.*, where Operating Company is the Client Company): (x) subject to subparagraph (ii) of this Section 4.4(b), Service Provider shall release, defend, indemnify and hold harmless the Client Company, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any Damages incurred or sustained by or against Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services.

(ii) Notwithstanding any other provision hereof, in circumstances where a Nonutility Company is a Service Provider (*i.e.*, where Operating Company is the Client Company), under no circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

Section 4.5 Procedure for Indemnification. Within 15 business days after receipt by any Client Company of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a "Proceeding") with respect to which it is eligible for indemnification hereunder, such Client Company shall notify Service Provider thereof in writing (it being understood that failure so to notify Service Provider shall not relieve the latter of its indemnification

obligation, unless Service Provider establishes that defense thereof has been prejudiced by such failure). Thereafter, Service Provider shall be entitled to participate in such Proceeding and, at its election upon notice to such Client Company and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Client Company, Service Provider shall not enter into any settlement of any third-party claim that would lead to liability or create any financial or other obligation on the part of such Client Company for which it such Client Company is not entitled to indemnification hereunder. If such Client Company has given timely notice to Service Provider of the commencement of such Proceeding, but Service Provider has not, within 15 business days after receipt of such notice, given notice to Client Company of its election to assume the defense thereof, Service Provider shall be bound by any determination made in such Proceeding or any compromise or settlement made by Client Company. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Client Company to Service Provider.

ARTICLE 5. MISCELLANEOUS

Section 5.1 Amendments. Any amendments to this Agreement shall be in writing executed by each of the parties hereto. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with the FPSC for review or otherwise, Operating Company shall comply in all respects with any such requirements.

Section 5.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect as to each party until terminated by any party, as to itself only, upon not less than 30 days prior written notice to the other parties hereto. Any such termination of parties shall not be deemed an amendment hereto. Operating Company's participation in this Agreement is voluntary. Operating Company is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and Operating Company may elect to discontinue its participation in this Agreement at its election after giving notice under this Section. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of all of the parties hereto.

Section 5.3 Additional Parties. After the effective date of this Agreement, additional Nonutility Companies may become parties to this Agreement by executing appropriate signature pages, whereupon any such additional signatory shall be deemed a "party" hereto for all purposes hereof and shall thereupon become bound by the terms and conditions of this Agreement as if an original party hereto. The addition of any such further signatories, in the absence of any changes to the terms of this Agreement, shall not be deemed an amendment hereto.

Section 5.4 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto. Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 5.5 Severability. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 5.6 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.7 Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of Florida, without regard to conflicts of laws principles.

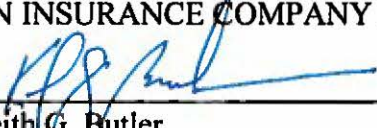
Section 5.8 Captions, Headings, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, “hereof,” “hereunder,” “herein,” “hereto,” and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 5.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

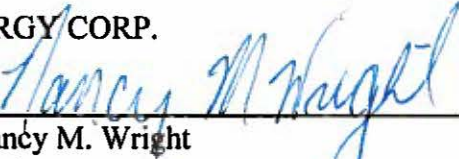
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an appropriate officer thereunto duly authorized.

BISON INSURANCE COMPANY LIMITED

By: 
Keith G. Butler
President


CINERGY CORP.

By: 
Nancy M. Wright
Assistant Corporate Secretary

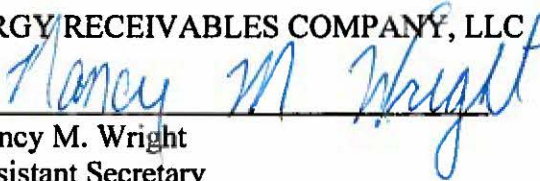
CINERGY GLOBAL RESOURCES, INC.

By: 
Nancy M. Wright
Assistant Corporate Secretary

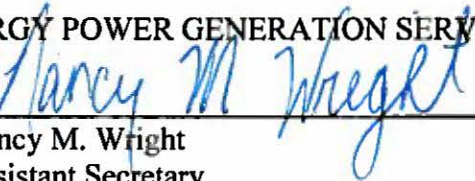
CINERGY INVESTMENTS, INC.

By: 
Nancy M. Wright
Assistant Corporate Secretary

CINERGY RECEIVABLES COMPANY, LLC

By: 
Nancy M. Wright
Assistant Secretary

CINERGY POWER GENERATION SERVICES, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE ENERGY SAM, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

DUKE ENERGY TRANSMISSION HOLDING COMPANY, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

DUKE ENERGY BECKJORD STORAGE, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

DUKE TECHNOLOGIES, INC.

By: *Nancy M Wright*
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY ONE, INC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Corporate Secretary

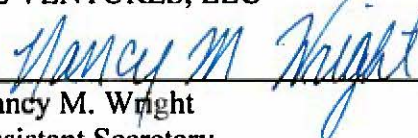
DUKE INVESTMENTS, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

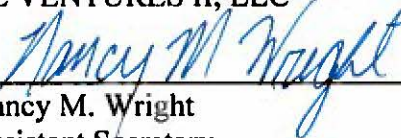
DUKE SUPPLY NETWORK, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE VENTURES, LLC

By: 
Nancy M. Wright
Assistant Secretary

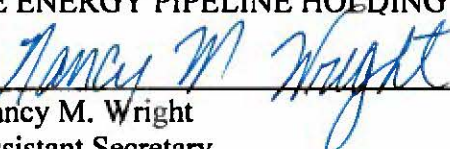
DUKE VENTURES II, LLC

By: 
Nancy M. Wright
Assistant Secretary

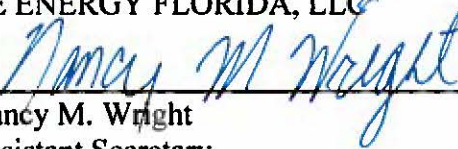
DUKE ENERGY RENEWABLES NC SOLAR, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE ENERGY PIPELINE HOLDING COMPANY, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE ENERGY FLORIDA, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE ENERGY CORPORATE SERVICES, INC

By: 
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY REGISTRATION SERVICES, INC.

By: 
Nancy M. Wright
Assistant Secretary

DUKE ENERGY GENERATION SERVICES, INC

By: 
Nancy M. Wright
Assistant Corporate Secretary

KO TRANSMISSION COMPANY

By: 
Nancy M. Wright
Assistant Corporate Secretary

TRI-STATE IMPROVEMENT COMPANY

By: 
Nancy M. Wright
Assistant Corporate Secretary

SOUTH CONSTRUCTION COMPANY, INC.

By: 
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY COMMERCIAL ENTERPRISES, INC.

By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

CINCAP V, LLC

By: Duke Energy Commercial Enterprises, Inc. its Managing Member

By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY SOLUTIONS – UTILITY, INC

By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY INTERNATIONAL, LLC

By: Kris C. Duffy
Kris C. Duffy
Assistant Treasurer

DUKE ENERGY BUSINESS SERVICES, LLC

By: Nancy M. Wright
Nancy M. Wright
Assistant Secretary

DEGS WIND SUPPLY II, LLC

By: Nancy M. Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY INDUSTRIAL SALES, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE VENTURES REAL ESTATE, LLC

By: 
Nancy M. Wright
Assistant Secretary

HAPPY JACK WINDPOWER, LLC

By: 
Nancy M. Wright
Assistant Secretary

BLACK MOUNTAIN SOLAR, LLC

By: 
Nancy M. Wright
Assistant Secretary

KIT CARSON WINDPOWER, LLC

By: 
Nancy M. Wright
Assistant Secretary

LAUREL HILL WIND ENERGY, LLC

By: 
Richard G. Beach or Theodore D. Matula
Assistant Secretary

NORTH ALLEGHENY WIND, LLC

By: 
Nancy M. Wright
Assistant Secretary

NOTREES WINDPOWER, LLC

By: TE Notrees, LLC as its General Partner

By: 
Nancy M. Wright
Assistant Secretary

OCOTILLO WINDPOWER, LP

By: TE Ocotillo, LLC as its General Partner

By: 
Nancy M. Wright
Assistant Secretary

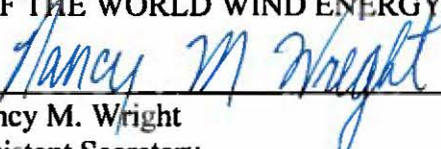
SILVER SAGE WINDPOWER, LLC

By: 
Nancy M. Wright
Assistant Secretary

THREE BUTTES WINDPOWER, LLC

By: 
Nancy M. Wright
Assistant Secretary

TOP OF THE WORLD WIND ENERGY LLC

By: 
Nancy M. Wright
Assistant Secretary

SOLAR STAR NORTH CAROLINA I, LLC

By: 
Nancy M. Wright
Assistant Secretary

SOLAR STAR NORTH CAROLINA II, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE ENERGY RENEWABLES SOLAR, LLC

By: 
Nancy M. Wright
Assistant Secretary

GREEN FRONTIER WINDPOWER, LLC

By: 
Nancy M. Wright
Assistant Secretary

IRONWOOD WINDPOWER, LLC

By: Free State Windpower, LLC as the Sole Member

By: DS Cornerstone LLC, as the Sole Member

By: Ironwood-Cimarron Windpower Holdings, LLC as Member

By: 
Nancy M. Wright
Assistant Secretary


LOS VIENTOS WINDPOWER IA, LCC

By: 
Nancy M. Wright
Assistant Secretary

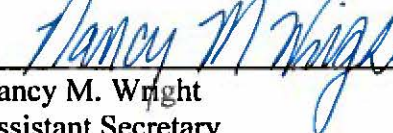
LOS VIENTOS WINDPOWER IB, LLC

By: 
Nancy M. Wright
Assistant Secretary

LOS VIENTOS WINDPOWER III, LLC

By: 
Nancy M. Wright
Assistant Secretary

LOS VIENTOS WINDPOWER IV, LLC

By: 
Nancy M. Wright
Assistant Secretary


LOS VIENTOS WINDPOWER V, LLC

By: 
Nancy M. Wright
Assistant Secretary

MARTINS CREEK SOLAR NC, LLC

By: 
Nancy M. Wright
Assistant Secretary

TAYLORSVILLE SOLAR, LLC

By: 
Nancy M. Wright
Assistant Secretary

RP-ORLANDO, LLC

By: 
Nancy M. Wright
Assistant Secretary

DUKE ENERGY BECKJORD, LLC

By: 
Nancy M. Wright
Assistant Secretary

PIONEER TRANSMISSION, LLC

By: 
Richard G. Beach
Secretary

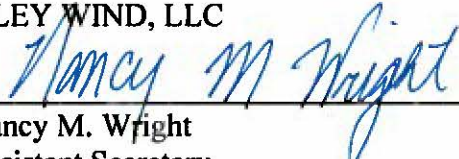
MIAMI POWER CORPORATION

By: 
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY AMERICAS, LLC

By: 
Nancy M. Wright
Assistant Secretary

SHIRLEY WIND, LLC

By: 
Nancy M. Wright
Assistant Secretary

CIMARRON WINDPOWER II, LLC

By: Free State Windpower, LLC as the Sole Member

By: DS Cornerstone LLC, as the Sole Member

By: Ironwood-Cimarron Windpower Holdings, LLC as Member

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

HXOAP SOLAR ONE, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

DUKE ENERGY FLORIDA SOLAR SOLUTIONS, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

WASHINGTON AIRPORT SOLAR, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

WASHINGTON MILLFIELD SOLAR, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

WASHINGTON WHITE POST SOLAR, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

DUKE ENERGY RENEWABLE SERVICES, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

DUKE ENERGY RENEWABLES WIND, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

CATAMOUNT ENERGY CORPORATION

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

GATO MONTES SOLAR, LLC

By: *Nancy M Wright*
Nancy M. Wright
Assistant Secretary

EXHIBIT A
Page 1 of 2



Folder Name: efr148v1-003818
Status: New

Service Request for Affiliates

* Red Asterisk indicates required fields * Functional Area (for the Service Provider)

Service Provider

* Service Provider
* Legal Approval Representative

Proposed Service

* Description of Proposed Service
Please Provide Basis for Estimated Costs, include # of employees requested and amount of time requested.

