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John J. Finnigan, Jr.
Senior Counsel

VIA HAND DELIVERY

May 26, 2006

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

MAY 26 2006

PUBLIC SERVICE
COMMISSION

Re: Application of The Union Light, Heat and Power company for a Certificate of Public Convenience and Necessity to Acquire certain Generation Resources and Related Property; for Approval of Certain Purchase Power Agreements; for Approval of Certain Accounting Treatment; and for Approval of Deviation from Requirements of KRS 278.2207 and 278.2213(6)
Case No. 2003-00252

Dear Ms. O'Donnell:

I have enclosed an original and twelve copies of The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky's Notice of Filing of Closing Documents and Accounting Entries in the above-referenced case.

Please note that the closing documents, described in Attachment A, will be provided within the next several days in electronic format and in a bound volume hard copy format, as soon as we receive the bound volume from the bookbinder.

Please date stamp and return the two extra copies of the filing in the enclosed, self-addressed envelope.

If you have any questions, please do not hesitate to contact me at (513) 287-3601.

Sincerely,

John J. Finnigan, Jr.
Senior Counsel

JJF/sew

cc: Hon. Elizabeth Blackford (w/encl.)

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 26 2006

In the Matter of:

PUBLIC SERVICE
COMMISSION

The Application of Duke Energy)	
Kentucky for a Certificate of Public)	
Convenience and Necessity to Acquire)	
Certain Generation Resources and Related)	
Property; for Approval of Certain)	
Purchase Power Agreements; for Approval)	Case No. 2003-00252
of Certain Accounting Treatment; and for)	
Approval of Deviation from Requirements)	
of KRS 278.2207 and 278.2213(6))	

**NOTICE BY
THE UNION LIGHT, HEAT AND POWER COMPANY
D/B/A DUKE ENERGY KENTUCKY
OF FILING OF
CLOSING DOCUMENTS AND ACCOUNTING ENTRIES**

Pursuant to the Commission's prior orders in this proceeding, The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky, Inc. ("Duke Energy Kentucky") gives notice of filing the closing documents and accounting entries related to the transfer from The Cincinnati Gas & Electric Company d/b/a Duke Energy Ohio, Inc. ("Duke Energy Ohio") to Duke Energy Kentucky of Duke Energy Ohio's share of the East Bend No. 2, Miami Fort No. 6 and Woodsdale Generating Stations ("the Plants"). Pursuant to the Commission's orders, Duke Energy Kentucky also files herein a summary of the closing documents, and a narrative explanation of any changes between the final version

of the closing documents and earlier drafts of these documents previously submitted to the Commission.

I. Closing Documents

Duke Energy Ohio and Duke Energy Kentucky held the closing on January 25, 2006. The effective date of the closing was January 1, 2006. Additional time was necessary after the closing to obtain a complete set of the closing documents because the deeds for all three generating plants were recorded at the County Recorder's or County Clerk's office following the closing. Delays were encountered during the recording process because the Hamilton County Recorder's Office requested: (1) a new real estate survey to show the Miami Fort No. 6 unit being transferred to Duke Energy Kentucky; and (2) additional documentation to support the below-market value of the property transferred. The closing documents include copies of the deeds, file-stamped by the County Recorder's and County Clerk's offices, to verify the recording of these deeds.

A complete list of the closing documents is at Attachment A. A complete set of the documents executed at the closing, including regulatory orders related to the closing, and deeds as recorded with the County Recorder's Office, is provided with this filing, in paper and electronic format.

II. Changes in Closing Documents versus Earlier Drafts

The Commission's December 5, 2003 Order required Duke Energy Kentucky to submit copies of closing documents with the Commission prior to closing. Duke Energy Kentucky filed copies of the closing documents on several earlier dates in this proceeding. A complete list of the closing documents, and the date the documents were previously filed by Duke Energy Kentucky, is at Attachment B. The final version of

these documents is included with the Closing Documents described in Section I, above, which Duke Energy Kentucky is filing herewith. The closing documents changed in some minor respects from the earlier drafts of the documents filed with the Commission. A list of each change, with the reason for each change and redlined copies of the changes, is provided at Attachment C.

