



Duke Energy Florida
106 East College Avenue
Suite 800
Tallahassee, FL 32301

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FPSC - COMMISSION CLERK

September 4, 2015

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Duke Energy Florida, LLC
Notice Filing Only No Action is Required

Dear Sir or Madam:

Enclosed is a copy of Internal Revenue Service ("IRS") Form 3115, Application for Change in Accounting, filed by Duke Energy Corporation on behalf of Duke Energy Florida, LLC ("DEF"), with its federal income tax return for the tax year ended December 31, 2014. DEF is requesting permission from the IRS to change the manner in which assets are accounted for when calculating tax depreciation and in determining gain or loss on disposals. DEF is requesting this change to comply with final Treasury Regulations issued by the IRS on August 18, 2014. In order to obtain the method change, DEF must agree to follow a normalization method of accounting for its public utility property which is the subject of the application. The IRS requires DEF to provide a copy of the completed application to any regulatory body having jurisdiction over the public utility property to which the method of accounting change is being requested. This is a notice filing only and no action is required on the part of the Florida Public Service Commission.

Please feel free to contact me should there be any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "R. L. Pickels", with a long horizontal line extending to the right.

Robert L. Pickels
Regulatory Affairs Director

Enclosure
cc: Penney Develle

Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions) Duke Energy Corporation	Identification number (see instructions) 20-2777218
Number, street, and room or suite no. If a P.O. box, see the instructions. 550 South Tryon Street, DEC41A	Principal business activity code number (see instructions) 221100
City or town, state, and ZIP code Charlotte, NC 28202	Tax year of change begins (MM/DD/YYYY) 01/01/2014 Tax year of change ends (MM/DD/YYYY) 12/31/2014
Name of applicant(s) (if different than filer) and identification number(s) (see instructions) See Attached	Name of contact person (see instructions) Keith G. Butler
	Contact person's telephone number 704-382-8681

If the applicant is a member of a consolidated group, check this box

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

Check the box to indicate the type of applicant. <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Controlled foreign corporation (Sec. 957) <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) <input type="checkbox"/> Exempt organization. Enter Code section _____	Check the appropriate box to indicate the type of accounting method change being requested. (see instructions) <input type="checkbox"/> Depreciation or Amortization <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions <input checked="" type="checkbox"/> Other (specify) Multi Auto Chng Req
<input type="checkbox"/> Cooperative (Sec. 1381) <input type="checkbox"/> Partnership <input type="checkbox"/> S corporation <input type="checkbox"/> Insurance co. (Sec. 816(a)) <input type="checkbox"/> Insurance co. (Sec. 831) <input type="checkbox"/> Other (specify) _____	

Caution: To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.


Part I Information For Automatic Change Request	Yes	No
1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. (a) Change No. _____ (b) Other <input checked="" type="checkbox"/> Description <u>Change No. 196, 197 and 206</u>		
2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation		<input checked="" type="checkbox"/>

Note: Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

Part II Information For All Requests	Yes	No
3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		<input checked="" type="checkbox"/>
4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? See Attached If "No," go to line 5.	<input checked="" type="checkbox"/>	
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		<input checked="" type="checkbox"/>

Signature (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

<div style="text-align: center;">  Filer Signature and date 08/25/2015 Keith G Butler, Senior Vice President Name and title (print or type) </div>	<div style="text-align: center;"> Preparer (other than filer/applicant) Signature of individual preparing the application and date Name of individual preparing the application (print or type) Name of firm preparing the application </div>
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Part II Information For All Requests (continued)		Yes	No
4c	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?		X
d	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director.		X
e	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day: Date examination ended _____		X
f	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name <u>See Attached</u> Telephone number _____ Tax year(s) _____		
g	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?	X	
5a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input checked="" type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name <u>See Attached</u> Telephone number _____ Tax year(s) _____	X	
b	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?	X	
c	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.		X
6	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court. See Attached		
7	If for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is not eligible to make the change.		N/A
8a	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?		X
b	If "Yes," attach an explanation.		
9a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?	X	
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. See Attached		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation. See Attached		
10a	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?	X	
b	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s). See Attached		
11	Is the applicant requesting to change its overall method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of the form. Present method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description) Proposed method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		X

