

Duke Energy Corporation

**Actuarial Valuation Report
December 31, 2018 Disclosure and Fiscal
2019 Net Periodic Benefit Cost for
Duke Energy Ohio and Duke Energy
Kentucky Retirement Plans**

March 2019

Confidential

The information contained in this report was prepared for the internal use of Duke Energy and its auditors in connection with our actuarial valuation of the pension and postretirement welfare plans as described above. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent.

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Purposes of Valuation

Duke Energy engaged Willis Towers Watson US LLC (“Willis Towers Watson”) to value the Company’s pension and other postretirement benefit plans for Duke Energy Ohio and Duke Energy Kentucky. This report provides information for year-end financial reporting purposes required by FASB Accounting Standards Codification Topic 715-20-50 (ASC 715) for your fiscal year ending December 31, 2018.

The exhibits present year-end financial reporting information in accordance with ASC 715-20-50, including the net balance sheet position, cash flow, plan asset information, amortization amounts during the fiscal year, participant information, plan provisions on which the valuation is based, and the actuarial assumptions and methods used in the calculations. Additional input is required by the Company in relation to the asset disclosures specified in ASC 715-20-50-1(d).

In addition, this report presents the Net Periodic Benefit Cost/(Income), in accordance with ASC 715, for the fiscal year beginning January 1, 2019. Both year-end financial reporting and benefit cost results are based on a valuation of the Plan as of December 31, 2018.

Actuarial Certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets and sponsor accounting policies and methods provided by Duke Energy and other persons or organizations designated by Duke Energy. We have relied on all the data and information provided as being complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Duke Energy, may produce materially different results that could require that a revised report be issued.

Measurement of Benefit Obligations, Plan Assets and Balance Sheet Adjustments

The benefit obligations were measured as of Duke Energy's December 31, 2018 fiscal year end and are based on census data collected as of January 1, 2018. We have projected forward benefit obligations to the end of the year, adjusting for benefit payments, expected growth in the benefit obligations, changes in assumptions and plan provisions, and any known demographic experience that occurred during the year.

Asset values, net investment returns, and benefits paid during 2018 used in our financial exhibits for funded plans were based on the Northern Trust reports provided to us by Duke Energy dated January 16, 2019, with adjustments provided by Duke Energy on January 17, 2019. Duke Energy provided actual 2018 benefit payment information for the pension plans, by payroll company, on January 9, 2019. Information about VEBA trust assets was furnished to us by Duke Energy on January 14, 2019. Benefit payments made from corporate assets were furnished to us by Duke Energy on January 11, 2019.

Participant Data

Participant data was collected as of January 1, 2018 and provided by Duke Energy's third-party plan administrator. This data was used to measure plan obligations as of January 1, 2018.

Assumptions and Methods under U.S. GAAP

As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the pension and other postretirement benefit cost and other financial reporting results have been selected by Duke Energy. Willis Towers Watson has concurred with these assumptions and methods, with the exception of the expected return on asset assumption which was separately prepared by Duke Energy using additional sources of data outside of the scope of our review. ASC 715-30-35 requires that each significant assumption "individually represent the best estimate of a particular future event".

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

Please refer to the Appendix of our letter dated February 6, 2019 for a complete description of the assumptions and methods used in the determination of plan obligations and costs. These assumptions are based in part on Willis Towers Watson's recommendation and/or analysis. All assumptions were selected based on information known at the measurement date and on the premises that the plan will continue and that no events will occur in 2019 that would cause a remeasurement that may cause Duke Energy to select different assumptions.

Limitations and Nature of Actuarial Calculations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

- This report is not intended to constitute a certification of the Adjusted Funding Target Attainment Percentage (AFTAP) under IRC §436 for any plan year
- This report does not determine funding requirements under IRC §430.
- This report does not provide information for plan reporting under ASC 960.
- This report does not determine liabilities on a plan termination basis, for which a separate extensive analysis would be required. No funded status measure included in this report is intended to assess, and none may be appropriate for assessing, the sufficiency of plan assets to cover the estimated cost of settling benefit obligations, as all such measures differ in some way from plan termination obligations. In addition, funded status measures shown in this report do not reflect the current costs of settling obligations by offering immediate lump sum payments to participants and/or purchasing annuity contracts for the remaining participants (e.g., insurer profit, insurer pricing of contingent benefits and/or provision for anti-selection in the choice of a lump sum vs. an annuity).
- The comparisons of accounting obligations to assets presented in this report cannot be relied upon to determine the need for nor the amount of required future plan contributions, nor the tax deductibility of such contributions. Nevertheless, such comparisons may be useful to assess the need for future contributions because they reflect current interest rates at the measurement date in determining benefit obligations. However, asset gains and losses, demographic experience different from assumed, changes in interest rates, future benefit accruals, if any, and other factors will all affect the need for and amount of future contributions. In addition, if a plan is not required by law to be funded, benefit payments may also be paid directly as they come due.