* Estimated Costs (Numbers only, no commas or decimals) * Scheduled Start Date * Scheduled Completion Date

Client Company

* Client Company

PeopleSoft Accounting Codes for the Services Provided

*** Process OR Project & Activities OR GL Account for Client Company must be entered

* Client Company Operating Unit * Service Provider Resp. Center * Process
* Project * Activity * GL Account

Confirmation of Service Provider Utility Responsibilities by Service Provider Approver

Check this box to confirm that this Service Request will not result in impairment of Service Provider's utility responsibilities or business operations.

EXHIBIT A

Page 2 of 2

Miscellaneous Comments

Comments

Comments Log

Attachments

Help

Filename	Size

Approver Selection

The approvers should be appropriate according to the Delegation of Authority (DOA) matrix.

Route To:	Name	Phone	Status
• Client Company	<input type="text"/> <input type="button" value="Select"/>	<input type="text"/>	<input type="text"/>
• Service Provider	<input type="text"/> <input type="button" value="Select"/>	<input type="text"/>	<input type="text"/>
• Legal	<input type="text"/>	<input type="text"/>	<input type="text"/>

Submitter Details

Created by	<input type="text"/>	Created on	11/10/2015 1:19:43 PM
• Phone	<input type="text"/>		
Last Modified by	<input type="text"/>	Last Modified	<input type="text"/>

INTERCOMPANY ASSET TRANSFER AGREEMENT

This **Intercompany Asset Transfer Agreement** (this “Agreement”) is made and entered into by and among Duke Energy Carolinas, LLC (“DEC”), a North Carolina limited liability company, Duke Energy Ohio, Inc. (“DEO”), an Ohio corporation, Duke Energy Indiana, LLC (“DEI”), an Indiana limited liability company, Duke Energy Progress, LLC (“DEP”), a North Carolina limited liability company, Duke Energy Florida, LLC (“DEF”), a Florida limited liability company, Duke Energy Kentucky, Inc. (“DEK”), a Kentucky corporation, and Piedmont Natural Gas Company, Inc., a North Carolina corporation (collectively the “Operating Companies” and, individually, an “Operating Company”). The Effective Date as stated herein is the date on which this Agreement is executed or, as may be required, submitted to the appropriate regulatory body for approval, whichever occurs last. This Agreement supersedes and replaces in its entirety all previous Intercompany Asset Transfer Agreements dated before the Effective Date of this Agreement.

WITNESSETH:

WHEREAS, Duke Energy Corporation (“Duke Energy”) is a Delaware corporation;

WHEREAS, each Operating Company is a subsidiary of Duke Energy and a public utility company;

WHEREAS, in the ordinary course of their businesses, the Operating Companies maintain inventory and other assets for the operation and maintenance of their respective electric utility, and with respect to DEO DEK, and Piedmont, gas utility, businesses; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the Operating Companies’ utility responsibilities, each Operating Company is willing, upon request from time to time, to transfer Assets, as defined herein, to each other Operating Company, as each shall request from each other.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

ARTICLE 1. TRANSFER OF ASSETS

Section 1.1 Transfer. Upon request from one party (“Recipient”), the other party (“Transferor”) shall transfer to the Recipient those Assets requested by Recipient, provided that (i) Transferor believes, in its reasonable judgment, that such transfer will not jeopardize Transferor’s ability to render electric utility service or natural gas utility service to its customers consistent with Good Utility Practice; (ii) the Cost of any shipment of transmission- or generation-related item(s) does not exceed \$10,000,000; (iii) DEC and DEP shall not transfer any Asset hereunder in contravention of S.C. Code Ann. § 58-27-1300; (iii) DEK shall not transfer any Asset hereunder in contravention of KRS 278.218. and (iv) DEC and DEP may transfer or take receipt of any transmission transformers or other transmission-related equipment under this Agreement to or from DEC, DEP or DEF. DEC and DEP shall not, however, transfer

or take receipt of any transmission transformers or transmission-related equipment to or from DEO, DEI, and DEK, other than transmission-related equipment that may be used on/with transformers within a range of voltages or regardless of voltage. "Assets" means parts inventory, capital spares, equipment and other goods except for the following: coal; natural gas; fuel oil used for electric power generation; emission allowances; electric power; and environmental control reagents. "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the United States during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

Section 1.2 Compensation. Except to the extent otherwise required by Section 482 of the Internal Revenue Code or analogous state tax law, Recipient shall compensate Transferor for any Assets transferred hereunder at Cost. "Cost" means (i) for items of inventory accounted for in the FERC Uniform System of Accounts account 154 ("Inventory Items"), the average unit price of such Inventory Items as recorded on the books of the Transferor, plus stores, freight, handling, and other applicable costs, and (ii) for assets other than Inventory Items, net book value.

Alternatively, to the extent that an Asset may be transferred under this Agreement, the Transferor and Recipient may agree that the Asset transferred to the Recipient be replaced in kind. In this event, Transferor and Recipient shall agree to the timing of such replacement, and other necessary terms and conditions, and such in-kind replacement shall be deemed a transferred Asset for all purposes hereunder.

Section 1.3 Payment. Each Operating Company shall reasonably cooperate with each other Operating Company to record billings and payments required hereunder in their common accounting systems.

Section 1.4 Delivery; Title and Risk of Loss. The parties shall cooperate in providing transportation equipment necessary to deliver the Assets to the Recipient. Assets will be delivered FOB transportation equipment at the Transferor's location where such Assets reside ("Shipping Point"). All costs of transportation, including the cost of transporting in-kind replacement Assets to Transferor, shall be borne by the Recipient. Title to and risk of loss of the transferred Assets shall pass from the Transferor to the Recipient at the Shipping Point.

ARTICLE 2. WARRANTIES

Section 2.1 Warranties. Each Operating Company, as Transferor, warrants that it will have good and marketable title to the Assets transferred hereunder. Further, each Operating Company, as Transferor, warrants that it shall obtain release of any liens or other encumbrances on the transferred Assets within a reasonable time. ALL ASSETS TRANSFERRED HEREUNDER ARE BEING SOLD "AS IS, WHERE IS" AND WITHOUT ANY WARRANTY

AS TO ITS CONDITION, INCLUDING WITHOUT ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 2.2 Disclaimer. WITH RESPECT TO ANY ASSETS TRANSFERRED HEREUNDER, EACH OPERATING COMPANY AS TRANSFEROR MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 2.1, AND THE PARTIES HERETO HEREBY AGREE THAT NO OTHER WARRANTY, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), SHALL BE APPLICABLE TO SUCH ASSETS. THE PARTIES FURTHER AGREE THAT THE REMEDIES STATED HEREIN ARE EXCLUSIVE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

ARTICLE 3. INDEMNIFICATION

Section 3.1 Indemnification; Limitation of Liability.

(a) Subject to subparagraph (b) of this Section 3.1, each party (the “Indemnifying Party”) shall release, defend, indemnify and hold harmless the other party (the “Indemnified Party”), including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys’ fees), whether or not involving a third-party claim, incurred or sustained by or against any such Indemnified Party arising, directly or indirectly, from or in connection with Indemnifying Party’s negligence or willful misconduct in the performance of its obligations hereunder.

(b) Notwithstanding any other provision hereof, each party’s total liability hereunder with respect to any Assets shall be limited to the amount actually paid to Transferor for such Assets for which the liability arises, and under no circumstances shall Transferor be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

Section 3.2 Procedure for Indemnification. Within 15 business days after receipt by an Indemnified Party of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a “Proceeding”) with respect to which it is eligible for indemnification hereunder, the Indemnified Party shall notify the Indemnifying Party thereof in writing (it being understood that failure so to notify the Indemnifying Party shall not relieve the latter of its indemnification obligation, unless the Indemnifying Party establishes that defense thereof has been prejudiced by such failure). Thereafter, the Indemnifying Party shall be entitled to participate in such Proceeding and, at its election upon notice to such Indemnified Party and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such

Indemnified Party, Indemnifying Party shall not enter into any settlement of any third-party claim that would lead to liability or create any financial or other obligation on the part of such Indemnified Party for which such Indemnified Party is not entitled to indemnification hereunder. If such Indemnified Party has given timely notice to Indemnifying Party of the commencement of such Proceeding, but Indemnifying Party has not, within 15 business days after receipt of such notice, given notice to Indemnified Party of its election to assume the defense thereof, Indemnifying Party shall be bound by any determination made in such Proceeding or any compromise or settlement made by Indemnified Party. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Indemnified Party to Indemnifying Party.

ARTICLE 4. MISCELLANEOUS

Section 4.1 Amendments. Any amendments to this Agreement shall be in writing executed by each of the parties hereto. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any affected state public utility commission for its review or otherwise, each Operating Company shall comply in all respects with any such requirements.

Section 4.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by either party upon not less than 30 days prior written notice to the other party. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of the parties hereto.

Section 4.3 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto. Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 4.4 Severability. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 4.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any party hereto without the prior written consent of the other party. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 4.6 Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of New York, without regard to conflicts of laws principles.

Section 4.7 Captions, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, “hereof,” “hereunder,” “herein,” “hereto,” and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 4.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

Section 4.9 DEC, DEP, and Piedmont Conditions. In addition to the terms and conditions set forth herein, except with respect to the pricing of Asset transfers as set forth herein, DEC’s, DEP’s and Piedmont’s participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued in Docket No. E-2, Sub 1095, Docket No. E-7, Sub 1100, and Docket No. G-9, Sub 682 (“Merger Order”), as such Regulatory Conditions and Code of Conduct may be amended from time to time. In accordance with Regulatory Condition 3.9.b. as approved in the Merger Order, nothing in this Agreement shall be construed or interpreted so as to commit DEC or DEP, or to involve DEC or DEP in, joint planning, coordination, or operation of generation, transmission, or distribution facilities with one or more affiliates nor shall it be interpreted as otherwise altering DEC’s or DEP’s obligations with respect to the Regulatory Conditions approved in the Merger Order. In the event of a conflict between the provisions of this Agreement and the Regulatory Conditions and Code, the Regulatory Conditions and Code shall govern, except as altered by the Commission by Order for this Agreement.