Part II Information For All Requests (continued)		Yes	No						
12	If the applicant is either (i) not changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following: a The item(s) being changed. See Attached b The applicant's present method for the item(s) being changed. See Attached c The applicant's proposed method for the item(s) being changed. See Attached d The applicant's present overall method of accounting (cash, accrual, or hybrid). See Attached								
13	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application. See Attached								
14	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions. See Attached If "No," attach an explanation.		x						
15a	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)?		x						
b	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.								
16	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response?	x							
17	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">1st preceding year ended: mo. yr.</td> <td style="width:33%;">2nd preceding year ended: mo. yr.</td> <td style="width:33%;">3rd preceding year ended: mo. yr.</td> </tr> <tr> <td style="text-align:right">\$</td> <td style="text-align:right">\$</td> <td style="text-align:right">\$</td> </tr> </table>	1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.	\$	\$	\$		
1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.							
\$	\$	\$							

Part III Information For Advance Consent Request		Yes	No
18	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.		N/A
19	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.		
20	Attach a copy of all documents related to the proposed change (see instructions).		
21	Attach a statement of the applicant's reasons for the proposed change.		
22	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation.		N/A
23a	Enter the amount of user fee attached to this application (see instructions). \$ _____		
b	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).		

Part IV Section 481(a) Adjustment		Yes	No
24	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? If "Yes," do not complete lines 25, 26, and 27 below.		x
25	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. \$ <u>0</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant. See Attached		

Part IV Section 481(a) Adjustment (continued)		Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?		N/A
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		N/A

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)

N/A

Part I Change in Overall Method (see instructions)

N/A

1 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

- a Income accrued but not received (such as accounts receivable)
- b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method
- c Expenses accrued but not paid (such as accounts payable)
- d Prepaid expenses previously deducted
- e Supplies on hand previously deducted and/or not previously reported
- f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II
- g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment.
- h **Net section 481(a) adjustment** (Combine lines 1a-1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25.

Amount
\$
\$

- 2 Is the applicant also requesting the recurring item exception under section 461(h)(3)? Yes No
- 3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

Part II Change to the Cash Method For Advance Consent Request (see instructions)

N/A

Applicants requesting a change to the cash method must attach the following information:

- 1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

Schedule B—Change to the Deferral Method for Advance Payments (see instructions)

N/A

- 1 If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
 - a A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
 - b If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
 - c If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2 If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
 - a A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
 - b A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
 - c A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
 - d A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

Schedule C—Changes Within the LIFO Inventory Method (see instructions)

N/A

Part I General LIFO Information

N/A

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a Valuing inventory (e.g., unit method or dollar-value method).
 - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method etc.).
 - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

N/A

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
 - a A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

N/A
N/A

Section A—Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required To Be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

N/A

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (see instructions) (continued)

N/A

Section C—Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

N/A

	Present Method	Proposed Method
1 Marketing, selling, advertising, and distribution expenses		
2 Research and experimental expenses not included in Section B, line 26		
3 Bidding expenses not included in Section B, line 22		
4 General and administrative costs not included in Section B		
5 Income taxes		
6 Cost of strikes		
7 Warranty and product liability costs		
8 Section 179 costs		
9 On-site storage		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11		
11 Other costs (Attach a list of these costs.)		