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by

the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

Limitations on Use

This information is subject to our terms set out herein and in our engagement letter dated April 16, 2015 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use for Duke Energy and its auditors in connection with our actuarial valuation of the pension and postretirement welfare plans as described above for Duke Energy Ohio and Duke Energy Kentucky. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. Duke Energy may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require Duke Energy to provide them this report, in which case Duke Energy will use best efforts to notify Willis Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

Professional Qualifications

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standard for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension and other postretirement benefit plans. Our objectivity is not impaired by any relationship between Duke Energy and our employer, Willis Towers Watson US LLC.

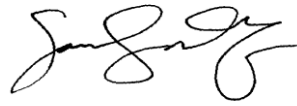
The Pricing Specialist below is responsible for developing and/or determining the reasonableness of retiree welfare plan trend and participation assumptions as well as assumed per capita claims costs (including the aging/morbidity assumption if applicable).

We will be pleased to discuss our findings at your convenience. Please do not hesitate to contact us if you have any questions.

Sincerely,



Michael Thomas, FSA, EA, CFA
Senior Director, Retirement
For pension and post-retirement benefit plans



Sameer Siddiq, FSA, MAAA
Director, Health & Benefits
Pricing Specialist for post-retirement benefit plans



Monica Martin, FSA, EA
Senior Director, Retirement
For pension and post-retirement benefit plans



Laurie Koch, FSA, EA
Director, Retirement
For pension plans

Section 1: Year End 2018 Footnote Disclosures for Duke Energy Ohio and Kentucky

All Legacy Qualified Plans

Payroll Company	Duke Energy Business Services 110	Duke Energy Ohio 503	Duke Energy Kentucky 536
Change in Benefit Obligation			
Benefit Obligation, Beginning of Year	1,978,083,978	361,564,849	116,976,389
Business Combinations and Divestitures	0	0	0
Plan-to-Plan Transfers	0	0	0
Payroll Company Transfers	16,059,603	0	0
Service Cost	46,066,590	3,041,051	1,387,277
Interest Cost	69,982,335	12,613,059	4,134,310
Gross Benefits Paid	(113,183,282)	(28,902,466)	(7,995,882)
Plan Participants' Contributions	0	0	0
Actuarial Loss/(Gain)	(136,792,771)	(18,016,540)	(11,106,799)
Plan Amendments	0	0	0
Impact of Settlements and Curtailments	0	0	0
Benefit Obligation, End of Year	1,860,216,453	330,299,953	103,395,295
Accumulated Benefit Obligation, End of Year	1,849,541,122	324,445,659	100,999,682
Weighted Average Assumptions			
<i>Used in Determining Benefit Obligations</i>			
Discount Rate	4.30%	4.30%	4.30%
Interest Crediting Rate	4.25%/4.00%	4.25%/4.00%	4.25%/4.00%
Rate of Compensation Increase	11.50% to 3.50%	11.50% to 3.50%	11.50% to 3.50%
Measurement Date(s)	12/31/2018	12/31/2018	12/31/2018
Change in Plan Assets			
Market Value of Assets, Beginning of Year	1,901,307,733	351,471,196	106,156,154
Business Combinations and Divestitures	0	0	0
Plan-to-Plan Transfers	0	0	0
Payroll Company Transfers	16,059,603	0	0
Actual Return on Assets (Net of Expenses)	(73,088,288)	(12,953,203)	(3,939,569)
Plan Participants' Contributions	0	0	0
Employer Contributions	39,916,278	420,897	72,080
Benefits Paid	(113,183,282)	(28,902,466)	(7,995,882)
Market Value of Assets, End of Year	1,771,012,044	310,036,423	94,292,782
Funded Status, End of Year	(89,204,409)	(20,263,530)	(9,102,513)
Amounts Recognized in the Statement of Financial Position			
Noncurrent Assets	(89,204,409)	(20,263,530)	(9,102,513)
Current Liabilities	0	0	0
Noncurrent Liabilities	0	0	0
Net Benefit Asset/(Liability) at End of Year	(89,204,409)	(20,263,530)	(9,102,513)
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition Obligation/(Asset)	0	0	0
Prior Service Cost/(Credit)	(38,993,960)	(2,263,634)	(628,879)
Net Actuarial Loss/(Gain)	550,723,215	76,812,144	26,198,945
Total	511,729,255	74,548,510	25,570,066
EXPECTED CASH FLOWS			
Expected Employer Benefit Payments (Net of Part D Subsidy)			
2019	146,687,369	26,656,095	6,639,909
2020	164,189,909	28,365,802	8,144,110
2021	167,627,442	27,825,269	8,710,282
2022	161,981,476	27,351,282	8,309,899
2023	161,033,150	26,609,765	7,982,623
2024-2028	718,473,588	120,363,875	37,731,695
Expected Company Contributions	0	0	0