Section 4.10 DEI Conditions. DEI agrees and acknowledges that in accordance with its Affiliate Standards, Section II O (i) it will make Assets available to non-affiliated wholesale power marketers under the same terms, conditions and prices, and at the same time, as it makes Assets available to a DEO’s wholesale power marketing function, and (ii) it will process all requests for Assets from DEO’s wholesale power marketing function and non-affiliated wholesale power marketers on a non-discriminatory basis.

Section 4.11 Regulatory Approvals. This Agreement is expressly contingent on the receipt of all regulatory approvals or waivers deemed necessary by the parties.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on March 29, 2022, on its behalf by an appropriate officer thereunto duly authorized.

Duke Energy Carolinas, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

Duke Energy Indiana, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

Duke Energy Ohio, Inc.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

Duke Energy Kentucky, Inc.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

Duke Energy Progress, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

Duke Energy Florida, LLC

By: Cassandra M Springer
Cassandra M. Springer
Assistant Secretary

Piedmont Natural Gas Company, Inc.

By: Cassandra M Springer
Cassandra M. Springer
Assistant Corporate Secretary

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS																
Function	Function Description		Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total DEC	Total DEP	Total DEF	Total DEI	Total DEK	Total DEO	Total Comm Trans-Elec	Total Electric Utilities	
Information Systems	Development and support of mainframe computer software applications.	Number of Central Processing Unit Seconds Ratio/Millions of Instructions per Second	ENMF	Information Systems	Mainframe Svcs Ent	ENTCPUMFR	S05	-	-	-	39.13	5.80	31.88	-	76.81	
			DEMF	Information Systems	Mainframe Svcs Ent DUK	DENTCPUMFR	D05	-	-	-	7.18	1.06	5.85	-	14.09	
	Procurement and support of personal computers and related network and software applications.	No. of Personal Computer Workstations Ratio	ENWS	Information Systems	Worksta Svcs Enterprise	ENTWKSWS	S06	81.24	-	-	9.24	0.36	2.70	-	93.54	
			PRWS	Information Systems	Worksta Svcs Enterprise PE	PREWKSWS	P06	-	65.15	33.56	-	-	-	-	98.71	
			DWSE	Information Systems	Worksta Svcs Enterprise DUK	DENTWKSWS	D06	41.62	27.39	14.10	4.72	0.17	1.37	-	89.37	
			PUWS	Information Systems	Worksta Svcs Utility PE	PRUWKSWS	P12	-	65.15	33.56	-	-	-	-	98.71	
	Development and support of distributed computer software applications (e.g., servers).	Number of Info Systems Servers Ratio	ENSS	Information Systems	Server Svcs Enterprise	ENTSYSVR	S07	52.57	-	-	20.90	3.67	11.29	-	88.43	
			PRSS	Information Systems	Server Svcs Enterprise PE	PRESYSVR	P07	-	41.65	57.11	-	-	-	-	98.76	
			DESS	Information Systems	Server Svcs Enterprise DUK	DENTSYSVR	D07	25.96	16.35	22.41	10.35	1.82	5.59	-	82.48	
			UTSS	Information Systems	Server Svcs Utility	UTISYSVR	S13	26.21	16.47	22.60	10.42	1.83	5.64	-	83.17	
			PUSS	Information Systems	Server Svcs Utility PE	PRUSYSVR	P13	-	41.65	57.11	-	-	-	-	98.76	
	Installation and operation of communications systems.	Number of Employees Ratio	ENTS	Information Systems	Telecom Svcs Enterprise	ENTEMPTEL	S33	74.38	-	-	13.01	0.92	3.43	-	91.74	
			PRTS	Information Systems	Telecom Svcs Enterprise PE	PREEMPTEL	P33	-	61.71	36.97	-	-	-	-	98.68	
			DETS	Information Systems	Telecom Svcs Enterprise DUK	DENTEMPTEL	D33	37.92	24.95	14.95	6.63	0.46	1.76	-	86.67	
			DUTS	Information Systems	Telecom Svcs Utility	DUTIEMPTEL	D34	38.91	25.59	15.33	6.81	0.48	1.80	-	88.92	
			UTTS	Information Systems	Telecom Svcs Utility	UTIEMPTEL	S34	78.24	-	-	13.69	0.96	3.63	-	96.52	
			PTSU	Information Systems	Telecom Svcs Utility PE	PRUEMPTEL	P34	-	61.71	36.97	-	-	-	-	98.68	
			ENHD	Information Systems	Helpdesk Services	ENTEMPHLP	S33	74.38	-	-	13.01	0.92	3.43	-	91.74	
			DEHD	Information Systems	Helpdesk Services DUK	DENTEMPHLP	D33	37.92	24.95	14.95	6.63	0.46	1.76	-	86.67	
			PRHD	Information Systems	Helpdesk Services PE	PREEMPHLP	P33	-	61.71	36.97	-	-	-	-	98.68	
Information systems management and support services.	No. of Personal Computer Workstations Ratio	ENMA	Information Systems	ITS Mgt & Apps Svcs Ent	ENT3FFITM	S35	41.62	27.39	14.10	4.72	0.17	1.37	-	89.37		
		DEMA	Information Systems	ITS Mgt & Apps Svcs Ent DE	DENT3FFITM	D35	41.62	27.39	14.10	4.72	0.17	1.37	-	89.37		
		PRMA	Information Systems	ITS Mgt & Apps Svcs Ent PE	PRE3FFITM	P35	41.62	27.39	14.10	4.72	0.17	1.37	-	89.37		
		UTMA	Information Systems	ITS Mgt & Apps Utility	UTI3FFITM	S36	84.59	-	-	9.61	0.37	2.80	-	97.37		
		DELH	Information Systems	Duke Energy Lighthouse	DUWKSITM	D11	42.46	27.93	14.38	4.84	0.18	1.40	-	91.19		
		DUMA	Information Systems	ITS Mgt & Apps Svcs Util DE	DUTI3FFITM	D36	41.62	27.39	14.10	4.72	0.17	1.37	-	89.37		
Meters	Procures, tests and maintains meters.	Number of Customers Ratio	DEMS	Meters	Meter Svcs Utility DE	DUTICUSMTR	D14	28.25	17.07	19.53	8.94	1.51	7.56	-	82.86	
			UMMS	Meters	Meter Svcs Util MWOly Elec/Gas	UTMCUSMTR	S60	-	-	-	37.95	6.39	32.08	-	76.42	
			UEMS	Meters	Meter Svcs Util MW Elec	UTECUSMTR	S58	-	-	-	49.65	8.37	41.98	-	100.00	

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS															
Function	Function Description	Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total DEC	Total DEP	Total DEF	Total DEI	Total DEK	Total DEO	Total Comm Trans-Elec	Total Electric Utilities	
Transportation	Procures and maintains vehicles and equipment.	Number of Employees Ratio	DUVE	Transportation	Transp Vehicles Utility DE	DUTIEMPVEH	D10	39.31	25.86	15.61	6.96	0.73	1.78	-	90.25
			UMVE	Transportation	Transp Vehicles Util MW only	UTMEMPVEH	S65	-	-	-	66.80	6.97	17.13	-	90.90
	Procures and maintains aircraft and equipment.	Three Factor Formula	DGAV	Transportation	Transp Aviation Gvrnce	DGOV3FFAVI	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			DEAV	Transportation	Transp Aviation Svcs Ent DE	DENT3FFAVI	D03	33.48	22.22	17.54	10.13	1.14	3.69	-	88.20
Electric System Maintenance - Coordinates maintenance and support of electric transmission and distribution systems.	Services related to transmission system:	Circuit Miles of Electric Transm Lines Ratio	UTTR	Electric System Maintenance	ESS Elec Tran Utility	UTICMIETR	S15	41.56	20.07	16.05	16.85	0.34	5.13	-	100.00
			UMTR	Electric System Maintenance	ESS Elec Tran Utility - MW	UTICMIEMW	S96	-	-	-	75.47	1.54	22.99	-	100.00
	Services related to distribution system:	Circuit Miles of Electric Dist. Lines Ratio	UTDI	Electric System Maintenance	ESS Elec Dist Utility	UTICMIEDT	S16	39.13	25.73	16.65	11.21	1.09	6.19	-	100.00
			UMDI	Electric System Maintenance	ESS Elec Dist Utility MW only	UTMCIEDT	S57	-	-	-	60.62	5.89	33.49	-	100.00
Marketing and Customer Relations Grid Solutions	Advises the Client Companies in relations with domestic utility customers. Design and administration of market solutions standard and/or operational programs.	Number of Customers Ratio	PUSD	Marketing and Customer Relations	M&CR SALES & Demand Util PE	PRUTSALMCR	P17	-	46.65	53.35	-	-	-	-	100.00
			NET	Marketing and Customer Relations	Customer Strategy P&S	UTISALNET	S75	61.07	-	-	19.33	3.26	16.34	-	100.00
			STD	Marketing and Customer Relations	Standard Services	UTISALSTD	S17	54.52	-	-	17.26	2.91	14.59	-	89.28
			MSST	Marketing and Customer Relations	Mkt Sol - SrvCo Duke Standard	UTMSOLSTD	D98	61.07	-	-	19.33	3.26	16.34	-	100.00
			UMSD	Marketing and Customer Relations	M&CR Standard Prod Util MWonly	UTMSALNET	S68	-	-	-	37.95	6.39	32.08	-	76.42
			UMNT	Marketing and Customer Relations	M&CR Net Product Util MW only	UTMSALSTD	S68	-	-	-	37.95	6.39	32.08	-	76.42
			UESD	Marketing and Customer Relations	M&CR Sls&Dmnd Util MWElec only	UTMSALMCR	S66	-	-	-	49.65	8.37	41.98	-	100.00
			UGSD	Marketing and Customer Relations	M&CRSale&Demand Util MWGas only	UTGSALMCR	S67	-	-	-	-	-	-	-	-
			DTNT	Marketing and Customer Relations	M&CR Elec Only Util DE	DUTICUSMCR	D75	34.10	20.60	23.57	10.79	1.82	9.12	-	100.00
			UTNT	Marketing and Customer Relations	M&CRSale&Demand Util MWGas only	UTISANET	S75	61.07	-	-	19.33	3.26	16.34	-	100.00
	Advises the Client Companies in relations with domestic utility customers. Customer meter reading, billing and payment processing. Market Solutions non P&L processes.	Number of Customers Ratio	UTMR	Marketing and Customer Relations	M&CR Mtr Rdg&Pmt Proc Util	UTICUSPMT	S37	54.52	-	-	17.26	2.91	14.59	-	89.28
			DUMR	Marketing and Customer Relations	M&CR Customers Util ND	DUTICUSPMT	D37	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
			DUMS	Marketing and Customer Relations	Mkt Sol Srvco Utilities Std	DUTICUSPAY	D95	34.10	20.60	23.57	10.79	1.82	9.12	-	100.00
			UMMR	Marketing and Customer Relations	M&CR MtrRdg&PmtPrc Util MWonly	UTMCUSPMT	S60	-	-	-	37.95	6.39	32.08	-	76.42
			UOMR	Marketing and Customer Relations	M&CR MtrRdg&PmtPrc DEO DEK only	UTOCUSPMT	S59	-	-	-	-	10.30	51.70	-	62.00
			DCTH	Marketing and Customer Relations	M&CR Customers Util ND	DGOVCUSCTA	DG5	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
	Advises the Client Companies in relations with domestic utility customers. Customer services including the operation of call center.	Number of Customers Ratio	UEMR	Marketing and Customer Relations	M&CR MtrRdg&PmtPrc Util MWElec	UTECUSPMT	S58	-	-	-	49.65	8.37	41.98	-	100.00
			UMPD	Marketing and Customer Relations	M&CR Util MW PD	UTMCUSMPD	S69	-	-	-	37.95	6.39	32.08	-	76.42
			EASC	Marketing and Customer Relations	M&CR Cust EAM	DUTICUSEAS	T06	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
			DCIS	Marketing and Customer Relations	M&CR Cust Info Sys_Util	DUTICUSSYS	T05	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
UWPD			Marketing and Customer Relations	M&CR PD DEO/DEK E/G	UTMCUSWPD	S70	-	-	-	-	10.30	51.70	-	62.00	