Schedule E—Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

Note. See the *List of Automatic Accounting Method Changes* in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? Yes No
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? Yes No
If "Yes," enter the applicable section section 263A
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under section 168(f)(1), 179, or 179C)? Yes No
If "Yes," state the election made _____
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity. **See Attached**
- b If the property is residential rental property, did the applicant live in the property before renting it? *N/A* Yes No
- c Is the property public utility property? Yes No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property. *N/A*
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods: **See Attached**
 - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
 - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
 - c The facts to support the asset class for the proposed method.
 - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
 - e The useful life, recovery period, or amortization period of the property.
 - f The applicable convention of the property.
 - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

Duke Energy Corporation
EIN: 20-2777218
Attachment to Form 3115, Application for Change in Accounting Method
(Automatic Method Change Number(s) 196, 197 and 206)
Filed under Section 3.20 of the Appendix to Rev. Proc. 2011-14
Tax Year Ended December 31, 2014

Name of Applicants

Duke Energy Corporation, the common parent of an affiliated group of corporations that files a consolidated tax return, is requesting to make this change in accounting method on behalf of the following applicants (collectively referred to as the "Taxpayer"):

<u>Applicant</u>	<u>EIN</u>	<u>PBA</u>	<u>§481(a) Adjustment</u>
Duke Energy Corporation	20-2777218	221100	0
Duke Energy Ohio, Inc.	31-0240030	221100	0
Duke Energy Indiana, Inc.	35-0594457	221100	0
Duke Energy Kentucky, Inc.	31-0473080	221100	0
Duke Energy Florida, Inc.	59-0247770	221100	0
Duke Energy Progress, Inc.	56-0165465	221100	0
Duke Energy Corporate Services, Inc.	26-3038228	551112	0
Progress Fuels Corporation	59-1663823	423500	<u>0</u>
TOTAL			<u><u>0</u></u>

Part I, Question 1a, Automatic Method Change Number

The applicable designated automatic accounting method change numbers for the requested automatic changes include the following:

Automatic Method Change Number 196, Late partial disposition election, Appendix Section 6.33;

Automatic Method Change Number 197, Revocation of a general asset account election, Appendix Section 6.34;

Automatic Method Change Number 206, Change in recognizing gain or loss for assets included a general asset account, Appendix Section 6.39(4)(i).

Part II, Question 4a, Returns under Examination

01/01/2012 – 12/31/2012

01/01/2013 – 12/31/2013

Part II, Questions 4f, 5a, and 6, Examining Agent/Tax Years, Appeals Officer/Tax Years, and Parent Corporation's Information

Name: Duke Energy Corporation
EIN: 20-2777218
Address: 550 South Tryon Street, DEC41A
Charlotte, NC 28202
Examining Agent's Name: Monica Lutz
Examining Agent's Phone Number: 704-382-0958

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Tax Years under Examination: 2012, 2013
 Appeals Officer's Name: Alan Hendricks
 Appeals Officer's Phone Number: 404-338-8682
 Tax Years before Appeals: 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011

Part II, Question 9b – Changes in Method of Accounting within the Past 5 Years

1. Duke Energy Corporation filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended December 31, 2013 to (i) make a late general asset account election under IRC §168(i)(4) and Treas. Reg. §1.168(i)-1T for certain items of property depreciated under §168 and (ii) make a late election to recognize gain or loss upon certain dispositions of the assets for which the late GAA election is made in accordance with Treas. Reg. §1.168(i)-1T(e)(3)(ii). The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Corporation	20-2777218
Duke Energy Ohio, Inc.	31-0240030
Duke Energy Indiana, Inc.	35-0594457
Duke Energy Kentucky, Inc.	31-0473080

2. Duke Energy Corporation filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended December 31, 2013 to change its method of accounting for amounts paid to acquire or produce non-incidentals materials and supplies. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Corporation	20-2777218

3. Duke Energy Corporation filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended December 31, 2013 to change its method of accounting for valuing non-incidentals materials and supplies inventory to use the same rolling-average method it uses to value those inventories for financial accounting purposes in accordance with Rev. Proc. 2008-43. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Progress, Inc.	56-0165465

4. Duke Energy Corporation filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended December 31, 2013 to change its method of accounting for amounts paid to restore damage to a unit of property for which it properly recorded a basis adjustment as a result of a casualty loss under IRC §165, or relating to a casualty event described in IRC §165. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Corporation	20-2777218
Duke Energy Ohio, Inc.	31-0240030