Components of Net Periodic Benefit Cost

Service Cost	46,066,590	3,041,051	1,387,277
Expected Administrative Expenses	1,750,075	334,169	99,674
Interest Cost	69,982,335	12,613,059	4,134,310
Expected Return on Plan Assets	(117,446,836)	(21,263,055)	(6,472,854)
Amortization of Net Transition Obligation/(Asset)	0	0	0
Amortization of Prior Service Cost/(Credit)	(7,965,089)	(358,630)	(99,861)
Amortization of Net Actuarial Loss/(Gain)	31,922,974	3,574,831	1,663,931
Settlement and Special Termination Benefit Charge/(Credit)	0	0	0
Net Periodic Benefit Cost	24,310,049	(2,058,575)	712,477

Presentation of Benefit Cost Pursuant to ASC 715-20

Employer service cost, including administrative expenses	47,816,665	3,375,220	1,486,951
Other components of net periodic benefit cost	(23,506,616)	(5,433,795)	(774,474)
Other adjustments to benefit cost	0	0	0
Disclosed benefit cost	24,310,049	(2,058,575)	712,477

Other Changes in Plan Assets and Benefit Obligation Recognized in Other Comprehensive Income

Business Combinations/Divestitures - Net Actuarial Loss/(Gain)	9,009,898	0	0
Business Combinations/Divestitures - Prior Service Cost/(Credit)	55,161	0	0
Goodwill Adjustments	0	0	0
Net Actuarial Loss/(Gain)	51,992,278	15,865,549	(794,050)
Amortization of Net Actuarial (Loss)/Gain	(31,922,974)	(3,574,831)	(1,663,931)
Prior Service Cost/(Credit)	0	0	0
Amortization of Prior Service (Cost)/Credit	7,965,089	358,630	99,861
Amortization of Net Transition (Obligation)/Asset	0	0	0
Total Recognized in Other Comprehensive Income	37,099,452	12,649,348	(2,358,120)

Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income

61,409,501	10,590,773	(1,645,643)
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Estimate of Amounts that will be Amortized Out of Accumulated Other Comprehensive Income Into Net Periodic Benefit Cost in 2019

Net Transition Obligation/(Asset)	0	0	0
Prior Service Cost/(Credit)	(8,651,813)	(358,630)	(99,861)
Net Actuarial Loss/(Gain)	20,117,708	2,374,623	874,620
Total	11,465,895	2,015,993	774,759

Weighted Average Assumptions*Used in Determining Cost*

Discount Rate	3.60%	3.60%	3.60%
Interest Crediting Rate	4.00%/4.00%	4.00%/4.00%	4.00%/4.00%
Expected Return on Plan Assets	6.50%	6.50%	6.50%
Rate of Future Compensation Increases	11.50% to 3.50%	11.50% to 3.50%	11.50% to 3.50%
Measurement Date(s)	12/31/2017	12/31/2017	12/31/2017