2023 SERVICE COMPANY COST ALLOCATION DETAILS															
COST ALLOCATIONS IN SERVICE AGREEMENTS															
Function	Function Description	Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total DEC	Total DEP	Total DEF	Total DEI	Total DEK	Total DEO	Total Comm Trans-Elec	Total Electric Utilities	
Marketing and Customer Relations Grid Solutions	Advises the Client Companies in relations with domestic utility customers. Costs associated with Smart Grid activities.	<i>Number of Customers Ratio</i>	USGA	Marketing and Customer Relations	M&CR Smart Grid All E/G	UTICUSSG	S76	54.52	-	-	17.26	2.91	14.59	-	89.28
			USGE	Marketing and Customer Relations	M&CR Smart Grid Electric Only	UTECUSSG	S77	61.07	-	-	19.33	3.26	16.34	-	100.00
			DSGA	Marketing and Customer Relations	M&CR Smart Grid DUKE E/G	DUTICUSSG	D89	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
			DSGE	Marketing and Customer Relations	M&CR Smart Grid DUKE Elec Only	DUTECUSSG	D93	34.10	20.60	23.57	10.79	1.82	9.12	-	100.00
			UTSG	Marketing and Customer Relations	Non-Smart Grid SES O&M	UTICUSSES	S84	54.52	-	-	17.26	2.91	14.59	-	89.28
			PSGA	Marketing and Customer Relations	M&CR Smart Grid PEC E/G	PUTICUSSG	P91	-	46.65	53.35	-	-	-	-	100.00
			USGA	Marketing and Customer Relations	M&CR Smart Grid Util Capital	UTICUSSG	S80	54.52	-	-	17.26	2.91	14.59	-	89.28
			USGE	Marketing and Customer Relations	M&CR Smart Grid Electric Only	UTECUSSG	S81	61.07	-	-	19.33	3.26	16.34	-	100.00
			DSGA	Marketing and Customer Relations	M&CR Smart Grid DUKE E/G - Capital	DUTICUSSG	D90	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
			DSGE	Marketing and Customer Relations	M&CR Smart Grid DUKE Elec Only - Capital	DUTECUSSG	D94	34.10	20.60	23.57	10.79	1.82	9.12	-	100.00
			UTSG	Marketing and Customer Relations	Non-Smart Grid SES Cap	UTICUSSES	S85	54.52	-	-	17.26	2.91	14.59	-	89.28
			PSGA	Marketing and Customer Relations	M&CR Smart Grid PEC E/G - Capital	PUTICUSSG	P92	-	46.65	53.35	-	-	-	-	100.00
			GIPA	Marketing and Customer Relations	M&CR Grid Strat&Plan DUKE E/G	DUTICUSGS	T01	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
			GIPA	Marketing and Customer Relations	M&CR Grid Strat&Plan DUKE E/G - Capital	DUTICUSGS	T02	31.97	19.31	22.08	10.11	1.70	8.55	-	93.72
GIPE	Marketing and Customer Relations	M&CR Grid Strat&Plan-Electric	DUTECUSGS	T03	34.10	20.60	23.57	10.79	1.82	9.12	-	100.00			
GIPE	Marketing and Customer Relations	M&CR Grid Strat&Plan-Electric - Capital	DUTECUSGS	T04	34.10	20.60	23.57	10.79	1.82	9.12	-	100.00			
Electric Transmission & Distribution Engineering & Construction -	Transmission engineering and construction:	<i>(Electric Transmission Plant's) Construction - Expenditures Ratio</i>	UTET	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ET Utility	UTICONETR	S18	25.78	17.40	35.82	12.84	1.55	6.61	-	100.00
			UEET	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ET Util MW only	UTMCONETR	S62	-	-	-	61.15	7.38	31.47	-	100.00
	Distribution engineering and construction:	<i>(Electric Distribution Plant's) Construction - Expenditures Ratio</i>	UTED	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ED Utility	UTICONEDT	S30	34.83	25.38	27.14	7.27	0.62	4.76	-	100.00
			UEED	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ED Util MW only	UTMCONEDT	S61	-	-	-	57.44	4.92	37.64	-	100.00
Power Engineering & Construction	Designs, monitors and supports the construction of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units or improvements to existing electric generating units. Prepares cost and schedule estimates and visits construction sites to ensure that construction activities coincide with plans.	<i>(Electric Production Plant's) Construction - Expenditures Ratio</i>	Utec	Power Engineering & Construction	Eng & Constr Pwr Prod Util	UTICONPWR	S25	21.43	12.28	46.59	17.91	1.79	-	-	100.00
			UEEC	Power Engineering & Construction	Eng&Constr Pwr Prod Util MWonly	UTMCONPWR	S63	-	-	-	90.92	9.08	-	-	100.00
			UGEG	Power Engineering & Construction	Eng & Constr Gas Util MW only	UTMCONGAS	S64	-	-	-	-	-	-	-	-
									-	-	-	-	-	-	-
Human Resources	Establishes and administers policies and supervises compliance with legal requirements in the areas of employment, compensation, benefits and employee health and safety. Processes payroll and employee benefit payments. Supervises contract negotiations and relations with labor unions.	<i>Number of Employees Ratio</i>	DGHR	Human Resources	HR Svcs Gvrnce	DGOVEMPHRS	DG2	38.31	25.21	15.22	6.78	0.71	1.74	-	87.97
			DHRE	Human Resources	HR Services Enterprise DE	DENTEMPHRS	D04	38.31	25.21	15.22	6.78	0.71	1.74	-	87.97
			UTHR	Human Resources	HR Services Utility	UTIEMPHRS	S38	39.31	25.86	15.61	6.96	0.73	1.78	-	90.25

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS															
Function	Function Description		Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total DEC	Total DEP	Total DEF	Total DEI	Total DEK	Total DEO	Total Comm Trans-Elec	Total Electric Utilities
Supply Chain - Provides services in connection with the procurement of materials and contract services, processes payments to vendors, and provides management of material and supplies inventories.	Procurement of materials and contract services and vendor payment processing:	<i>Procurement Spending Ratio</i>	DUSC	Materials Management	Matis Mgmt Sply Chn Util DE	DUTIPROSPC	D19	36.03	18.57	19.87	9.76	0.95	2.52	0.01	87.71
			DESC	Materials Management	Matis Mgmt Sply Chain Ent DE	DENTPROSPC	D08	33.83	17.50	18.66	9.16	0.89	2.37	0.01	82.42
			UPPD	Materials Management	MW ELEC/GAS DELIVRY STOREROOM	UTBRCPMM	S72	-	-	-	-	7.06	77.28	-	84.34
	Management of materials and supplies inventory:	<i>Inventory Ratio</i>	UTIN	Materials Management	Matis Mgmt Inventory Util	UTIINVSPC	S20	20.10	25.51	27.38	15.35	0.11	11.55	-	100.00
Facilities	Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.	<i>Square Footage Ratio</i>	GORE	Facilities	RE Facility Svcs CLT GO	CLTSQFFAC	S27	51.44	33.83	0.29	0.29	-	0.03	-	85.88
			CNRE	Facilities	RE Fac Svcs - Cincinnati	CINSQFFAC	S50	16.19	10.65	0.89	8.28	-	9.45	-	45.46
			PLRE	Facilities	RE Fac Svcs - Plainfield	PLDSQFFAC	S51	10.19	6.70	0.71	78.22	-	-	-	95.82
			MWRE	Facilities	RE Facility Services MW Utility	UTMSQFFAC	S71	-	-	-	47.92	3.22	29.20	-	80.34
			DERE	Facilities	RE Facility Services Ent DE	DENT3FFAC	D39	42.58	28.01	12.29	4.94	-	0.31	-	88.13
Accounting	Maintains the books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, prepares tax filings and supervises compliance with the laws and regulations.	<i>Three Factor Formula</i>	DGAC	Accounting	Accounting Gvrnce	DGOV3FFACT	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			DGVP	Accounting	VSP - Governance DE	DGOV3FFVSP	DG3	35.74	23.71	18.73	10.82	1.22	3.94	-	94.16
			PGVP	Accounting	VSP - Governance	PRGV3FFVSP	PG3	-	55.82	44.18	-	-	-	-	100.00
			DEAC	Accounting	Accounting Svcs Ent DE	DENT3FFACT	D03	33.48	22.22	17.54	10.13	1.14	3.69	-	88.20
			UTAC	Accounting	Acctg Svcs Utility	UTI3FFACT	S09	34.64	22.96	18.15	10.49	1.19	3.82	-	91.25
			UMAC	Accounting	Acctg Svcs Util MW FE&G only	UTM3FFACT	S53	-	-	-	60.00	6.69	21.48	-	88.17
			DDEP	Accounting	DEBS Depreciation DE	DENT3FFDEP	D49	33.48	22.22	17.54	10.13	1.14	3.69	-	88.20
			PRDP	Accounting	SvcCo Depreciation PE	PRE3FFDEPR	P49	-	55.82	44.18	-	-	-	-	100.00
			DGDC	Accounting	Governance CTA Depreciation DE	DGOV3FDEPP	DG4	35.74	23.71	18.73	10.82	1.22	3.94	-	94.16
			DCTG	Accounting	CTA Governance DE	DGOV3FFCTA	DG3	35.74	23.71	18.73	10.82	1.22	3.94	-	94.16
			PNYG	Accounting	Special Governance DE	GOV3FFCTAP	DG7	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			PNGG	Accounting	Special Governance Gas Only	GOV3FCTAPG	DG6	-	-	-	-	-	-	-	-
			PUDC	Accounting	Governance CTA Depreciation PE	PRV3FFDEPP	PG4	-	55.82	44.18	-	-	-	-	100.00
	GSAC	Accounting	Accounting Gas Only	UTI3FFGACT	GD3	-	-	-	-	-	-	-	-		
		<i>Generating Unit MW Capability Ratio (MDC)</i>	DPNL	Accounting	Duke Progress CTA Nuclear	DGOV3FFDPN	CG3	67.00	33.00	-	-	-	-	-	100.00
	Rate of Return - Allocates the Service Company's portion of the utilities chargeback for affiliate use of space.	<i>Three Factor Formula</i>	DURR	Facilities Rate of Return Allocation	Facilities ROR Gvrnce DE	DGOVEMPROR	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
Power Planning and Operations - Coordinates the planning, management and operation of Duke Energy Corporation's electric power systems including additions and retirements to Duke Energy Corporation's electric generation, transmission and distribution systems.	Generation planning:	<i>Elec Peak Load Ratio</i>	DUGE	Power Planning and Ops	Pwr Png&Ops Gen Png Util ND	DUTIPKLGPL	D21	-	-	-	-	-	-	-	-
	Transmission planning:	<i>Elec Peak Load Ratio</i>	DUTP	Power Planning and Ops	Pwr Png&Ops Trans Png Util ND	DUTIPKLETR	D32	37.80	27.96	20.47	12.10	1.67	-	-	100.00
	Distribution planning:	<i>Weighted Avg of the Circ Miles of ED Lines Ratio and the Elec Peak Load Ratio</i>	DUDP	Power Planning and Ops	Pwr Png&Ops Dist Png Util ND	DUTICMIEDL	D41	38.89	22.45	19.28	11.51	1.24	6.63	-	100.00
							-	-	-	-	-	-	-	-	-