Duke Energy Corporation
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Duke Energy Indiana, Inc.	35-0594457
Duke Energy Kentucky, Inc.	31-0473080
Duke Energy Florida, Inc.	59-0247770
Duke Energy Progress, Inc.	56-0165465

5. Progress Energy, Inc. (EIN: 56-2155481) filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended July 2, 2012 to change its method of accounting for determining whether expenditures incurred to maintain, replace, or improve electrical transmission and distribution property are deductible repairs under IRC §162 or capitalizable improvements under IRC §263(a). Specifically, this Form 3115 was filed to change to the transmission and distribution property safe harbor method of accounting provided in Rev. Proc. 2011-43 with respect to electric transmission and distribution property that is linear property as defined in Section 4.01 of Rev. Proc. 2011-43. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Florida, Inc.	59-0247770

6. Progress Energy, Inc. (EIN: 56-2155481) filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended July 2, 2012 to change its method of accounting for determining whether expenditures incurred to maintain, replace, or improve electrical transmission and distribution property are deductible repairs under IRC §162 or capitalizable improvements under IRC §263(a). Specifically, this Form 3115 was filed to change to the transmission and distribution property safe harbor method of accounting provided in Rev. Proc. 2011-43 with respect to electric transmission and distribution property that is linear property as defined in Section 4.01 of Rev. Proc. 2011-43. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Progress, Inc.	56-0165465

7. Progress Energy, Inc. (EIN: 56-2155481) filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended July 2, 2012 to make a late general asset account election under IRC §168(i)(4) and Treas. Reg. §1.168(i)-1 and §1.168(i)-1T for all of its MACRS and ADS property placed in service in all taxable years beginning before January 1, 2012. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Florida, Inc.	59-0247770

8. Progress Energy, Inc. (EIN: 56-2155481) filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended July 2, 2012 to make a late general asset account election under IRC §168(i)(4) and Treas. Reg. §1.168(i)-1 and §1.168(i)-1T for all of its MACRS and ADS property placed in service in all taxable years beginning before January 1, 2012. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Progress, Inc.	56-0165465

Duke Energy Corporation
EIN: 20-2777218
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9. Progress Energy, Inc. (EIN: 56-2155481) filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended July 2, 2012 to make a late general asset account election under IRC §168(i)(4) and Treas. Reg. §1.168(i)-1 and §1.168(i)-1T for all of its MACRS and ADS property placed in service in all taxable years beginning before January 1, 2012. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Progress Fuels Corporation	59-1663823

10. Progress Energy, Inc. (EIN: 56-2155481) filed a Form 3115 under the automatic consent provisions in Rev. Proc. 2011-14 for the tax year ended July 2, 2012 to make a late general asset account election under IRC §168(i)(4) and Treas. Reg. §1.168(i)-1 and §1.168(i)-1T for all of its MACRS and ADS property placed in service in all taxable years beginning before January 1, 2012. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Progress Ventures, Inc.	56-2191685

Part II, Questions 9c – Application Withdrawn, Not Perfected, or Denied

1. Duke Energy Corporation filed a Form 3115 with the IRS National Office under the automatic change provisions in Rev. Proc. 2008-52 for the tax year ended December 31, 2010 requesting to change its method of accounting from capitalizing incidental repair and maintenance costs associated with its electric transmission and distribution assets to deducting such costs under IRC §162. This change was not perfected, as it was not included in the filer's income tax return for the year of change. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Corporation	20-2777218
Duke Energy Ohio, Inc.	31-0240030
Duke Energy Indiana, Inc.	35-0594457
Duke Energy Kentucky, Inc.	31-0473080

2. Duke Energy Corporation filed a Form 3115 with the IRS National Office under the automatic change provisions in Rev. Proc. 2008-52 for the tax year ended December 31, 2010 requesting to change its determination of its units of property with respect to retirements associated with its electric transmission and distribution assets. This change was not perfected, as it was not included in the filer's income tax return for the year of change. The following applicants were included on this application:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Corporation	20-2777218
Duke Energy Ohio, Inc.	31-0240030
Duke Energy Indiana, Inc.	35-0594457
Duke Energy Kentucky, Inc.	31-0473080