All Legacy Nonqualified Plans

Payroll Company	Duke Energy Business Services 110	Duke Energy Ohio 503	Duke Energy Kentucky 536
Change in Benefit Obligation			
Benefit Obligation, Beginning of Year	169,714,303	3,749,394	141,008
Business Combinations and Divestitures	0	0	0
Plan-to-Plan Transfers	0	0	0
Payroll Company Transfers	0	0	0
Service Cost	1,379,017	0	0
Interest Cost	5,964,901	129,475	4,888
Gross Benefits Paid	(11,597,436)	(318,055)	(10,571)
Plan Participants' Contributions	0	0	0
Actuarial Loss/(Gain)	(8,255,406)	(132,993)	(6,424)
Plan Amendments	0	0	0
Impact of Settlements and Curtailments	0	0	0
Benefit Obligation, End of Year	157,205,380	3,427,821	128,901
Accumulated Benefit Obligation, End of Year	157,205,380	3,427,821	128,901
Weighted Average Assumptions			
<i>Used in Determining Benefit Obligations</i>			
Discount Rate	4.30%	4.30%	4.30%
Interest Crediting Rate	4.25%/4.00%	4.25%/4.00%	4.25%/4.00%
Rate of Compensation Increase	N/A	N/A	N/A
Measurement Date(s)	12/31/2018	12/31/2018	12/31/2018
Change in Plan Assets			
Market Value of Assets, Beginning of Year	0	0	0
Business Combinations and Divestitures	0	0	0
Plan-to-Plan Transfers	0	0	0
Payroll Company Transfers	0	0	0
Actual Return on Assets (Net of Expenses)	0	0	0
Plan Participants' Contributions	0	0	0
Employer Contributions	11,597,436	318,055	10,571
Benefits Paid	(11,597,436)	(318,055)	(10,571)
Market Value of Assets, End of Year	0	0	0
Funded Status, End of Year	(157,205,380)	(3,427,821)	(128,901)
Amounts Recognized in the Statement of Financial Position			
Noncurrent Assets	0	0	0
Current Liabilities	(9,313,301)	(301,653)	(10,340)
Noncurrent Liabilities	(147,892,079)	(3,126,168)	(118,561)
Net Benefit Asset/(Liability) at End of Year	(157,205,380)	(3,427,821)	(128,901)
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition Obligation/(Asset)	0	0	0
Prior Service Cost/(Credit)	(3,784,918)	(792)	0
Net Actuarial Loss/(Gain)	46,344,670	581,722	41,616
Total	42,559,752	580,930	41,616
EXPECTED CASH FLOWS			
Expected Employer Benefit Payments (Net of Part D Subsidy)			
2019	9,511,429	308,070	10,560
2020	9,091,405	304,812	10,541
2021	11,279,503	300,811	10,508
2022	13,770,474	295,968	10,458
2023	12,203,461	290,184	10,389
2024-2028	67,484,100	1,326,178	49,893
Expected Company Contributions	9,511,429	308,070	10,560

Components of Net Periodic Benefit Cost

Service Cost	1,379,017	0	0
Expected Administrative Expenses	0	0	0
Interest Cost	5,964,901	129,475	4,888
Expected Return on Plan Assets	0	0	0
Amortization of Net Transition Obligation/(Asset)	0	0	0
Amortization of Prior Service Cost/(Credit)	(1,311,307)	(1,058)	0
Amortization of Net Actuarial Loss/(Gain)	4,801,729	61,524	4,135
Settlement and Special Termination Benefit Charge/(Credit)	0	0	0
Net Periodic Benefit Cost	10,834,340	189,941	9,023

Presentation of Benefit Cost Pursuant to ASC 715-20

Employer service cost, including administrative expenses	1,379,017	0	0
Other components of net periodic benefit cost	9,455,323	189,941	9,023
Other adjustments to benefit cost	0	0	0
Disclosed benefit cost	10,834,340	189,941	9,023

Other Changes in Plan Assets and Benefit Obligation Recognized in Other Comprehensive Income

Business Combinations/Divestitures - Net Actuarial Loss/(Gain)	0	0	0
Business Combinations/Divestitures - Prior Service Cost/(Credit)	0	0	0
Goodwill Adjustments	0	0	0
Net Actuarial Loss/(Gain)	(8,255,406)	(132,993)	(6,424)
Amortization of Net Actuarial (Loss)/Gain	(4,801,729)	(61,524)	(4,135)
Prior Service Cost/(Credit)	0	0	0
Amortization of Prior Service (Cost)/Credit	1,311,307	1,058	0
Amortization of Net Transition (Obligation)/Asset	0	0	0
Total Recognized in Other Comprehensive Income	(11,745,828)	(193,459)	(10,559)

Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income

(911,488)	(3,518)	(1,536)
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Estimate of Amounts that will be Amortized Out of Accumulated Other Comprehensive Income Into Net Periodic Benefit Cost in 2019

Net Transition Obligation/(Asset)	0	0	0
Prior Service Cost/(Credit)	(1,281,305)	(792)	0
Net Actuarial Loss/(Gain)	3,613,095	42,820	3,063
Total	2,331,790	42,028	3,063