**2023 SERVICE COMPANY COST ALLOCATION DETAILS
COST ALLOCATIONS IN SERVICE AGREEMENTS**

Function	Function Description	Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total DEC	Total DEP	Total DEF	Total DEI	Total DEK	Total DEO	Total Comm Trans-Elec	Total Electric Utilities
Power Planning and Operations - System Operations - coordination of the energy dispatch and operation of Duke Energy Corporation's electric generating units and transmission and distribution systems.	Generation Dispatch:	Sales Ratio	UTGD	Power Planning and Ops	Pwr Ping&Ops Gen Dspch Util	UTISALGDP	S42	28.75	22.67	31.64	14.91	2.03	-	100.00
								-	-	-	-	-	-	-
	Transmission Operations:	Weighted Average of the Circ Miles of Elec Transm Lines Ratio and the Elec Peak Load Ratio	UTTO	Power Planning and Ops	Pwr Ping&Ops Trans Ops Util	UTICMIOTR	S31	40.21	21.25	17.67	14.19	0.79	5.89	100.00
								-	-	-	-	-	-	-
								-	-	-	-	-	-	-
	Distribution Operations:	Weighted Avg of the Circ Miles of ED Lines Ratio and the Elec Peak Load Ratio	UTDO	Power Planning and Ops	Pwr Ping & Ops Dist Ops Util	UTICMIODL	S22	38.99	24.08	17.97	11.37	1.17	6.42	100.00
								-	-	-	-	-	-	-
Power Operations – provides management and support services for Duke Energy Corporation's electric generation system.		Generating Unit MW Capability /MDC Ratio	REPO	Power Planning and Ops	Pwr Ping & Ops Pwr Ops Reg	REGCAPPPO	S28	28.96	24.03	27.51	16.61	2.89	-	100.00
			RCLC	Power Planning and Ops	Reg Coal - All Juris (DEBS)	RCLCAPPPO	D99	36.34	18.85	14.71	26.54	3.56	-	100.00
			RCTO	Power Planning and Ops	Reg CT/CC - All Juris (DEBS)	RCTCAPPPO	S98	23.60	27.77	36.74	9.47	2.42	-	100.00
			RMWO	Power Planning and Ops	Reg Coal/CT - Midwest (DEBS)	REGMCAPO	S99	-	-	-	85.16	14.84	-	100.00
Public Affairs	Prepares and disseminates information to employees, customers, government officials, communities and the media. Provides graphics, reproduction lithography, photography and video services.	Three Factor Formula	DGPA	Public Affairs	Pub Affrs Gvrnce	DGOV3FFPAF	DG1	33.48	22.21	17.54	10.13	1.14	3.69	88.19
			DGPP	Public Affairs	Public Policy Gvrnce	DGOV3FFPO	DG1	33.48	22.21	17.54	10.13	1.14	3.69	88.19
			DEPA	Public Affairs	Public Affairs Services Ent DE	DENT3FFPAF	D03	33.48	22.22	17.54	10.13	1.14	3.69	88.20
	Utility Specific Activities	Weighted Average of # of Customers Ratio and # of Employees Ratio	UTPA	Public Affairs	Public Affairs Services Utilit	UTICUSPAF	S24	33.78	21.46	17.57	7.95	1.12	4.67	86.55
							-	-	-	-	-	-	-	
Legal	Renders services relating to labor and employment law, litigation, contracts, rates and regulatory affairs, environmental matters, financing, financial reporting, real estate and other legal matters.	Three Factor Formula	DLEE	Legal	Legal Governance	DGOV3FFLEG	CG1	62.22	-	-	18.80	2.12	6.83	89.97
			ENLE	Legal	Legal Governance	GOV3FFLEG	DG1	33.48	22.21	17.54	10.13	1.14	3.69	88.19
			PGLG	Legal	Legal Governance PE	PRGV3FFLEG	PG1	-	55.82	44.18	-	-	-	100.00
			UTLE	Legal	Legal Services Utility	UTI3FFLEG	S09	34.64	22.96	18.15	10.49	1.19	3.82	91.25
Rates	Determines the Client Companies' revenue requirements and rates to electric and gas requirements customers. Administers interconnection and joint ownership agreements. Researches and forecasts customers' usage.	Sales Ratio	UTRA	Rates	Rates Utility	UTISALRAT	S44	28.52	20.12	14.20	9.85	1.30	6.48	80.47
			UORA	Rates	Rates Svcs Util DEO DEK only	UTOSALRAT	S55	-	-	-	-	9.53	52.52	62.05
			UMRA	Rates	Rates DEO & DEK Reg	UTMSALRAT	S86	-	-	-	-	7.65	38.08	45.73
Finance	Renders services to Client Companies with respect to investments, financing, cash management, risk management, claims and fire prevention. Prepares budgets, financial forecasts and economic analyses.	Three Factor Formula	DGFI	Finance	Financial Svcs Gvrnce	DGOV3FFFIN	DG1	33.48	22.21	17.54	10.13	1.14	3.69	88.19
			DEFI	Finance	Financial Svcs DE	DENT3FFFIN	D03	33.48	22.22	17.54	10.13	1.14	3.69	88.20
			UTFI	Finance	Financial Services Utility	UTI3FFFIN	S09	34.64	22.96	18.15	10.49	1.19	3.82	91.25
			UMFI	Finance	Financial Svc Util MW FEG only	UTM3FFFIN	S53	-	-	-	60.00	6.69	21.48	88.17
Rights of Way - Purchases, surveys, records, and sells real estate interests for Client Companies.	Services related to electric distribution system:	Circuit Miles of Electric Dist. Lines Ratio	DURD	Rights of Way	Right of Way ED Sys Util ND	DUTICMIRWD	D87	39.13	25.73	16.65	11.21	1.09	6.19	100.00
	Services related to electric generation system:	Elec Peak Load Ratio	DURG	Rights of Way	Right of Way Gen Sys Util ND	DUTIPKLRWG	D88	37.80	27.96	20.47	12.10	1.67	-	100.00
	Services related to electric transmission system:	Circuit Miles of Electric Transm Lines Ratio	DURW	Rights of Way	Right of Way ET Sys Util ND	DUTICMIROW	D45	41.56	20.07	16.05	16.85	0.34	5.13	100.00

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS							Total Comm Trans-Elec	Total Electric Utilities							
Function	Function Description	Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total DEC	Total DEP	Total DEF	Total DEI	Total DEK	Total DEO			
Internal Auditing	Reviews internal controls and procedures to ensure that assets are safeguarded & that transactions are properly authorized & recorded.	Three Factor Formula	DGIA	Internal Auditing	Internal Audit Gvrnce	DGOV3FFIAU	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			DUIA	Internal Auditing	Intrnl Audit Svcs Utility DE	DUT13FFIAU	D09	34.64	22.96	18.15	10.49	1.19	3.82	-	91.25
Environmental, Health and Safety	Establishes policies and procedures and governance framework for compliance with environmental, health and safety ("EHS") issues, monitors compliance with EHS requirements and provides EHS compliance support to the Client Companies' personnel.	Three Factor Formula	DGEA	Environmental, Health and Safety	Envir Affrs Gvrnce	DGOV3FFENV	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			ENEA	Environmental, Health and Safety	Enviro Affairs Svcs Ent	ENT3FFENV	S46	33.48	22.22	17.54	10.13	1.14	3.69	-	88.20
	Utility Specific Activities	Sales Ratio	UTEA	Environmental, Health and Safety	Enviro Affairs Svcs Utility	UTISALENV	S47	28.52	20.12	14.20	9.85	1.30	6.48	-	80.47
Fuels	Procures coal, gas and oil for the Client Companies. Ensures compliance with price and quality provisions of fuel contracts and arranges for transportation of the fuel to the generating stations.	Sales Ratio	UTFU	Fuels	Fuels Utility	UTISALFUE	S48	28.75	22.67	31.64	14.91	2.03	-	-	100.00
								-	-	-	-	-	-	-	-
								-	-	-	-	-	-	-	-
Investor Relations	Provides communications to investors and the financial community, performs transfer agent and shareholder record keeping functions, administers stock plans and performs stock-related regulatory reporting.	Three Factor Formula	DGIR	Investor Relations	Investor Rel Gvrnce	DGOV3FFINV	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
							-	-	-	-	-	-	-	-	
Planning	Facilitates preparation of strategic and operating plans, monitors trends and evaluates business opportunities.	Three Factor Formula	DGPS	Planning	Planning Svcs Gvrnce	DGOV3FFPLN	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			DGCD	Planning	Corp Dvlprmnt Gvrnce	DGOV3FFCDO	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			DEPS	Planning	Planning Svcs Enterprise DE	DENT3FFPLN	D03	33.48	22.22	17.54	10.13	1.14	3.69	-	88.20
			DUPS	Planning	Planning Svcs Utility DE	DUT13FFPLN	D09	34.64	22.96	18.15	10.49	1.19	3.82	-	91.25
Executive	Provides general administrative and executive management services.	Three Factor Formula	DGEX	Executive	Exec Governance	DGOV3FFEXC	DG1	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			ENEX	Executive	Exec Services Enterprise	ENT3FFEXC	S03	33.48	22.22	17.54	10.13	1.14	3.69	-	88.20
			UTEX	Executive	Exec Services Utility	UTI3FFEXC	S09	34.64	22.96	18.15	10.49	1.19	3.82	-	91.25
			UMEX	Executive	Executive Svc Util MW FEG only	UTM3FFEXC	S53	-	-	-	60.00	6.69	21.48	-	88.17
			UOEX	Executive	Exec Svcs Utility DEO DEK only	UTO3FFEXC	S56	-	-	-	-	16.81	53.83	-	70.64
			DGSC	Executive	Stock Comp Legacy DE	GOV3FFSTK	CG1	62.22	-	-	18.80	2.12	6.83	-	89.97
			DGEP	Executive	ESP Other Governance	DGOV3FFESP	DG7	33.48	22.21	17.54	10.13	1.14	3.69	-	88.19
			PSTK	Executive	Stock Comp Legacy PGN	PRGV3FFSTK	PG1	-	55.82	44.18	-	-	-	-	100.00
Interest	Allocates Interest		DEAI	Interest	Acctg Interest Svc Enterprise DE	DENTINTACT	D52	32.20	18.42	12.88	16.02	2.72	7.63	0.01	89.88