III. Accounting Entries

The Commission's June 17, 2005 Order required Duke Energy Kentucky to file the accounting entries related to this transaction. The Commission's Order stated that the accounting entries should address the following matters:

These entries should reflect the decisions contained in our December 5, 2003 Interim Order concerning the "below the line" treatment of Accumulated Deferred Income Tax Credits and deferred income tax balances related to the transferred generating assets. The explanations for the accounting entries should also identify specific components of Duke Energy Kentucky's financing of the acquisition including, but not limited to, new debt issued, assumption of existing CG&E debt, and common equity issued.

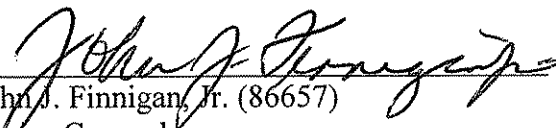
The accounting entries are at Attachment D. The treatment of the Accumulated Deferred Income Tax Credits and deferred income tax balances related to the transferred generating assets is at Attachment D, pages 1-4. The explanation of Duke Energy Kentucky's financing for the Plants is at Attachment D, page 5. Duke Energy Kentucky further states that on March 10, 2006 it issued \$115 million in long-term notes to replace the debt it assumed from Duke Energy Ohio in this transaction. A copy of Duke Energy Kentucky's March 20, 2006 letter to the Commission reporting on this financing is at Attachment E.

IV. Back-Up Power Supply Agreement

As a result of intervening events during the two-year delay between this Commission's interim approval of the Plant transfer and the U.S. Securities and Exchange Commission's approval, Duke Energy Kentucky and Duke Energy Ohio have not obtained FERC approval nor executed the back-up power supply agreement. Duke Energy Kentucky has filed quarterly reports on the status of the back-up power supply agreement, as required by the Commission's June 17, 2005 Order. Duke Energy Kentucky has also participated in informal conferences with the Commission Staff and the Attorney General's Office to discuss the contract.

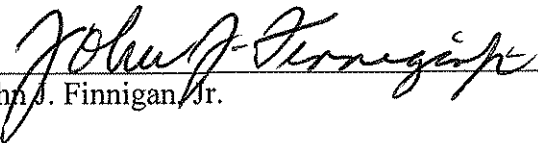
Duke Energy Kentucky is in the process of issuing a competitive bidding process for the back-up power supply agreement as well as other supply options. Duke Energy Kentucky will request approval to update the back-up supply contract to reflect current market pricing in its upcoming retail electric base rate case, and support the reasonableness of its alternative proposal in testimony. Duke Energy Kentucky will file its application and testimony for its upcoming rate case on or around May 31, 2006.

Respectfully submitted,


John J. Finnigan, Jr. (86657)
Senior Counsel
Duke Energy Shared Services, Inc.
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P. O. Box 960 (EA025)
Cincinnati, Ohio 45201-0960
Phone: (513) 287-3601
Fax: (513)287-3810
e-mail: jfinnigan@cinergy.com

CERTIFICATE OF SERVICE

I hereby give notice that on May 26, 2006, I served a copy of the foregoing Notice by The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky of Filing of Closing Documents and Accounting Entries on the parties listed below by first class United States mail, postage prepaid.


John J. Finnigan, Jr.

Elizabeth E. Blackford
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, Kentucky 40601

**Transfer of East Bend, Miami Fort 6 and Woodsdale
Facilities**

by

**The Cincinnati Gas & Electric Company
d/b/a Duke Energy Ohio**

To

**The Union Light, Heat and Power Company
d/b/a Duke Energy Kentucky**

January 25, 2006

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**Attachment B - List of Closing Documents Previously Filed
by Duke Energy Kentucky**