Weighted Average Assumptions*Used in Determining Cost*

Discount Rate	3.60%	3.60%	3.60%
Interest Crediting Rate	4.00%/4.00%	4.00%/4.00%	4.00%/4.00%
Expected Return on Plan Assets	N/A	N/A	N/A
Rate of Future Compensation Increases	N/A	N/A	N/A
Measurement Date(s)	12/31/2017	12/31/2017	12/31/2017

All Legacy Welfare Plans

Payroll Company	Duke Energy Business Services 110	Duke Energy Ohio 503	Duke Energy Kentucky 536
Change in Benefit Obligation			
Benefit Obligation, Beginning of Year	123,825,908	24,253,933	6,050,852
Business Combinations and Divestitures	0	0	0
Plan-to-Plan Transfers	0	0	0
Payroll Company Transfers	678,976	0	0
Service Cost	1,782,753	305,824	202,104
Interest Cost	4,286,180	837,751	209,688
Gross Benefits Paid	(15,609,831)	(1,767,606)	(621,859)
less: federal subsidy on benefits paid	148,325	64,284	202,673
Plan Participants' Contributions	5,355,803	368,357	211,177
Actuarial Loss/(Gain)	(11,458,270)	(2,094,164)	(699,143)
Plan Amendments	0	0	0
Impact of Settlements and Curtailments	0	0	0
Benefit Obligation, End of Year	109,009,844	21,968,379	5,555,492
Accumulated Benefit Obligation, End of Year	0	0	0
Weighted Average Assumptions			
<i>Used in Determining Benefit Obligations</i>			
Discount Rate	4.30%	4.30%	4.30%
Interest Crediting Rate	N/A	N/A	N/A
Rate of Compensation Increase	N/A	N/A	N/A
Health Care Cost Trend Rate			
Initial rate	6.50%	6.50%	6.50%
Ultimate rate	4.75%	4.75%	4.75%
Years to ultimate	5	5	5
Measurement Date(s)	12/31/2018	12/31/2018	12/31/2018
Effect of one-percentage-point change in assumed health care cost trend rate on postretirement benefit obligation			
-- Increase	N/A	N/A	N/A
-- Decrease	N/A	N/A	N/A
Change in Plan Assets			
Market Value of Assets, Beginning of Year	35,732,639	5,658,582	1,431,637
Business Combinations and Divestitures	0	0	0
Plan-to-Plan Transfers	0	0	0
Payroll Company Transfers	653,518	0	0
Actual Return on Assets (Net of Expenses)	(1,144,056)	(222,470)	(52,129)
Plan Participants' Contributions	5,355,803	368,357	211,177
Employer Contributions	8,021,364	1,112,567	381,776
Benefits Paid	(15,609,831)	(1,767,606)	(621,859)
Market Value of Assets, End of Year	33,009,437	5,149,430	1,350,602
Funded Status, End of Year	(76,000,407)	(16,818,949)	(4,204,890)
Amounts Recognized in the Statement of Financial Position			
Noncurrent Assets	0	0	0
Current Liabilities	(618,781)	(1,524,600)	(161,908)
Noncurrent Liabilities	(75,381,626)	(15,294,349)	(4,042,982)
Net Benefit Asset/(Liability) at End of Year	(76,000,407)	(16,818,949)	(4,204,890)
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition Obligation/(Asset)	0	0	0
Prior Service Cost/(Credit)	(17,498,550)	(1,505,787)	(799,716)
Net Actuarial Loss/(Gain)	(12,962,328)	(10,965,736)	(4,405,921)
Total	(30,460,878)	(12,471,523)	(5,205,637)

EXPECTED CASH FLOWS**Expected Employer Benefit Payments**

2019	14,047,113	2,545,654	938,895
2020	12,111,482	2,436,262	735,328
2021	11,210,107	2,306,201	655,344
2022	10,438,459	2,221,275	630,439
2023	9,743,243	2,136,526	584,197
2024-2028	38,541,064	9,048,409	2,179,485

Expected Company Contributions

3,143,965	1,557,034	165,352
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Expected Subsidies from Medicare Part D