Duke Energy Corporation
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Part II, Questions 10 – Pending Requests

Concurrent Requests:

1. Duke Energy Corporation has filed a concurrent Form 3115 (with the IRS in Ogden, UT) under Rev. Proc. 2015-13 and Section 3.09 of Rev. Proc. 2015-14 for the tax year ending December 31, 2015 to change its method of accounting for determining whether expenditures incurred to maintain, replace, or improve electric transmission and distribution property are deductible repairs under IRC §162 or capitalizable improvements under IRC §263(a). Specifically, this Form 3115 is being filed to change to the transmission and distribution property safe harbor method of accounting provided in Rev. Proc. 2011-43 with respect to electric transmission and distribution property that is non-linear property as defined in Section 4.02 of Rev. Proc. 2011-43. This application includes the following applicants:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Florida, Inc.	59-0247770
Duke Energy Progress, Inc.	56-0165465

2. Duke Energy Corporation has filed a concurrent Form 3115 (with the IRS in Ogden, UT) under Rev. Proc. 2015-13 and Section 3.09 of Rev. Proc. 2015-14 for the tax year ending December 31, 2015 to change its method of accounting for determining whether expenditures incurred to maintain, replace, or improve electric transmission and distribution property are deductible repairs under IRC §162 or capitalizable improvements under IRC §263(a). Specifically, this Form 3115 is being filed to change to the transmission and distribution property safe harbor method of accounting provided in Rev. Proc. 2011-43 respect to all electric transmission and distribution property (i.e., both linear property and non-linear property) as defined in Section 4.03 of Rev. Proc. 2011-43. This application includes the following applicants:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Corporation	20-2777218
Duke Energy Ohio, Inc.	31-0240030
Duke Energy Indiana, Inc.	35-0594457
Duke Energy Kentucky, Inc.	31-0473080

3. Duke Energy Corporation is filing a concurrent Form 3115 under the transition rules of Rev. Proc. 2015-13, Section 15.02 and is therefore filing the method change under Rev. Proc. 2011-14 for the tax year ending December 31, 2014 to change its method of accounting to adopt all of the unit of property and corresponding major component definitions provided by Rev. Proc. 2013-24 for determining whether expenditures incurred to maintain, replace, or improve electric generating plant property are deductible repairs under IRC §162 or capitalizable improvements under IRC §263(a). This application includes the following applicants:

<u>Taxpayer</u>	<u>EIN</u>
Duke Energy Corporation	20-2777218
Duke Energy Ohio, Inc.	31-0240030
Duke Energy Indiana, Inc.	35-0594457

Duke Energy Corporation
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Duke Energy Kentucky, Inc.	31-0473080
Duke Energy Florida, Inc.	59-0247770
Duke Energy Progress, Inc.	56-0165465

Pending Private Letter Ruling Requests:

1. Duke Energy Indiana, Inc. (EIN: 35-0594457) has a pending private letter ruling request pertaining to the application of IRC §118 and Notice 2001-82 with respect to certain payments received in reimbursement for construction costs incurred in connection with certain transmission system upgrades.

Part II, Question 12a, Item Being Changed

The Taxpayer is making automatic method change number 197, requesting permission to revoke late general asset account elections previously made under automatic method change number 180, for assets placed in service in tax years beginning before January 1, 2012. The Taxpayer is also revoking annual general asset account elections made in its returns under Treas. Reg. §1.168(i)-1T(1) for property placed in service on or after January 1, 2012, and beginning before January 1, 2014. The Taxpayer is also making automatic method changes related to the disposition rules. The Taxpayer is electing partial disposition of *certain* assets under automatic method change number 196 and a change from recognizing gain or loss for asset disposals under automatic method change number 206. The collective purpose of these elections is to comply with the final rules issued in Treasury Decision 9689 (disposition rules and general asset account rules) and align the Taxpayers methods of accounting with its tax returns as filed.

