Pre-Qualification Submittal for Designated Transmission Entity Status

Submitted to PJM September 5, 2013

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1. **Name and address of the entity including a point of contact**

Duke Energy
Energy Center
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2. **Technical and engineering qualifications of the entity or its affiliate, partner, or parent company**

Duke Energy Corporation is a Fortune 250 company with over $138 billion in assets and is one of the largest energy holding company in the United States, supplying and delivering energy to approximately 7.6 million electric retail customers in a service territory covering 95,000 square miles located in six states in the Southeast and Midwest, representing a population of approximately 24 million people.). Duke Energy owns and operates an extensive network of more than 31,900 miles of high-voltage power lines and associated substations and 49,500 megawatts of generating capacity from a diverse mix of coal, nuclear, natural gas, oil, and renewable resources Duke Energy has over 111 years of experience in siting, designing, constructing, operating and maintaining transmission systems across six states (North Carolina, South Carolina, Indiana, Kentucky, Ohio, and Florida).

3. **Demonstrated experience of the entity or its affiliate, partner, or parent company to develop, construct, maintain, and operate transmission facilities. Including a list or other evidence of transmission facilities previously developed regarding construction, maintenance, or operation of transmission facilities both inside and outside of the PJM Region.**

As mentioned above in item 2 Duke Energy has over 110 years of experience in siting, designing, constructing, operating and maintaining transmission systems across six states (North Carolina, South Carolina, Indiana, Kentucky, Ohio, and Florida). Duke Energy owns and operates an extensive network of more than 31,000 miles of high-voltage power lines and substations. This network ensures a continuous, reliable flow of electricity from generating stations to our customers and neighboring utilities. Duke Energy's transmission system consists of a diverse set of voltage grades ranging from 525 kV to under 44 kV.

To build new lines or rebuild existing lines, the company uses a comprehensive siting process to determine potential route corridors for electric transmission projects, and ultimately, to select the transmission line route. Taking into account

pole replacements, line upgrades, and new infrastructure, the company completes more than 50 transmission-related projects each year.

Please refer to following PJM link for a list of projects that Duke Energy is constructing or has constructed in PJM.

https://www.pjm.com/planning/rtep-upgrades-status/construct-status.aspx

(Note – PJM site requires use of Google Chrome to access their site. Duke Energy is coded as DEOK to represent Duke Energy Ohio and Duke Energy Kentucky projects.)

4. Previous record of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices

Duke Energy has extensive experience adhering to standardized construction, maintenance and operating practices. Duke Energy has maintained and continues to maintain compliance with EPA, OSHA, and other applicable rules and regulations. Duke Energy has designed and maintained its facilities to comply with the National Electric Safety Code. Duke Energy includes applicable IEEE and ANSI standards in its design, maintenance, and operation practices.

Duke Energy's regulated utility operations' transmission construction, maintenance and operating practices are subject to NERC and regional standards, as well as state and local regulation. The Duke operating companies currently are subject to oversight by Reliability*First*, SERC Reliability Corporation and the Florida Reliability Coordinating Council, as appropriate to their regions. The Duke companies have been periodically audited for standards compliance by their respective Regional Reliability Organizations. In addition, Duke Energy has a corporate compliance organization that provides internal direction and oversight, establishing a corporate culture that encourages self reporting of potential discrepancies and adherence to mitigation plans, as required. Duke Energy has demonstrated a consistently high level of compliance with NERC standards including the establishment of standardized planning and maintenance practices.

5. Capability of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices

Duke Energy has extensive experience adhering to standardized construction, maintenance and operating practices. Duke Energy's staff is familiar with standardized practices and incorporates these into its design, construction,

maintenance, and operations activities. Duke Energy has a Safety Department that conducts frequent safety meetings, monitors Duke Energy adherence to safety rules and regulations, and ensures Duke Energy is implementing best practices in the area of safety. Duke Energy also has a Compliance Department that oversees Duke Energy's NERC compliance program to ensure that Duke Energy is fully compliant with all applicable NERC Standards and requirements. Duke Energy strongly encourages – and in many cases requires – staff members to gain certifications that require familiarity with many industry standards. For instance, Duke Energy encourages and/or requires engineering staff to become licensed Professional Engineers. As discussed above Duke Energy staff members are familiar with applicable standardized practices and maintain adherence to these in design, construction, maintenance, and operations activities.