2019	N/A	N/A	N/A
2020	N/A	N/A	N/A
2021	N/A	N/A	N/A
2022	N/A	N/A	N/A
2023	N/A	N/A	N/A
2024-2028	N/A	N/A	N/A

Components of Net Periodic Benefit Cost

Service Cost	1,782,753	305,824	202,104
Expected Administrative Expenses	0	0	0
Interest Cost	4,286,180	837,751	209,688
Expected Return on Plan Assets	(1,828,735)	(329,144)	(68,721)
Amortization of Net Transition Obligation/(Asset)	0	0	0
Amortization of Prior Service Cost/(Credit)	(3,177,038)	(455,837)	(236,251)
Amortization of Net Actuarial Loss/(Gain)	760,903	313,093	30,942
Curtailment Charge/(Credit)	0	0	0
Net Periodic Benefit Cost	1,824,063	671,687	137,762

Presentation of Benefit Cost Pursuant to ASC 715-20

Employer service cost, including administrative expenses	1,782,753	305,824	202,104
Other components of net periodic benefit cost	41,310	365,863	(64,342)
Other adjustments to benefit cost	0	0	0
Disclosed benefit cost	1,824,063	671,687	137,762

Other Changes in Plan Assets and Benefit Obligation Recognized in Other**Comprehensive Income**

Business Combinations/Divestitures - Net Actuarial Loss/(Gain)	158,310	0	0
Business Combinations/Divestitures - Prior Service Cost/(Credit)	(488,275)	0	0
Goodwill Adjustments	0	0	0
Net Actuarial Loss/(Gain)	(8,485,479)	(1,542,550)	(578,293)
Amortization of Net Actuarial (Loss)/Gain	(760,903)	(313,093)	(30,942)
Prior Service Cost/(Credit)	0	0	0
Amortization of Prior Service (Cost)/Credit	3,177,038	455,837	236,251
Amortization of Net Transition (Obligation)/Asset	0	0	0
Total Recognized in Other Comprehensive Income	(6,399,309)	(1,399,806)	(372,984)

Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income

(4,575,246)	(728,119)	(235,222)
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Estimate of Amounts that will be Amortized Out of Accumulated Other Comprehensive Income Into Net Periodic Benefit Cost in 2019

Net Transition Obligation/(Asset)	0	0	0
Prior Service Cost/(Credit)	(3,301,170)	(455,837)	(236,251)
Net Actuarial Loss/(Gain)	513,796	160,655	15,107
Total	(2,787,374)	(295,182)	(221,144)

Weighted Average Assumptions*Used in Determining Cost*

Discount Rate	3.60%	3.60%	3.60%
Interest Crediting Rate	N/A	N/A	N/A
Expected Return on Plan Assets	6.50%	6.50%	6.50%
Rate of Future Compensation Increases	N/A	N/A	N/A
Medical Trend Rate	0	0	0
Initial rate	7.00%	7.00%	7.00%
Ultimate rate	4.75%	4.75%	4.75%
Years to ultimate	6	6	6
Measurement Date(s)	12/31/2017	12/31/2017	12/31/2017

Effect of one-percentage-point change in assumed health care cost trend rate on aggregate service and interest cost

-- Increase	N/A	N/A	N/A
-- Decrease	N/A	N/A	N/A

Section 2: Fiscal 2019 Net Periodic Benefit Cost for Duke Energy Ohio and Kentucky