<u>Date Filed</u>	<u>Document Description</u>
7/21/03	Asset Transfer Agreement by and between The Cincinnati Gas & Electric Company and Duke Energy Kentucky (Attachment JLT-1 to Testimony of James L. Turner).
7/21/03	Back-Up Power Sale Agreement (Attachment RCM-1 to Testimony of Robert C. McCarthy)(This agreement was not executed at closing, but is the subject of further proceedings, as discussed below).
7/21/03	Purchase, Sales and Operation Agreement (Attachment RCM-2 to Testimony of Robert C. McCarthy)(This agreement was executed prior to closing, but was later terminated in connection with the start-up of the MISO Day 2 energy markets and the adoption of market-based wholesale power rates for Duke Energy Ohio and The Union Light, Heat & Power Co.).
7/21/03	Gas Supply and Management Agreement (Attachment JJR-1 to Testimony of John J. Roebel).
7/21/03	Commodity Storage Agreement (Attachment JJR-2 to Testimony of John J. Roebel).
7/21/03	Storage and Service Agreement between The Cincinnati Gas & Electric Company and TE Products Pipeline Company, Limited Partnership, Dated March 19, 1997 (Attachment JJR-3 to Testimony of John J. Roebel).
7/21/03	Propane Supply and Management Agreement (Attachment JJR-4 to Testimony of John J. Roebel).
3/21/05	Asset Transfer Agreement for Unit 2 of the East Bend Electric Generating Station.
3/21/05	Asset Transfer Agreement for Unit 6 of the Miami Fort Electric Generating Station.
3/21/05	Asset Transfer Agreement for Unit 2 of the Woodsdale Electric Generating Station.
3/21/05	Purchase, Sale and Operation Agreement.
3/21/05	Assignment and Assumption Agreement for the Gas Supply and Management Agreement.
3/21/05	Assignment and Assumption Agreement for the Commodity Storage Agreement.
3/21/05	Assignment and Assumption Agreement for the Propane Supply and Management Agreement.
3/21/05	Lease of Miami Fort Unit 5 and Unit 6 Common Facilities from Duke Energy Kentucky to The Cincinnati Gas & Electric Company.
3/21/05	Lease of Miami Fort Unit 5, Unit 6, Unit 7 and Unit 8 Common Facilities from The Cincinnati Gas & Electric Company to Duke Energy Kentucky.
3/21/05	Sublease of Miami Fort Unit 5, Unit 6, Unit 7 and Unit 8 Common Facilities from The Cincinnati Gas & Electric Company to Duke Energy Kentucky.
3/21/05	Assignment and Assumption Agreement for Synfuel Agreements.
3/21/05	Facilities Operation Agreement.
3/21/05	Miami Fort Unit 6 Operation Agreement.
3/29/05	Asset Transfer Agreement for Unit 2 of the East Bend Electric Generating Station.
3/29/05	Asset Transfer Agreement for Unit 6 of the Miami Fort Electric Generating Station.
3/29/05	Asset Transfer Agreement for Unit 2 of the Woodsdale Electric Generating Station.
3/29/05	Updated schedules for Woodsdale Asset Transfer Agreement removing reference to TEPPCO Storage Agreement.
3/29/05	Miami Fort Unit 6 Operation Agreement.
5/20/05	Miami Fort Unit 6 Operation Agreement.
5/20/05	Gas and Propane Service Agreement.

Attachment C - List of Change in Closing Documents from Earlier Drafts, Reasons for Changes, with Redlined Copies of Changes

1. "Lease of Miami Fort Unit 5 and Unit 6 Common Facilities from The Union Light, Heat and Power Company to The Cincinnati Gas & Electric Company" – a redlined copy of this lease is provided at Attachment C(1), comparing the executed version to the version filed with the Commission as Exhibit 11 to the March 21, 2005 filing. The changes to the lease are as follows:
 - (a). Date of January 25, 2006 has been filed in, with an explanation that the effective date is January 1, 2006.
 - (b). 37.314% has been added in Paragraph II(A)(1) as the correct multiplier to calculate rent, based on Lessor's percentage ownership of the leased assets.
 - (c). Correct references were added to the supporting schedules – "Appendix A, Appendix B and Schedule 1,"
 - (d). The signatory parties' names and witnesses' names were added.