6. **Financial statements of the entity or its affiliate, partner, or parent company. Please provide the most recent fiscal quarter, as well as the most recent three fiscal years, or the period of existence of the entity, if shorter, or such other evidence demonstrating an entity's current and expected financial capability acceptable to the Office of the Interconnection**

   Annual Reports:

   Current and historic Duke Energy annual reports and other financial information can be obtained from the following website:

   https://www.duke-energy.com/our-company/investors

   FERC Form 1 Filings:

   Current and historic Duke Energy FERC Form 1 filings can be obtained from the following website:

   FERC: Documents & Filing - forms - Form 1 - Data (Current and Historical)

7. **Commitment by the entity to execute the Consolidated Transmission Owners Agreement, if the entity becomes a Designated Entity.**

   Duke Energy is an existing signatory to the Consolidated Transmission Owners Agreement.

8. **Evidence demonstrating the ability of the entity to address and timely remedy failure of facilities.**

   Duke Energy is prepared to address all emergencies and equipment failures on the high voltage transmission system utilizing a variety of solutions depending on the circumstances associated with any particular situation.

Duke energy employees, contractors and suppliers are responsive on a 24-7-365 day a year basis and are ready to address all system emergencies that occur. Duke energy has a robust storm response plan, and all employees are expected to fill second roles during system emergencies with the goal of restoring the transmission system to normal as soon as possible. Planning for potential large scale storms and emergencies begins as soon as the weather forecast indicates the potential for an incident.

Duke Energy's internal work force will perform initial response, damage assessment, isolation of impacted facilities and development of corrective action plans in response to an emergency situation. Duke Energy will execute repairs in the field with a combination of its internal work force supported by external contract resources as necessary to respond to each emergency situation that arises.
Duke Energy also employs on a regular and ongoing basis a significant number of qualified construction contract companies across Duke Energy that, while they are conducting scheduled construction and maintenance work, are fully prepared to respond immediately to small, medium and large scale emergencies on the system. Among those companies providing support are traditional line construction contractors and specialty services such as helicopter inspection and damage survey, energized bare hand/hot stick services, specialty heavy construction equipment vendors, bridge/matting suppliers, rigging/hauling contractors and cable and termination services. Duke Energy has immediate access to all of these services when they become necessary. Due to Duke Energy's large geographic area, the affiliate companies can share resources and material between the companies when necessary. This allows one company that is not impacted greatly by a storm or disaster to send personnel to the affiliate company that is impacted the most, thus speeding restoration.

Duke Energy also maintains a sufficient stock of standard material across the territory and vendor agreements are in place to be able to support emergency restoration requirements. Duke Energy utilizes existing stock and specially designed spare parts and equipment to make permanent repairs and, as necessary, to make temporary repairs if circumstances require in order to accelerate restoration.

Duke Energy is engaged with industry associations (Edison Electric Institute, Southeastern Electric Exchange, Great Lakes Mutual Assistance Group and Midwest Mutual Assistance group) that facilitate and allow for resource and material sharing during extraordinary situations such as regional or national emergencies. For example, in the case of Midwest Mutual Assistance group, Duke Energy works with other utility members to ensure that qualified labor, equipment and material can be rapidly deployed on a scalable response level in the event of an emergency. Duke Energy's participation in Midwest Mutual Assistance group also provides a forum to discuss relevant industry related topics to continue to improve performance.

For several decades, Duke Energy have successfully responded to transmission system emergencies on numerous occasions ranging from miscellaneous hardware replacements to full structure replacements to multiple structure replacements. System damage can be caused by vehicles, storms, vandalism or material failure.

9. Description of the experience of the entity in acquiring rights of way

Duke Energy has a substantial full-time internal staff dedicated to researching, procuring, and further managing company real property assets, which include fee owned properties, transmission and distribution rights-of-way and other miscellaneous excess properties. This group has personnel throughout the Duke Energy service areas with numerous right-of-way acquisition efforts underway at all times. This group works very closely with Duke Energy's Planning, Engineering, Environmental Services and Governmental Affairs departments to either verify existing rights-of-way or acquire new rights-of-way and real property interests necessary to advance pending projects, as well as sustain, modify and improve existing facilities.

In addition, Duke Energy has the ability to exercise eminent domain in the states served by Duke Energy. The Duke Energy right-of-way group has considerable experience working within the eminent domain construct to timely effect construction of transmission projects.