Part II, Question 12b, Present Method of Accounting

Under its present method of accounting, applicants Duke Energy Florida, Inc., Duke Energy Progress, Inc., and Progress Fuels Corporation made late general asset account elections for all modified accelerated cost recovery system ("MACRS") and alternative depreciation system ("ADS") property placed in service in taxable years beginning before January 1, 2012. In addition, Duke Energy Florida, Inc., Duke Energy Progress, Inc., and Progress Fuels Corporation made the general asset account election under Treas. Reg. §1.168(i)-1T(1) for all property placed in service for tax years beginning on January 1, 2012 and ending on December 31, 2012. Applicants Duke Energy Florida, Inc. and Duke Energy Progress, Inc. made the general asset account election under Treas. Reg. §1.168(i)-1T(1) for all electric transmission and distribution property placed in service for tax year ending beginning on January 1, 2013 and ending on December 31, 2013. Therefore, applicants Duke Energy Florida, Inc., Duke Energy Progress, Inc., and Progress Fuels Corporation depreciate all MACRS and ADS assets placed in service prior to January 1, 2013 in general asset accounts. Duke Energy Florida, Inc. and Duke Energy Progress, Inc. depreciate all MACRS electric transmission and distribution property placed in service between January 1, 2013 and December 31, 2013 in general asset accounts.

Applicant Duke Energy Corporate Services, Inc. acquired the assets of Progress Ventures, Inc. (EIN 56-2191685) effective January 1, 2014 through a non-taxable merger qualifying as a reorganization within the meaning of IRC §368(a)(1)(A). The assets of Progress Ventures, Inc. transferred to Duke Energy Corporate Services, Inc. with an in service date beginning before January 1, 2012 were assets for which a late general asset account election was made, and assets transferred with a placed in service between

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January 1, 2012 and December 31, 2012 were assets for which the general asset account election was made under Treas. Reg. §1.168(i)-1T(1).

Applicants Duke Energy Corporation, Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., and Duke Energy Ohio, Inc. made late general asset account elections for MACRS electric transmission and distribution property placed in service in taxable years beginning before January 1, 2012. Applicants Duke Energy Corporation, Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., and Duke Energy Ohio, Inc. made the election under Treas. Reg. §1.168(i)-1T(1) for all electric transmission and distribution property placed in service in tax year beginning January 1, 2013 and ending December 31, 2013. Therefore, applicants Duke Energy Corporation, Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., and Duke Energy Ohio, Inc. depreciate all electric transmission and distribution property excluding electric transmission and distribution property placed in service on January 1, 2012 and ending on December 31, 2012 in general asset accounts.

Applicants recognized gain or loss under Treas. Reg. §1.168(i)-8T upon the disposition of section 1245 property, depreciable land improvement, or improvement or addition thereto included in its general asset accounts. The Applicants made the qualifying disposition election under Treas. Reg. §1.168(i)-T(e)(3)(iii) for assets disposed of during the years in which the general asset account election is in place.

Part II, Question 12c, Proposed Method of Accounting

Under the Taxpayer's proposed method of accounting (automatic method change number 197), the Taxpayer will include the asset(s) that were in the general asset account(s) at the end of December 31, 2013, the taxable year immediately preceding the year of change, in MACRS and ADS assets accounts as applicable, in accordance with Treas. Reg. §1.168(i)-7.

Under the Taxpayer's proposed method of accounting (automatic method change number 196), the Taxpayer makes a late partial disposition election under Treas. Reg. §1.168(i)-8(d)(2)(i), for certain dispositions of a portion of an asset as determined under Treas. Reg. §1.168(i)-8(c)(4). In addition, the Taxpayer is making the late partial disposition election for taxable years 2012 and 2013 under Treas. Reg. §1.168(i)-(8)(d)(2)(iv)(B), for certain dispositions of a portion of an asset as determined under Treas. Reg. §1.168(i)-8(c)(4). The Taxpayer's late partial disposition elections do not apply to and are not being made for the partial disposition of an asset for which the Taxpayer has taken a tax repair under IRC §162 and Treas. Reg. §1.162-4. In the case of transmission and distribution linear property, the partial disposition election is being made for the portion of the asset disposed of that is more than 10 percent of the linear unit of property as defined in Rev. Proc. 2011-43. In the case of transmission and distribution non-linear property, the partial disposition election is being made for the portion of the asset disposed of for which the taxpayer has not taken a tax repair under IRC §162 and Treas. Reg. §1.162-4. In the case of generation repairs, the partial disposition is the portion of the asset disposed of that is more than 75 percent of the major component or unit of property that has no major component as defined in Rev. Proc. 2013-24.