2. "Lease of Miami Fort Unit 5, Unit 6, Unit 7 and Unit 8 Common Facilities from The Cincinnati Gas & Electric Company to The Union Light, Heat and Power Company – a redlined copy of this lease is provided at Attachment C(2), comparing the executed version to the version filed with the Commission as Exhibit 12 to March 21, 2005 filing. The changes to the lease are as follows:
 - (a). Date of January 25, 2006 has been filed in, with an explanation that the effective date is January 1, 2006.
 - (b). FERC accounting codes have been revised to reflect Duke Energy Kentucky's system rather than DP&L's.
 - (c). The percentage ownerships of the various asset categories were recalculated and revised. The revised calculation is provided at Appendix B to the lease.
 - (d). The method for adjustment of rent was simplified to an annual adjustment rather than an ongoing monthly adjustment, for ease of administration.
 - (e). The signatory parties' names and witnesses' names were added.

3. "Sublease of Miami Fort Unit 5, Unit 6, Unit 7 and Unit 8 Common Facilities from The Cincinnati Gas & Electric Company to The Union Light, Heat and Power Company" (incorrectly identified in the Table of Contents to the original filing as a "Lease") – a redlined copy of this sublease is provided at Attachment

C(3), comparing the executed version to the version filed with the Commission as Exhibit 13 to March 21, 2005 filing. The changes to the lease are as follows:

- (a). Date of January 25, 2006 has been filed in, with an explanation that the effective date is January 1, 2006.
- (b). FERC accounting codes have been revised to reflect Duke Energy Kentucky's system rather than DP&L's.
- (c). The percentage ownerships of the various asset categories were recalculated and revised to reflect as a percentage of Duke Energy Ohio's ownership rather than as a percentage of DP&L's and an Appendix B was added to show these calculations.
- (d). The method for adjustment of rent was simplified to an annual adjustment rather than an ongoing monthly adjustment, for ease of administration.
- (e). The signatory parties' names and witnesses' names were added.

4. "Assignment and Assumption Agreement for Tyrone Synfuel Agreements" (Exhibit 14 to March 21, 2005 filing) – two versions of this agreement are provided, as follows:

- Attachment C(4)(a) – is a copy of the executed version with handwritten edits to show *additions* to the version of this contract filed with the Commission on March 21, 2005.
- Attachment C(4)(b) – is a copy of the executed version with handwritten edits to show *deletions* from the version of this contract filed with the Commission on March 21, 2005, which do not appear in the executed version of the contract.

The changes to the contract are as follows:

- (a). Date of January 25, 2006 has been filed in, with an explanation that the effective date is January 1, 2006.
- (b). The first recital now reflects Duke Energy Ohio's undivided fractional ownership interest (69%) of East Bend Station.
- (c). Dates of the original Tyrone agreements have been supplied.
- (d). That certain Coal Consulting and Transportation Agreement, dated March 11, 2004, which was not originally going to be assigned, has been added to the list of Tyrone agreements to be assigned.

- (e). Language was added to contemplate amendment of the Tyrone agreements, since one of the agreements was amended prior to the closing.
 - (f). The assignment provision in the Tyrone agreements recited in this agreement was revised to more accurately reflect the language of the Tyrone agreements.
 - (g). The changes in the last recital were requested by Tyrone and do not substantively change the assignment.
 - (h). In Section 1.1, new language was added referencing that the assignment is effective as of the effective date of the agreement, and the term "performance" was added to clarify the payment obligation is assigned and assumed, along with the other obligations arising under the agreement.
 - (i). References to assignment of a credit support were deleted, as this was not necessary.
5. "Schedules to East Bend ATA" – a redlined copy of these schedules are provided at Attachment C(5), comparing the executed version to the version filed with the Commission as Exhibit 1 to the March 21, 2005 filing. The changes to the schedules are as follows:
- (a). A Debt Assumption Agreement, pursuant to which Duke Energy Kentucky has agreed to assume Duke Energy Ohio's obligations with respect to the 1985 Series A Bonds, the 1994 Series A Bonds, the "Specified Bonds" and Duke Energy Ohio payables and/or short-term debt, has been added.
6. "Schedules to Miami Fort ATA" – a redlined copy of these schedules are provided at Attachment C(6), comparing the executed version to the version filed with the Commission as Exhibit 3 to March 21, 2005 filing. The changes to the schedules are as follows:
- (a). The Certificate of Consideration has been deleted, as it is not necessary in Ohio.
 - (b). A Debt Assumption Agreement, pursuant to which Duke Energy Kentucky has agreed to assume Duke Energy Ohio's obligations with respect to the 1985 Series A Bonds, the 1994 Series A Bonds, the "Specified Bonds" and Duke Energy Ohio payables and/or short-term debt, has been added.
7. "Schedules to Woodsdale ATA" – a redlined copy of these schedules are provided at Attachment C(7), comparing the executed version to the version filed with the