All Legacy Qualified Plans

	Duke Energy Business Services 110	Duke Energy Ohio 503	Duke Energy Kentucky 536
Funded Status, 1/1/2019			
Benefit Obligation	\$ (1,860,216,453)	\$ (330,299,953)	\$ (103,395,295)
Fair Value of Assets	1,771,012,044	310,036,423	94,292,782
Funded Status	\$ (89,204,409)	\$ (20,263,530)	\$ (9,102,513)
Unrecognized Items:			
Transition (Asset)/Liability	\$ 0	\$ 0	\$ 0
Prior Service (Credit)/Cost	(38,993,960)	(2,263,634)	(628,879)
Unrecognized (Gain)/Loss	550,723,215	76,812,144	26,198,945
Total Amount Unrecognized	\$ 511,729,255	\$ 74,548,510	\$ 25,570,066
Components of Benefit Cost, Fiscal 2019			
Amortization of:			
Service Cost	\$ 37,903,821	\$ 2,447,279	\$ 1,005,719
Expected Administrative Expenses	1,717,233	327,999	96,922
Interest Cost	78,498,587	13,741,056	4,347,988
Expected Return on Assets	(124,025,511)	(21,669,720)	(6,642,220)
Amortization of:			
- Transition (Asset)/Obligation	0	0	0
- Prior Service (Credit)/Cost	(7,954,900)	(358,630)	(99,861)
- Unrecognized (Gain)/Loss	20,117,708	2,374,623	874,620
Cost of curtailments	0	0	0
Cost of settlements	0	0	0
Cost of special/contractual termination benefits	0	0	0
Net Periodic Benefit Cost - Before Purchase Accounting Adjustment	\$ 6,256,938	\$ (3,137,393)	\$ (416,832)
Purchase Accounting Adjustment	0	1,480,625	267,583
Net Periodic Benefit Cost - After Purchase Accounting Adjustment	\$ 6,256,938	\$ (1,656,768)	\$ (149,249)
Presentation of Benefit Cost Pursuant to ASC 715-20			
Employer service cost, including administrative expenses	\$ 39,621,054	\$ 2,775,278	\$ 1,102,641
Other components of net periodic benefit cost ¹	(33,364,116)	(4,432,046)	(1,251,890)
Other adjustments to benefit cost	0	0	0
Disclosed benefit cost	\$ 6,256,938	\$ (1,656,768)	\$ (149,249)
Key Assumptions			
Measurement Date	December 31, 2018	December 31, 2018	December 31, 2018
Discount Rate	4.30%	4.30%	4.30%
Interest Crediting Rate	4.25%/4.00%	4.25%/4.00%	4.25%/4.00%
Long Term Rate of Return on Assets	6.85%	6.85%	6.85%
Salary Scale	11.50% to 3.50%	11.50% to 3.50%	11.50% to 3.50%
Expected Contributions	\$ 0	\$ 0	\$ 0
Other Information			
Expected (Net) Benefit Payments	\$ 146,687,369	\$ 26,656,095	\$ 6,639,909
Market-Related Value of Assets (MRVA)	\$ 1,883,564,739	\$ 329,614,854	\$ 100,279,339
Sum of Service Cost, Admin Expenses, Interest Cost and EROA	\$ (5,905,870)	\$ (5,153,386)	\$ (1,191,591)
Sum of Amortization Payments	\$ 12,162,808	\$ 2,015,993	\$ 774,759

¹ Includes Purchase Accounting Adjustment

All Legacy Nonqualified Plans

	Duke Energy Business Services 110	Duke Energy Ohio 503	Duke Energy Kentucky 536
Funded Status, 1/1/2019			
Benefit Obligation	\$ (157,205,380)	\$ (3,427,821)	\$ (128,901)
Fair Value of Assets	0	0	0
Funded Status	\$ (157,205,380)	\$ (3,427,821)	\$ (128,901)
Unrecognized Items:			
Transition (Asset)/Liability	\$ 0	\$ 0	\$ 0
Prior Service (Credit)/Cost	(3,784,918)	(792)	0
Unrecognized (Gain)/Loss	46,344,670	581,722	41,616
Total Amount Unrecognized	\$ 42,559,752	\$ 580,930	\$ 41,616
Components of Benefit Cost, Fiscal 2019			
Amortization of:			
Service Cost	\$ 1,372,305	\$ 0	\$ 0
Expected Administrative Expenses	0	0	0
Interest Cost	6,616,496	140,842	5,318
Expected Return on Assets	0	0	0
Amortization of:	0	0	0
- Transition (Asset)/Obligation	0	0	0
- Prior Service (Credit)/Cost	(1,281,305)	(792)	0
- Unrecognized (Gain)/Loss	3,613,095	42,820	3,063
Cost of curtailments	0	0	0
Cost of settlements	0	0	0
Cost of special/contractual termination benefits	0	0	0
Net Periodic Benefit Cost - Before Purchase Accounting Adjustment	\$ 10,320,591	\$ 182,870	\$ 8,381
Purchase Accounting Adjustment	0	0	0
Net Periodic Benefit Cost - After Purchase Accounting Adjustment	\$ 10,320,591	\$ 182,870	\$ 8,381
Presentation of Benefit Cost Pursuant to ASC 715-20			
Employer service cost, including administrative expenses	\$ 1,372,305	\$ 0	\$ 0
Other components of net periodic benefit cost ¹	8,948,286	182,870	8,381
Other adjustments to benefit cost	0	0	0
Disclosed benefit cost	\$ 10,320,591	\$ 182,870	\$ 8,381
Key Assumptions			
Measurement Date	December 31, 2018	December 31, 2018	December 31, 2018
Discount Rate	4.30%	4.30%	4.30%
Interest Crediting Rate	4.25%/4.00%	4.25%/4.00%	4.25%/4.00%
Long Term Rate of Return on Assets	N/A	N/A	N/A
Salary Scale	N/A	N/A	N/A
Expected Contributions	\$ 9,511,429	\$ 308,070	\$ 10,560
Other Information			
Expected (Net) Benefit Payments	\$ 9,511,429	\$ 308,070	\$ 10,560
Market-Related Value of Assets (MRVA)	\$ 0	\$ 0	\$ 0
Sum of Service Cost, Admin Expenses, Interest Cost and EROA	\$ 7,988,801	\$ 140,842	\$ 5,318
Sum of Amortization Payments	\$ 2,331,790	\$ 42,028	\$ 3,063