Under the Taxpayer's proposed method of accounting (automatic method change number 206), the Taxpayer is making a change to recognize gain or loss upon the disposition of IRC §1245 property, depreciable land improvement, or improvement or addition thereto included in a general asset account to recognizing gain or loss upon the disposition of the same asset under Treas. Reg. §1.168(i)-8 for which

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the Taxpayer is revoking its general asset account elections. The Taxpayer made a qualifying disposition election under Treas. Reg. §1.168(i)-1T(e)(3)(iii) in a taxable year prior to the year of change, the Taxpayer's present method of accounting for such assets is in accordance with Treas. Reg. §1.168(i)-8(c)(4)(i) or (ii), and the Taxpayer recognized gain or loss under Treas. Reg. §1.168(i)-8T on the disposition of such asset in a taxable year prior to the year of change.

The Taxpayer agrees to consent to the following additional terms and conditions for any asset that is public utility property within the meaning of IRC §168(i)(10):

A normalization method of accounting (within the meaning of IRC §168(i)(9)) will be used for the public utility property subject to the application;

Within 30 days of filing the federal income tax return for the year of change, the Taxpayer will provide a copy of the completed application to any regulatory body having jurisdiction over the public utility property subject to the application; and

And as of the beginning of the year of change, the Taxpayer will adjust its deferred tax reserve account in the Taxpayer's regulatory books of account by the amount of deferral of federal income tax liability associate with the IRC §481(a) adjustment applicable to public utility property subject to this application.

Part II, Question 12d, Present Overall Method

The Taxpayer's overall method of accounting is the accrual method.

Duke Energy Corporation

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Part II, Question 13, Description of Trade or Business

<u>Consolidated Group Member</u>	<u>EIN</u>	<u>Separate and Distinct Businesses</u>	<u>PBA</u>	<u>Overall Method</u>	<u>Method of Accounting for the Item that is the Subject of this Form 3115</u>	<u>Applicant</u>
Duke Energy Florida, Inc.	59-0247770	Electric Power Generation	221100	Accrual	See Part II, Question 12	Yes
		Electric Power T&D	221100	Accrual	See Part II, Question 12	Yes
Duke Energy Progress, Inc.	56-0165465	Electric Power Generation	221100	Accrual	See Part II, Question 12	Yes
		Electric Power T&D	221100	Accrual	See Part II, Question 12	Yes
Duke Energy Corporation	20-2777218	Electric Power Generation	221100	Accrual	Not applicable	No
		Electric Power T&D	221100	Accrual	See Part II, Question 12	Yes
Duke Energy Ohio, Inc.	31-0240030	Electric Power Generation	221100	Accrual	Not applicable	No
		Electric Power T&D	221100	Accrual	See Part II, Question 12	Yes
		Natural Gas Distribution	221210	Accrual	Not applicable	No
Duke Energy Indiana, Inc.	35-0594457	Electric Power Generation	221100	Accrual	Not applicable	No
		Electric Power T&D	221100	Accrual	See Part II, Question 12	Yes
Duke Energy Kentucky, Inc.	31-0473080	Electric Power Generation	221100	Accrual	Not applicable	No
		Electric Power T&D	221100	Accrual	See Part II, Question 12	Yes
		Natural Gas Distribution	221210	Accrual	Not applicable	No
Duke Energy Corporate Services, Inc.	26-3038228	Other Holding Company	551112	Accrual	See Part II, Question 12	Yes
Progress Fuels Corporation	59-1663823	Metal & Mineral	423500	Accrual	See Part II, Question 12	Yes

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Part II, Question 14, Books and Records and Financial Statements

The proposed method of accounting will not be used for the Taxpayer's books and records and for financial statement purposes because the proposed method of accounting does not conform to generally accepted accounting principles.