Commission as Exhibit 5 to March 21, 2005 filing. The changes to the schedules are as follows:

- (a). The Certificate of Consideration has been deleted, as it is not necessary in Ohio.
- (b). A Debt Assumption Agreement, pursuant to which Duke Energy Kentucky has agreed to assume Duke Energy Ohio's obligations with respect to the 1985 Series A Bonds, the 1994 Series A Bonds, the "Specified Bonds" and Duke Energy Ohio payables and/or short-term debt, has been added.
- (c). Schedule 2.01(d): That certain Gas Supply and Management agreement by and between Duke Energy Ohio and its affiliate, Cinergy Marketing & Trading, LP, dated June 1, 2003, was terminated effective January 1, 2006, rather than being assigned from Duke Energy Ohio to Duke Energy Kentucky as originally planned and has been deleted from the schedules. This termination is the result of compliance with Duke Energy Kentucky's recently-implemented FERC Codes of Conduct, which prohibit, among other things, Duke Energy Kentucky from sharing market information, such as price and volume of natural gas purchased, with its unregulated wholesale marketing affiliates. (Duke Energy Kentucky has secured a supply of gas through an agreement with a third-party gas supply and management provider.)

NO REDLINED VERSIONS OF THE FOLLOWING AGREEMENTS ARE PROVIDED BECAUSE THE AGREEMENTS EITHER WERE NOT EXECUTED AT CLOSING OR THE CHANGES, DESCRIBED BELOW, WERE MINOR.

8. "Assignment and Assumption Agreement for the Gas Supply and Management Agreement" – this agreement was filed with the Commission as Exhibit 8 to March 21, 2005 filing. This agreement was not executed at closing, because that certain Gas Supply and Management agreement by and between Duke Energy Ohio and its affiliate, Cinergy Marketing & Trading, LP, dated June 1, 2003, was terminated effective January 1, 2006, rather than being assigned from Duke Energy Ohio to Duke Energy Kentucky as originally planned. This termination is the result of compliance with Duke Energy Kentucky's recently-implemented FERC Codes of Conduct, which prohibit, among other things, Duke Energy Kentucky from sharing market information, such as price and volume of natural gas purchased, with its unregulated wholesale marketing affiliates. (Duke Energy Kentucky has secured a supply of gas through an agreement with a third-party gas supply and management provider.)
9. "Miami Fort Unit 6 Operation Agreement" (earlier version filed with the Commission as Exhibit 16 to March 21, 2005 filing) – the date of January 25,

2006 has been filed in, with an explanation that the effective date is January 1, 2006.

2/15/2005 DRAFT

LEASE OF MIAMI FORT UNIT 5 AND UNIT 6 COMMON FACILITIES

FROM

THE UNION LIGHT, HEAT AND POWER COMPANY

TO

THE CINCINNATI GAS & ELECTRIC COMPANY

THIS LEASE AGREEMENT ("Lease" or "Agreement") is made as of this 25th day of January, 2006 and effective as of January 1, 2006 (the "Effective Date"), between THE UNION LIGHT, HEAT AND POWER COMPANY, with its principal offices being located at 139 East Fourth Street, Cincinnati, Ohio 45202 being a corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Lessor"), and THE CINCINNATI GAS & ELECTRIC COMPANY, its principal offices being located at 139 East Fourth Street, Cincinnati Ohio 45202, being a corporation organized and existing under the laws of the State of Ohio (the "Lessee") (hereinafter, "Lessor" and "Lessee", collectively, the "Parties" and individually, a "Party").