¹ Includes Purchase Accounting Adjustment

All Legacy Welfare Plans

	Duke Energy Business Services 110	Duke Energy Ohio 503	Duke Energy Kentucky 536
Funded Status, 1/1/2019			
Benefit Obligation	\$ (109,009,844)	\$ (21,968,379)	\$ (5,555,492)
Fair Value of Assets	33,009,437	5,149,430	1,350,602
Funded Status	\$ (76,000,407)	\$ (16,818,949)	\$ (4,204,890)
Unrecognized Items:			
Transition (Asset)/Liability	\$ 0	\$ 0	\$ 0
Prior Service (Credit)/Cost	(17,498,550)	(1,505,787)	(799,716)
Unrecognized (Gain)/Loss	(12,962,328)	(10,965,736)	(4,405,921)
Total Amount Unrecognized	\$ (30,460,878)	\$ (12,471,523)	\$ (5,205,637)
Components of Benefit Cost, Fiscal 2019			
Amortization of:			
Service Cost	\$ 1,387,414	\$ 261,430	\$ 150,381
Expected Administrative Expenses	0	0	0
Interest Cost	4,448,248	901,727	225,378
Expected Return on Assets	(1,896,297)	(342,897)	(72,614)
Amortization of:			
- Transition (Asset)/Obligation	0	0	0
- Prior Service (Credit)/Cost	(3,301,170)	(455,837)	(236,251)
- Unrecognized (Gain)/Loss	513,796	160,655	15,107
Cost of curtailments	0	0	0
Cost of settlements	0	0	0
Cost of special/contractual termination benefits	0	0	0
Net Periodic Benefit Cost - Excluding Purchase Accounting Adjustment	\$ 1,151,991	\$ 525,078	\$ 82,001
Purchase Accounting Adjustment	0	1,423,835	231,739
Net Periodic Benefit Cost - Including Purchase Accounting Adjustment	\$ 1,151,991	\$ 1,948,913	\$ 313,740
Presentation of Benefit Cost Pursuant to ASC 715-20			
Employer service cost, including administrative expenses	\$ 1,387,414	\$ 261,430	\$ 150,381
Other components of net periodic benefit cost ¹	(235,423)	1,687,483	163,359
Other adjustments to benefit cost	0	0	0
Disclosed benefit cost	\$ 1,151,991	\$ 1,948,913	\$ 313,740
Key Assumptions			
Measurement Date	December 31, 2018	December 31, 2018	December 31, 2018
Discount Rate	4.30%	4.30%	4.30%
Interest Crediting Rate	N/A	N/A	N/A
Long Term Rate of Return on Assets - 401(h) / Union VEBA	6.85% / 6.50%	6.85% / 6.50%	6.85% / 6.50%
Long Term Rate of Return on Assets - Non-Union VEBA / VEBA	4.225% / 5.25%	4.225% / 5.25%	4.225% / 5.25%
Salary Scale	N/A	N/A	N/A
Health Care Cost Trend Rate	6.50%-->4.75%	6.50%-->4.75%	6.50%-->4.75%
Expected Contributions	\$ 3,143,965	\$ 1,557,034	\$ 165,352
Other Information			
Expected (Net) Benefit Payments	\$ 14,047,113	\$ 2,545,654	\$ 938,895
Market-Related Value of Assets (MRVA)	\$ 35,126,207	\$ 5,491,916	\$ 1,440,430
Sum of Service Cost, Admin Expenses, Interest Cost and EROA	\$ 3,939,365	\$ 820,260	\$ 303,145
Sum of Amortization Payments	\$ (2,787,374)	\$ (295,182)	\$ (221,144)

¹ Includes Purchase Accounting Adjustment