2023 SERVICE COMPANY COST ALLOCATION DETAILS																
COST ALLOCATIONS IN SERVICE AGREEMENTS																
Function	Function Description		Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total PNG	Total DEK-Gas	Total DEO-Gas	Comm Trans - Gas	Gas Utilities Total	Comm Pwr Total	Other Total	Total	
Information Systems	Development and support of mainframe computer software applications.	<i>Number of Central Processing Unit Seconds Ratio/Millions of Instructions per Second</i>	ENMF	Information Systems	Mainframe Svcs Ent	ENTCPUMFR	S05	-	4.35	18.84	-	23.19	-	-	100.00	
			DEMF	Information Systems	Mainframe Svcs Ent DUK	DENTCPUMFR	D05	81.65	0.80	3.46	-	85.91	-	-	100.00	
	Procurement and support of personal computers and related network and software applications.	<i>No. of Personal Computer Workstations Ratio</i>	ENWS	Information Systems	Worksta Svcs Enterprise	ENTWKSWS	S06	-	0.28	1.11	-	1.39	3.93	1.14	100.00	
			PRWS	Information Systems	Worksta Svcs Enterprise PE	PREWKSWS	P06	-	-	-	-	-	-	1.29	100.00	
			DWSE	Information Systems	Worksta Svcs Enterprise DUK	DENTWKSWS	D06	6.79	0.14	0.57	-	7.50	2.01	1.12	100.00	
			PUWS	Information Systems	Worksta Svcs Utility PE	PRUWKSWS	P12	-	-	-	-	-	-	1.29	100.00	
	Development and support of distributed computer software applications (e.g., servers).	<i>Number of Info Systems Servers Ratio</i>	ENSS	Information Systems	Server Svcs Enterprise	ENTSYSVR	S07	-	1.97	7.06	-	9.03	0.71	1.83	100.00	
			PRSS	Information Systems	Server Svcs Enterprise PE	PRESYSVR	P07	-	-	-	-	-	-	1.24	100.00	
			DESS	Information Systems	Server Svcs Enterprise DUK	DENTSYSVR	D07	11.30	0.98	3.49	-	15.77	0.35	1.40	100.00	
			UTSS	Information Systems	Server Svcs Utility	UTISYSVR	S13	11.42	0.98	3.52	-	15.92	-	0.91	100.00	
			PUSS	Information Systems	Server Svcs Utility PE	PRUSYSVR	P13	-	-	-	-	-	-	1.24	100.00	
	Installation and operation of communications systems.	<i>Number of Employees Ratio</i>	ENTS	Information Systems	Telecom Svcs Enterprise	ENTEMPTEL	S33	-	0.72	1.42	-	2.14	4.94	1.18	100.00	
			PRTS	Information Systems	Telecom Svcs Enterprise PE	PREEMPTEL	P33	-	-	-	-	-	-	1.32	100.00	
			DETS	Information Systems	Telecom Svcs Enterprise DUK	DENTEMPTEL	D33	8.58	0.38	0.72	-	9.68	2.52	1.13	100.00	
			DUTS	Information Systems	Telecom Svcs Utility	DUTIEMPTEL	D34	8.80	0.38	0.74	-	9.92	-	1.16	100.00	
			UTTS	Information Systems	Telecom Svcs Utility	UTIEMPTEL	S34	-	0.76	1.49	-	2.25	-	1.23	100.00	
			PTSU	Information Systems	Telecom Svcs Utility PE	PRUEMPTEL	P34	-	-	-	-	-	-	1.32	100.00	
			ENHD	Information Systems	Helpdesk Services	ENTEMPHLP	S33	-	0.72	1.42	-	2.14	4.94	1.18	100.00	
			DEHD	Information Systems	Helpdesk Services DUK	DENTEMPHLP	D33	8.58	0.38	0.72	-	9.68	2.52	1.13	100.00	
			PRHD	Information Systems	Helpdesk Services PE	PREEMPHLP	P33	-	-	-	-	-	-	1.32	100.00	
Information systems management and support services.	<i>No. of Personal Computer Workstations Ratio</i>	ENMA	Information Systems	ITS Mgt & Apps Svcs Ent	ENT3FFITM	S35	6.79	0.14	0.57	-	7.50	2.01	1.12	100.00		
		DEMA	Information Systems	ITS Mgt & Apps Svcs Ent DE	DENT3FFITM	D35	6.79	0.14	0.57	-	7.50	2.01	1.12	100.00		
		PRMA	Information Systems	ITS Mgt & Apps Svcs Ent PE	PRE3FFITM	P35	6.79	0.14	0.57	-	7.50	2.01	1.12	100.00		
		UTMA	Information Systems	ITS Mgt & Apps Utility	UTI3FFITM	S36	-	0.29	1.15	-	1.44	-	1.19	100.00		
		DELH	Information Systems	Duke Energy Lighthouse	DUWKSITM	D11	6.93	0.15	0.58	-	7.66	-	1.15	100.00		
		DUMA	Information Systems	ITS Mgt & Apps Svcs Util DE	DUTI3FFITM	D36	6.79	0.14	0.57	-	7.50	2.01	1.12	100.00		
Meters	Procures, tests and maintains meters.	<i>Number of Customers Ratio</i>	DEMS	Meters	Meter Svcs Utility DE	DUTICUSMTR	D14	11.59	1.04	4.51	-	17.14	-	-	100.00	
			UMMS	Meters	Meter Svcs Util MWonly Elec/Gas	UTMCUSMTR	S60	-	4.43	19.15	-	23.58	-	-	100.00	
			UEMS	Meters	Meter Svcs Util MW Elec	UTECUSMTR	S58	-	-	-	-	-	-	-	100.00	

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS															
Function	Function Description	Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total PNG	Total DEK-Gas	Total DEO-Gas	Comm Trans - Gas	Gas Utilities Total	Comm Pwr Total	Other Total	Total	
Transportation	Procures and maintains vehicles and equipment.	Number of Employees Ratio	DUVE	Transportation	Transp Vehicles Utility DE	DUTIEMPVEH	D10	8.80	0.14	0.81	-	9.75	-	100.00	
			UMVE	Transportation	Transp Vehicles Util MW only	UTMEMPVEH	S65	-	1.34	7.76	-	9.10	-	100.00	
	Procures and maintains aircraft and equipment.	Three Factor Formula	DGAV	Transportation	Transp Aviation Gvrnce	DGOV3FFAVI	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
			DEAV	Transportation	Transp Aviation Svcs Ent DE	DENT3FFAVI	D03	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00
Electric System Maintenance - Coordinates maintenance and support of electric transmission and distribution systems.	Services related to transmission system:	Circuit Miles of Electric Transm Lines Ratio	UTTR	Electric System Maintenance	ESS Elec Tran Utility	UTICMIETR	S15	-	-	-	-	-	-	100.00	
			UMTR	Electric System Maintenance	ESS Elec Tran Utility - MW	UTICMIEMW	S96	-	-	-	-	-	-	100.00	
	Services related to distribution system:	Circuit Miles of Electric Dist. Lines Ratio	UTDI	Electric System Maintenance	ESS Elec Dist Utility	UTICMIEDT	S16	-	-	-	-	-	-	100.00	
			UMDI	Electric System Maintenance	ESS Elec Dist Utility MW only	UTMCMIEDT	S57	-	-	-	-	-	-	100.00	
Marketing and Customer Relations Grid Solutions	Advises the Client Companies in relations with domestic utility customers. Design and administration of market solutions standard and/or operational programs.	Number of Customers Ratio	PUSD	Marketing and Customer Relations	M&CR SALES & Demand Util PE	PRUTSALMCR	P17	-	-	-	-	-	-	100.00	
			NET	Marketing and Customer Relations	Customer Strategy P&S	UTISALNET	S75	-	-	-	-	-	-	100.00	
			STD	Marketing and Customer Relations	Standard Services	UTISALSTD	S17	-	2.01	8.71	-	10.72	-	-	100.00
			MSST	Marketing and Customer Relations	Mkt Sol - SrvCo Duke Standard	UTMSOLSTD	D98	-	-	-	-	-	-	-	100.00
			UMSD	Marketing and Customer Relations	M&CR Standard Prod Util MWonly	UTMSALNET	S68	-	4.43	19.15	-	23.58	-	-	100.00
			UMNT	Marketing and Customer Relations	M&CR Net Product Util MW only	UTMSALSTD	S68	-	4.43	19.15	-	23.58	-	-	100.00
			UESD	Marketing and Customer Relations	M&CR Sis&Dmnd Util MWElec only	UTMSALMCR	S66	-	-	-	-	-	-	-	100.00
			UGSD	Marketing and Customer Relations	M&CRSale&Demand Util MWGas only	UTGSALMCR	S67	-	18.79	81.21	-	100.00	-	-	100.00
			DTNT	Marketing and Customer Relations	M&CR Elec Only Util DE	DUTICUSMCR	D75	-	-	-	-	-	-	-	100.00
			UTNT	Marketing and Customer Relations	M&CRSale&Demand Util MWGas only	UTISANET	S75	-	-	-	-	-	-	-	100.00
	Advises the Client Companies in relations with domestic utility customers. Customer meter reading, billing and payment processing. Market Solutions non P&L processes.	Number of Customers Ratio	UTMR	Marketing and Customer Relations	M&CR Mtr Rdg&Pmt Proc Util	UTICUSPMT	S37	-	2.01	8.71	-	10.72	-	-	100.00
			DUMR	Marketing and Customer Relations	M&CR Customers Util ND	DUTICUSPMT	D37	-	1.18	5.10	-	6.28	-	-	100.00
			DUMS	Marketing and Customer Relations	Mkt Sol Srvco Utilities Std	DUTICUSPAY	D95	-	-	-	-	-	-	-	100.00
			UMMR	Marketing and Customer Relations	M&CR MtrRdg&PmtPrc Util MWonly	UTMCUSPMT	S60	-	4.43	19.15	-	23.58	-	-	100.00
			UOMR	Marketing and Customer Relations	M&CR MtrRdg&PmtPrc DEO DEK only	UTOCUSPMT	S59	-	7.14	30.86	-	38.00	-	-	100.00
			DCTH	Marketing and Customer Relations	M&CR Customers Util ND	DGOVCUSCTA	DG5	-	1.18	5.10	-	6.28	-	-	100.00
	Advises the Client Companies in relations with domestic utility customers. Customer services including the operation of call center.	Number of Customers Ratio	UEMR	Marketing and Customer Relations	M&CR MtrRdg&PmtPrc Util MWElec	UTECUSPMT	S58	-	-	-	-	-	-	-	100.00
			UMPD	Marketing and Customer Relations	M&CR Util MW PD	UTMCUSMPD	S69	-	4.43	19.15	-	23.58	-	-	100.00
			EASC	Marketing and Customer Relations	M&CR Cust EAM	DUTICUSEAS	T06	-	1.18	5.10	-	6.28	-	-	100.00
			DCIS	Marketing and Customer Relations	M&CR Cust Info Sys_Util	DUTICUSSYS	T05	-	1.18	5.10	-	6.28	-	-	100.00
UWPD			Marketing and Customer Relations	M&CR PD DEO/DEK E/G	UTMCUSWPD	S70	-	7.14	30.86	-	38.00	-	-	100.00	