- RECITALS -

WHEREAS, the Miami Fort Generating Station, located in Hamilton County, Ohio, is comprised of four coal-fired steam electric generating units hereinafter referred to as Unit 5, Unit 6, Unit 7 and Unit 8;

WHEREAS, immediately prior to the Effective Date, Lessee was the sole owner of, all right, title and interest in, under and to Unit 6, a 168 megawatt (nameplate rating) coal-fired base or intermediate load plant;

WHEREAS, in accordance with the provisions of that certain Asset Transfer Agreement by and between Lessor and Lessee, dated as of the date hereof (the "Asset Transfer Agreement"), on the Effective Date, Lessee transferred, assigned, conveyed and delivered to Lessor all of Lessee's right, title and interest in, under and to Unit 6 and all real and personal property, tangible and intangible, constituting, or used in connection with or ancillary to the ownership and operation of, Unit 6 (other than certain assets associated therewith but excluded therefrom, including generation step-up transformers and other assets subject to the jurisdiction of the Federal Energy Regulatory Commission);

WHEREAS, pursuant to the Asset Transfer Agreement, Lessee also transferred, assigned, conveyed and delivered to Lessor all of Lessee's right, title and interest in, under and to those facilities used in connection with the generation of electricity by both Unit 5, which remains solely owned by Lessee, and Unit 6 including, without limitation, the exhaust stack, two crushed coal conveyors, a vacuum pump and coal crusher, all as set forth on Schedule 1 attached hereto and a part hereof (the "Common Assets"); and

WHEREAS, Lessee desires to lease from Lessor an undivided fractional interest in the Common Assets in the manner set forth herein and Lessor desires to lease to Lessee an undivided fractional interest in the Common Assets.

- LEASE -

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

I. LEASED ASSETS.

Lessor, for the rents and term hereinafter provided for, hereby leases to Lessee an undivided ~~37.31~~37.314% interest in the Common Assets, which percentage is determined as set forth in Appendix A attached hereto.

II. RENT.

(A) As rentals for the foregoing, Lessee shall pay to Lessor every month during this Lease one-twelfth (1/12) of the sum of the following:

1. The product of (a) Lessor's rate of return on electric rate base as determined by the Kentucky Public Service Commission in its most recent rate proceeding on a pre-tax basis, currently 9.17% as determined on Appendix AB attached hereto, and (b) the net book value (original cost less accumulated depreciation, as such amount is recorded on Lessor's books) of the Common Assets as of the Effective Date, and (c) 37.314%;

2. An amount equal to all taxes (including without limitation property taxes), fees or assessments imposed upon Lessor by any authority that are allocable or attributable to Lessor's ownership of the Common Facilities, as allocated to Lessee by means of the undivided interest set forth in Item I above; and

3. The annualized accrual for depreciation determined by applying Lessor's applicable depreciation rates to the gross cost of the primary plant accounts involved with respect to the Common Facilities, as allocated to Lessee by means of the undivided interest set forth in Item I above.

(B) Such rental payment will be recalculated as of January 1st of each year after the Effective Date to incorporate then current amounts for net book value, annual depreciation, and taxes, fees and assessments.

(C) As Lessor and Lessee both are affiliates of Cinergy Corp. ("Cinergy"), using the same accounting system, and have established processes for reimbursing one another for intercompany obligations, Lessor and Lessee shall monthly make such accounting entries needed to charge amounts owed hereunder to Lessee and to cause funds to be transferred to the books of Lessor in payment of the amounts due hereunder. Monthly invoices will be produced only upon Lessee's specific request. Lessor shall from time to time

grant reasonable access to its books and records relative to the rentals to representatives of Lessee, on Lessee's reasonable request.

III. TERM. The term of this Lease shall commence on the Effective Date and continue through the end of the month in which the Effective Date occurs and each month thereafter until terminated by Lessor or Lessee upon reasonable advance notice to the other.

IV. MISCELLANEOUS.

(A) Neither Lessor nor Lessee may, without the prior written consent of the other, sell or in any way transfer its interests in the property to which this Lease pertains for as long as the other Party is utilizing this Lease for the purpose for which it entered into this Lease, except (a) to a trustee under its first mortgage or (b) to an entity controlled by Cinergy; provided that the foregoing prohibitions shall be in effect only so long as Unit 5 is being or is intended to be utilized by Lessee in connection with the generation of electricity. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.

