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**CONTAINS REQUEST FOR CONFIDENTIAL TREATMENT**

May 15, 2019

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Duke Energy Ohio, Inc., and Duke Energy Kentucky, Inc.  
Formula Rate Annual Update  
Docket No. ER12-91-000

Dear Secretary Bose:

In accordance with Section 1(b)(ii) of Duke Energy Ohio, Inc.'s ("DEO") and Duke Energy Kentucky, Inc.'s ("DEK") Formula Rate Implementation Protocols ("Protocols"), which appear as Attachment H-22A of PJM Interconnection, L.L.C.'s ("PJM") Open Access Transmission Tariff ("OATT"), DEO and DEK (together, "the Companies") submit the enclosed Formula Rate Annual Update. In accordance with the Companies' Formula Rate Implementation Protocols, the Annual Update is submitted for informational purposes only, and is not a filing under Section 205 of the Federal Power Act. **The Companies request that the Commission not act on or issue public notice of this informational filing because the Formula Rate Implementation Protocols provide specific procedures for notice, review, and challenges to the Annual Updates.**

Attached to this filing letter are the following:

- DEOK's OATT formula rate template populated with the latest DEOK FERC Form No. 1 data for rates effective June 1, 2019 (in Excel and PDF form);<sup>1</sup>
- PBOP support reports and worksheets: (1) the actuarial valuation reports supporting the derivation of Postretirement Benefits Other than Pensions ("PBOP") expense;<sup>2</sup> (2) FAS112 Summary; and (3) Purchase Accounting workpaper;<sup>3</sup> and

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<sup>1</sup> Protocols, Section 1.b.(i).

<sup>2</sup> "CUI.PRIV Duke Energy 2018 Postemployment Welfare Benefits (ASC 712) Report" and "Actuarial Valuation Report December 31, 2018 Disclosure and Fiscal 2019 Net Periodic Benefit Cost for Duke Energy Ohio and Duke Energy Kentucky Retirement Plans."

<sup>3</sup> The actuarial valuation reports and worksheets have been included pursuant to the DEOK OATT, page 5, Note E.

- Form of protective agreement.

Section 1.g.(iv) of the Protocols provides that DEOK shall give notice of material changes, if any, in DEOK's accounting policies, practices and procedures. Duke Energy Corporation has elected to capitalize only the service cost component of pension and PBOP costs beginning on January 1, 2018. In previous periods, Duke Energy Corporation capitalized both the service cost and non-service cost components of pension and PBOP expense. The election to capitalize only the service cost component of pension and PBOP costs is consistent with Commission guidance on the issue.<sup>4</sup>

The attached file "CUI.PRIV Duke Energy 2018 Postemployment Welfare Benefits (ASC 712) Report" has been labeled "CUI//PRIV—Protected Materials" because it contains competitively sensitive information that "may be provided only to those persons bound by the terms of a suitable confidentiality agreement or protective order."<sup>5</sup> In accordance with the Commission's regulations, DEOK submits an unredacted version of the attachment, which has been marked "**CUI//PRIV – PROTECTED MATERIALS – DO NOT RELEASE**," a redacted version with the confidential information removed, and a proposed form of protective agreement.<sup>6</sup>

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Heather M. Horne

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<sup>4</sup> See *Accounting and Financial Reporting for Pensions and Post-Retirement Benefits Other than Pensions*, Accounting Letter at 4, Docket No. AI18-1-000 (Dec. 28, 2017).

<sup>5</sup> Protocols, Section 1.g.(iii).

<sup>6</sup> *Notice of Document Labelling Guidance for Documents Submitted to or Filed with the Commission or Commission Staff*, 82 Fed. Reg. 18632 (Apr. 20, 2017); 18 C.F.R. § 388.112(b)(2)(i).

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 15<sup>th</sup> day of May, 2019.

/s/ Heather M. Horne

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