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS															
Function	Function Description	Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total PNG	Total DEK- Gas	Total DEO- Gas	Comm Trans - Gas	Gas Utilities Total	Comm Pwr Total	Other Total	Total	
Marketing and Customer Relations Grid Solutions	Advises the Client Companies in relations with domestic utility customers. Costs associated with Smart Grid activities.	<i>Number of Customers Ratio</i>	USGA	Marketing and Customer Relations	M&CR Smart Grid All E/G	UTICUSSG	S76	-	2.01	8.71	-	10.72	-	100.00	
			USGE	Marketing and Customer Relations	M&CR Smart Grid Electric Only	UTECUSSG	S77	-	-	-	-	-	-	-	100.00
			DSGA	Marketing and Customer Relations	M&CR Smart Grid DUKE E/G	DUTICUSSG	D89	-	1.18	5.10	-	6.28	-	-	100.00
			DSGE	Marketing and Customer Relations	M&CR Smart Grid DUKE Elec Only	DUTECUSSG	D93	-	-	-	-	-	-	-	100.00
			UTSG	Marketing and Customer Relations	Non-Smart Grid SES O&M	UTICUSSES	S84	-	2.01	8.71	-	10.72	-	-	100.00
			PSGA	Marketing and Customer Relations	M&CR Smart Grid PEC E/G	PUTICUSSG	P91	-	-	-	-	-	-	-	100.00
			USGA	Marketing and Customer Relations	M&CR Smart Grid Util Capital	UTICUSSG	S80	-	2.01	8.71	-	10.72	-	-	100.00
			USGE	Marketing and Customer Relations	M&CR Smart Grid Electric Only Capital	UTECUSSG	S81	-	-	-	-	-	-	-	100.00
			DSGA	Marketing and Customer Relations	M&CR Smart Grid DUKE E/G - Capital	DUTICUSSG	D90	-	1.18	5.10	-	6.28	-	-	100.00
			DSGE	Marketing and Customer Relations	M&CR Smart Grid DUKE Elec Only - Capital	DUTECUSSG	D94	-	-	-	-	-	-	-	100.00
			UTSG	Marketing and Customer Relations	Non-Smart Grid SES Cap	UTICUSSES	S85	-	2.01	8.71	-	10.72	-	-	100.00
			PSGA	Marketing and Customer Relations	M&CR Smart Grid PEC E/G - Capital	PUTICUSSG	P92	-	-	-	-	-	-	-	100.00
			GIPA	Marketing and Customer Relations	M&CR Grid Strat&Plan DUKE E/G	DUTICUSGS	T01	-	1.18	5.10	-	6.28	-	-	100.00
			GIPA	Marketing and Customer Relations	M&CR Grid Strat&Plan DUKE E/G - Capital	DUTICUSGS	T02	-	1.18	5.10	-	6.28	-	-	100.00
GIPE	Marketing and Customer Relations	M&CR Grid Strat&Plan-Electric	DUTECUSGS	T03	-	-	-	-	-	-	-	100.00			
GIPE	Marketing and Customer Relations	M&CR Grid Strat&Plan-Electric - Capital	DUTECUSGS	T04	-	-	-	-	-	-	-	100.00			
Electric Transmission & Distribution Engineering & Construction	Transmission engineering and construction:	<i>(Electric Transmission Plant's) Construction - Expenditures Ratio</i>	UTET	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ET Utility	UTICONETR	S18	-	-	-	-	-	-	100.00	
			UEET	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ET Util MW only	UTMCONETR	S62	-	-	-	-	-	-	100.00	
	Distribution engineering and construction:	<i>(Electric Distribution Plant's) Construction - Expenditures Ratio</i>	UTED	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ED Utility	UTICONEDT	S30	-	-	-	-	-	-	100.00	
			UEED	Electric Transmission & Distribution Engineering & Construction	Eng & Constr ED Util MW only	UTMCONEDT	S61	-	-	-	-	-	-	100.00	
Power Engineering & Construction	Designs, monitors and supports the construction of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units or improvements to existing electric generating units. Prepares cost and schedule estimates and visits construction sites to ensure that construction activities coincide with plans.	<i>(Electric Production Plant's) Construction - Expenditures Ratio</i>	Utec	Power Engineering & Construction	Eng & Constr Pwr Prod Util	UTICONPWR	S25	-	-	-	-	-	-	100.00	
			UEEC	Power Engineering & Construction	Eng&Constr Pwr Prod Util MWonly	UTMCONPWR	S63	-	-	-	-	-	-	100.00	
			UGEG	Power Engineering & Construction	Eng & Constr Gas Util MW only	UTMCONGAS	S64	74.51	5.69	19.80	-	100.00	-	-	100.00
									-	-	-	-	-	-	-
Human Resources	Establishes and administers policies and supervises compliance with legal requirements in the areas of employment, compensation, benefits and employee health and safety. Processes payroll and employee benefit payments. Supervises contract negotiations and relations with labor unions.	<i>Number of Employees Ratio</i>	DGHR	Human Resources	HR Svcs Gvrnce	DGOVEMPHRS	DG2	8.58	0.14	0.79	-	9.51	2.52	-	100.00
			DHRE	Human Resources	HR Services Enterprise DE	DENTEMPHRS	D04	8.58	0.14	0.79	-	9.51	2.52	-	100.00
			UTHR	Human Resources	HR Services Utility	UTIEMPHRS	S38	8.80	0.14	0.81	-	9.75	-	-	100.00

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS															
Function	Function Description		Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total PNG	Total DEK-Gas	Total DEO-Gas	Comm Trans - Gas	Gas Utilities Total	Comm Pwr Total	Other Total	Total
Supply Chain - Provides services in connection with the procurement of materials and contract services, processes payments to vendors, and provides management of material and supplies inventories.	Procurement of materials and contract services and vendor payment processing:	<i>Procurement Spending Ratio</i>	DUSC	Materials Management	Matis Mgmt Sply Chn Util DE	DUTIPROSPC	D19	8.68	0.55	2.74	-	11.97	-	0.32	100.00
			DESC	Materials Management	Matis Mgmt Sply Chain Ent DE	DENTPROSPC	D08	8.16	0.52	2.57	-	11.25	5.97	0.36	100.00
			UPPD	Materials Management	MW ELEC/GAS DELIVRY STOREROOM	UTBRCPMM	S72	-	4.06	11.60	-	15.66	-	-	100.00
	Management of materials and supplies inventory:	<i>Inventory Ratio</i>	UTIN	Materials Management	Matis Mgmt Inventory Util	UTIINVSPC	S20	-	-	-	-	-	-	-	100.00
Facilities	Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.	<i>Square Footage Ratio</i>	GORE	Facilities	RE Facility Svcs CLT GO	CLTSQFFAC	S27	13.14	-	0.01	0.59	13.74	0.38	-	100.00
			CNRE	Facilities	RE Fac Svcs - Cincinnati	CINSQFFAC	S50	25.81	-	4.29	2.27	32.37	22.17	-	100.00
			PLRE	Facilities	RE Fac Svcs - Plainfield	PLDSQFFAC	S51	0.53	-	-	-	0.53	3.65	-	100.00
			MWRE	Facilities	RE Facility Services MW Utility	UTMSQFFAC	S71	-	2.23	17.43	-	19.66	-	-	100.00
			DERE	Facilities	RE Facility Services Ent DE	DENT3FFAC	D39	9.80	-	0.14	0.47	10.41	1.46	-	100.00
Accounting	Maintains the books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, prepares tax filings and supervises compliance with the laws and regulations.	<i>Three Factor Formula</i>	DGAC	Accounting	Accounting Gvrnce	DGOV3FFACT	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
			DGVP	Accounting	VSP - Governance DE	DGOV3FFVSP	DG3	-	0.47	1.72	0.04	2.23	3.54	0.07	100.00
			PGVP	Accounting	VSP - Governance	PRGV3FFVSP	PG3	-	-	-	-	-	-	-	100.00
			DEAC	Accounting	Accounting Svcs Ent DE	DENT3FFACT	D03	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00
			UTAC	Accounting	Acctg Svcs Utility	UTI3FFACT	S09	6.60	0.45	1.67	0.03	8.75	-	-	100.00
			UMAC	Accounting	Acctg Svcs Util MW FE&G only	UTM3FFACT	S53	-	2.56	9.27	-	11.83	-	-	100.00
			DDEP	Accounting	DEBS Depreciation DE	DENT3FFDEP	D49	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00
			PRDP	Accounting	SvcCo Depreciation PE	PRE3FFDEPR	P49	-	-	-	-	-	-	-	100.00
			DGDC	Accounting	Governance CTA Depreciation DE	DGOV3FDEPP	DG4	-	0.47	1.72	0.04	2.23	3.54	0.07	100.00
			DCTG	Accounting	CTA Governance DE	DGOV3FFCTA	DG3	-	0.47	1.72	0.04	2.23	3.54	0.07	100.00
			PNYG	Accounting	Special Governance DE	GOV3FFCTAP	DG7	6.36	0.44	1.61	0.03	8.44	-	3.37	100.00
			PNGG	Accounting	Special Governance Gas Only	GOV3FCTAPG	DG6	76.12	5.12	18.76	-	100.00	-	-	100.00
			PUDC	Accounting	Governance CTA Depreciation PE	PRV3FFDEPP	PG4	-	-	-	-	-	-	-	100.00
	GSAC	Accounting	Accounting Gas Only	UTI3FFGACT	GD3	76.12	5.12	18.76	-	100.00	-	-	100.00		
		<i>Generating Unit MW Capability Ratio (MDC)</i>	DPNL	Accounting	Duke Progress CTA Nuclear	DGOV3FFDPN	CG3	-	-	-	-	-	-	-	100.00
	Rate of Return - Allocates the Service Company's portion of the utilities chargeback for affiliate use of space.	<i>Three Factor Formula</i>	DURR	Facilities Rate of Return Allocation	Facilities ROR Gvrnce DE	DGOVEMPROR	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
Power Planning and Operations - Coordinates the planning, management and operation of Duke Energy Corporation's electric power systems including additions and retirements to Duke Energy Corporation's electric generation, transmission and distribution systems.	Generation planning:	<i>Elec Peak Load Ratio</i>						-	-	-	-	-	-	-	-
			DUGE	Power Planning and Ops	Pwr Png&Ops Gen Png Util ND	DUTIPKLGPL	D21	-	-	-	-	-	-	-	-
	Transmission planning:	<i>Elec Peak Load Ratio</i>						-	-	-	-	-	-	-	-
			DUTP	Power Planning and Ops	Pwr Png&Ops Trans Png Util ND	DUTIPKLETR	D32	-	-	-	-	-	-	-	-
Distribution planning:	<i>Weighted Avg of the Circ Miles of ED Lines Ratio and the Elec Peak Load Ratio</i>						-	-	-	-	-	-	-	-	
		DUDP	Power Planning and Ops	Pwr Png&Ops Dist Png Util ND	DUTICMIEDL	D41	-	-	-	-	-	-	-	-	100.00