Part II, Question 16, Conference of Right

The Taxpayer requests a conference of right at the IRS National Office if the IRS proposes to rule adversely on this accounting method change. For these purposes, adversely is defined to include granting the method change on terms and conditions other than those requested by the Taxpayer.

Part IV, Question 25, Section 481(a) Adjustment

The Taxpayer's IRC §481(a) adjustment is zero.

Schedule E, Questions 4 & 7

The Taxpayer will include the asset(s) that were in the general asset account(s) at the end of December 31, 2013, the taxable year immediately preceding the year of change, in MACRS and ADS assets accounts as applicable, in accordance with Treas. Reg. §1.168(i)-7. The Taxpayer apply the applicable IRC §168 depreciation methods, conventions, useful lives and recovery periods to the property for which this method change is being filed. The additional-first year depreciation allowance was claimed for the Taxpayer's property meeting the criteria of IRC §168(k)(2).

Applicants Duke Energy Florida, Inc. and Duke Energy Progress, Inc. will apply the proposed method to all MACRS and ADS property placed in service in taxable years beginning before January 1, 2013 with a class life of 00.11 Office Furniture, Fixtures and Equipment, 00.12 Information Systems, 00.21 Airplanes, 00.22 Automobiles, 00.241 Light General Purpose Trucks, 00.242 Heavy General Purpose Trucks, 00.3 Land Improvements, 49.11 Electric Utility Hydraulic Production Plant, 49.12 Electric Utility Nuclear Production Plant, 49.121 Electric Utility Nuclear Fuel Assemblies, 49.13 Electric Utility Steam Production Plant, 49.14 Electric Utility Transmission and Distribution Plant, 49.15 Electric Utility Combustion Turbine Production Plant, and certain property for which no class life is assigned including personal property, IRC §1245 real property and transmission property defined in IRC §1245(a)(3). For MACRS property placed in service in 2013, Duke Energy Florida, Inc. and Duke Energy Progress, Inc. will apply the proposed method to property assigned a class life of 49.14 Electric Utility Transmission and Distribution Plant and transmission property with no class life defined in IRC §1245(a)(3).

Applicant Progress Fuels Corporation will apply the new method to all MACRS property placed in service in taxable years beginning before January 1, 2012 with a class life of 00.11 Office Furniture, Fixtures and Equipment, 00.12 Information Systems, 00.21 Airplanes, 00.22 Automobiles, and real property with no assigned class life.

Applicant Duke Energy Corporate Services, Inc. will apply the proposed method to all MACRS property acquired from Progress Ventures, Inc., placed in service in taxable years beginning before January 1,

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2013 with a class life of 00.11 Office Furniture, Fixtures and Equipment, 00.12 Information Systems, 00.21 Airplanes, 00.22 Automobiles, and real property with no assigned class life.

Applicants Duke Energy Corporation, Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., and Duke Energy Ohio, Inc. will apply the proposed method to MACRS property placed in service in a taxable year beginning before January 1, 2012 and in 2013 with a assigned a class life of 49.14 Electric Utility Transmission and Distribution Plant and transmission property defined in IRC §1245(a)(3) with no assigned class life.

Procedural Matters

Procedural Statement under Section 9.04(3) of Rev. Proc. 2015-1

The Taxpayer requests that a copy of any document (e.g., a request for additional information or the letter ruling) related to this request for change in method of accounting be provided to the Taxpayer via fax at the number provided below.

Taxpayer's Fax Number: (704) 382-8261, Attn: Marcus Shore

Procedural Statement under Section 15.02(1) of Rev. Proc. 2015-13

The Taxpayer is filing this Form 3115 under the transition rule in Section 15.02(1) of Rev. Proc. 2015-13 and is filing this method change under Rev. Proc. 2011-14.