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS																
Function	Function Description		Operating Unit (OU)	Function	OU Description	Allocation Pool	St Cd	Total PNG	Total DEK- Gas	Total DEO- Gas	Comm Trans - Gas	Gas Utilities Total	Comm Pwr Total	Other Total	Total	
Power Planning and Operations - System Operations - coordination of the energy dispatch and operation of Duke Energy Corporation's electric generating units and transmission and distribution systems.	Generation Dispatch:	Sales Ratio	UTGD	Power Planning and Ops	Pwr Ping&Ops Gen Dspch Util	UTISALGDP	S42	-	-	-	-	-	-	-	-	100.00
	Transmission Operations:	Weighted Average of the <i>Circ Miles of Elec Transm Lines Ratio</i> and the <i>Elec Peak Load Ratio</i>	UTTO	Power Planning and Ops	Pwr Ping&Ops Trans Ops Util	UTICMIOTR	S31	-	-	-	-	-	-	-	-	100.00
	Distribution Operations:	Weighted Avg of the <i>Circ Miles of ED Lines Ratio</i> and the <i>Elec Peak Load Ratio</i>	UTDO	Power Planning and Ops	Pwr Ping & Ops Dist Ops Util	UTICMIODL	S22	-	-	-	-	-	-	-	-	100.00
	Power Operations – provides management and support services for Duke Energy Corporation's electric generation system.	Generating Unit MW Capability /MDC Ratio	REPO	Power Planning and Ops	Pwr Ping & Ops Pwr Ops Reg	REGCAPPPO	S28	-	-	-	-	-	-	-	-	100.00
			RCLC	Power Planning and Ops	Reg Coal - All Juris (DEBS)	RCLCAPPPO	D99	-	-	-	-	-	-	-	-	100.00
			RCTC	Power Planning and Ops	Reg CT/CC - All Juris (DEBS)	RCTCAPPPO	S98	-	-	-	-	-	-	-	-	100.00
			RMWO	Power Planning and Ops	Reg Coal/CT - Midwest (DEBS)	REGMCAPO	S99	-	-	-	-	-	-	-	-	100.00
	Public Affairs	Prepares and disseminates information to employees, customers, government officials, communities and the media. Provides graphics, reproduction lithography, photography and video services.	Three Factor Formula	DGPA	Public Affairs	Pub Affrs Gvrnce	DGOV3FFPAF	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
DGPP				Public Affairs	Public Policy Gvrnce	DGOV3FFPO	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00	
DEPA				Public Affairs	Public Affairs Services Ent DE	DENT3FFPAF	D03	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00	
Utility Specific Activities		Weighted Average of # of Customers Ratio and # of Employees Ratio	UTPA	Public Affairs	Public Affairs Services Utilit	UTICUSPAF	S24	10.20	0.59	2.66	-	13.45	-	-	100.00	
Legal	Renders services relating to labor and employment law, litigation, contracts, rates and regulatory affairs, environmental matters, financing, financial reporting, real estate and other legal matters.	Three Factor Formula	DLEE	Legal	Legal Governance	DGOV3FFLEG	CG1	-	0.81	2.97	0.06	3.84	6.06	0.13	100.00	
			ENLE	Legal	Legal Governance	GOV3FFLEG	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00	
			PGLG	Legal	Legal Governance PE	PRGV3FFLEG	PG1	-	-	-	-	-	-	-	100.00	
			UTLE	Legal	Legal Services Utility	UTI3FFLEG	S09	6.60	0.45	1.67	0.03	8.75	-	-	100.00	
Rates	Determines the Client Companies' revenue requirements and rates to electric and gas requirements customers. Administers interconnection and joint ownership agreements. Researches and forecasts customers' usage.	Sales Ratio	UTRA	Rates	Rates Utility	UTISALRAT	S44	10.29	1.44	7.80	-	19.53	-	-	100.00	
			UORA	Rates	Rates Svcs Util DEO DEK only	UTOSALRAT	S55	-	6.60	31.35	-	37.95	-	-	100.00	
			UMRA	Rates	Rates DEO & DEK Reg	UTMSALRAT	S86	-	8.48	45.79	-	54.27	-	-	100.00	
Finance	Renders services to Client Companies with respect to investments, financing, cash management, risk management, claims and fire prevention. Prepares budgets, financial forecasts and economic analyses.	Three Factor Formula	DGFI	Finance	Financial Svcs Gvrnce	DGOV3FFFIN	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00	
			DEFI	Finance	Financial Svcs DE	DENT3FFFIN	D03	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00	
			UTFI	Finance	Financial Services Utility	UTI3FFFIN	S09	6.60	0.45	1.67	0.03	8.75	-	-	100.00	
			UMFI	Finance	Financial Svc Util MW FEG only	UTM3FFFIN	S53	-	2.56	9.27	-	11.83	-	-	100.00	
Rights of Way - Purchases, surveys, records, and sells real estate interests for Client Companies.	Services related to electric distribution system:	Circuit Miles of Electric Dist. Lines Ratio	DURD	Rights of Way	Right of Way ED Sys Util ND	DUTICMIRWD	D87	-	-	-	-	-	-	-	-	100.00
	Services related to electric generation system:	Elec Peak Load Ratio	DURG	Rights of Way	Right of Way Gen Sys Util ND	DUTIPKLRWG	D88	-	-	-	-	-	-	-	-	100.00
	Services related to electric transmission system:	Circuit Miles of Electric Transm Lines Ratio	DURW	Rights of Way	Right of Way ET Sys Util ND	DUTICMIROW	D45	-	-	-	-	-	-	-	-	100.00

2023 SERVICE COMPANY COST ALLOCATION DETAILS COST ALLOCATIONS IN SERVICE AGREEMENTS							St Cd	Total PNG	Total DEK- Gas	Total DEO- Gas	Comm Trans - Gas	Gas Utilities Total	Comm Pwr Total	Other Total	Total
Function	Function Description	Operating Unit (OU)	Function	OU Description	Allocation Pool										
Internal Auditing	Reviews internal controls and procedures to ensure that assets are safeguarded & that transactions are properly authorized & recorded.	Three Factor Formula	DGIA	Internal Auditing	Internal Audit Gvrnce	DGOV3FFIAU	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
			DUIA	Internal Auditing	Intrnl Audit Svcs Utility DE	DUT13FFIAU	D09	6.60	0.45	1.67	0.03	8.75	-	-	100.00
Environmental, Health and Safety	Establishes policies and procedures and governance framework for compliance with environmental, health and safety ("EHS") issues, monitors compliance with EHS requirements and provides EHS compliance support to the Client Companies' personnel.	Three Factor Formula	DGEA	Environmental, Health and Safety	Envir Affrs Gvrnce	DGOV3FFENV	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
			ENEA	Environmental, Health and Safety	Enviro Affairs Svcs Ent	ENT3FFENV	S46	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00
	Utility Specific Activities	Sales Ratio	UTEA	Environmental, Health and Safety	Enviro Affairs Svcs Utility	UTISALENV	S47	10.29	1.44	7.80	-	19.53	-	-	100.00
Fuels	Procures coal, gas and oil for the Client Companies. Ensures compliance with price and quality provisions of fuel contracts and arranges for transportation of the fuel to the generating stations.	Sales Ratio	UTFU	Fuels	Fuels Utility	UTISALFUE	S48	-	-	-	-	-	-	-	100.00
								-	-	-	-	-	-	-	-
									-	-	-	-	-	-	-
Investor Relations	Provides communications to investors and the financial community, performs transfer agent and shareholder record keeping functions, administers stock plans and performs stock-related regulatory reporting.	Three Factor Formula	DGIR	Investor Relations	Investor Rel Gvrnce	DGOV3FFINV	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
							-	-	-	-	-	-	-	-	-
Planning	Facilitates preparation of strategic and operating plans, monitors trends and evaluates business opportunities.	Three Factor Formula	DGPS	Planning	Planning Svcs Gvrnce	DGOV3FFPLN	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
			DGCD	Planning	Corp Dvlprmt Gvrnce	DGOV3FFCDO	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
			DEPS	Planning	Planning Svcs Enterprise DE	DENT3FFPLN	D03	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00
			DUPS	Planning	Planning Svcs Utility DE	DUT13FFPLN	D09	6.60	0.45	1.67	0.03	8.75	-	-	100.00
Executive	Provides general administrative and executive management services.	Three Factor Formula	DGEX	Executive	Exec Governance	DGOV3FFEXC	DG1	6.36	0.44	1.61	0.03	8.44	3.30	0.07	100.00
			ENEX	Executive	Exec Services Enterprise	ENT3FFEXC	S03	6.36	0.44	1.61	0.03	8.44	3.30	0.06	100.00
			UTEX	Executive	Exec Services Utility	UTI3FFEXC	S09	6.60	0.45	1.67	0.03	8.75	-	-	100.00
			UMEX	Executive	Executive Svc Util MW FEG only	UTM3FFEXC	S53	-	2.56	9.27	-	11.83	-	-	100.00
			UOEX	Executive	Exec Svcs Utility DEO DEK only	UTO3FFEXC	S56	-	6.38	22.98	-	29.36	-	-	100.00
			DGSC	Executive	Stock Comp Legacy DE	GOV3FFSTK	CG1	-	0.81	2.97	0.06	3.84	6.06	0.13	100.00
			DGEP	Executive	ESP Other Governance	DGOV3FFESP	DG7	6.36	0.44	1.61	0.03	8.44	-	3.37	100.00
			PSTK	Executive	Stock Comp Legacy PGN	PRGV3FFSTK	PG1	-	-	-	-	-	-	-	100.00
Interest	Allocates Interest		DEAI	Interest	Acctg Interest Svc Enterprise DE	DENTINTACT	D52	5.42	0.45	1.87	0.04	7.78	2.34	-	100.00