(B) This Lease may be simultaneously executed in two counterparts, each of which when so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

(C) Effect of Conveyance by Lessor. In case Lessor or any successor owner of Unit 6 shall convey or otherwise dispose of any portion thereof to another person or entity as permitted by Section IV(A) hereunder, such other person or entity who shall become owner of Unit 6 shall thereupon be and become Lessor hereunder and shall assume fully in writing and be liable upon all liabilities and obligations of this Lease to be performed by Lessor which first arise after the date of conveyance, and subsequent to such assignment and assumption Lessor or successor owner of Unit 6 shall, from and after the date of conveyance, be free of all liabilities and obligations not then incurred.

(D) All rights and remedies of Lessor and Lessee under this Lease shall be cumulative and none shall exclude any other rights and remedies allowed by law.

(E) No modification, waiver or amendment of this Lease or of any of its conditions or provisions shall be binding upon the Lessor or Lessee unless in writing signed by Lessor or Lessee or by a duly authorized agent of Lessor or Lessee empowered by a written authority signed by Lessor or Lessee.

(F) Sectional headings in this Lease are solely for convenience of reference and shall not in any way limit or amplify the terms and provisions hereof.

(G) This Lease shall be governed by the laws of the State of Ohio.

(H) Each and every covenant of this Lease is distinct and severable and if any provision of the Lease is held invalid by a court of competent jurisdiction or other governmental authority the same shall be stricken herefrom without affecting the validity of the remaining provisions of this Lease.

(Signature Pages Follow)

IN WITNESS WHEREOF, The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company have caused this instrument to be signed by their respective authorized officers and their respective corporate seals to be hereto affixed.

Signed in the presence of:

LESSOR:

THE CINCINNATI GAS & ELECTRIC COMPANY

By _____
/s/Dorothy K. Corbett By: /s/Michael J. Cyrus
Greg Fieke Michael J. Cyrus,
Executive Vice President

/s/Debbie Gates /s/Marc E. Manly

Marc E. Manly, Secretary

LESSEE:

THE UNION LIGHT, HEAT AND POWER COMPANY

By _____
/s/Dorothy K. Corbett By: /s/Gregory C. Ficke
Gregory C. Ficke
/s/Debbie Gates President

STATE OF OHIO :
: SS:
COUNTY OF HAMILTON:

Before me, a Notary Public in and for such County, personally appeared _____, Michael J. Cyrus, Executive Vice President and _____ Marc E. Manly, Secretary of The Cincinnati Gas & Electric Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at Cincinnati, Ohio this 25 day of January, 2006.

/s/Dorothy K. Corbett
Notary Public

Dorothy K. Corbett
Notary Public State of Ohio
My Commission Expires _____ has no

expiration, 200__

STATE OF _____ OHIO:
 :SS:
COUNTY OF _____ HAMILTON:

Before me a Notary Public in and for such County, personally Appeared _____ and _____ Gregory C. Ficke, of The Union Light, Heat and Power Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at _____, _____ Cincinnati, Ohio this 25 day of _____ January, 2006.

/s/Dorothy K. Corbett
Notary Public

Dorothy Corbett
Notary Public _____ State of _____ Ohio
My Commission Expires _____ has no

expiration, 200__

SCHEDULE 1
Common Assets

- Crushed coal conveyors (conveyors #11 and #12)
- Conveyor G
- Miami Fort 5 vacuum pump
- Exhaust stack
- Miami Fort 5 coal crusher

Appendix A

Undivided Ownership Interest Calculation

<u>Unit 5 (after the Effective Date, owned by CG&E)</u>	<u>100mW</u>
<u>Unit 6 (after the Effective Date, owned by ULH&P)</u>	<u>168mW</u>
	<u>268mW nameplate rating</u>

$$\text{Unit 5 percentage} = \frac{100}{100 + 168} = 37.314\%$$

Appendix AB

THE UNION LIGHT, HEAT AND POWER COMPANY
Calculation of Pre-tax Rate of Return on Electric Rate Base
For Determination of Rental Under Common Facilities Lease Agreement

<u>Line No.</u>		
1	Income Before Income Taxes	100.0000%
2		
3	State Income Tax @ 8.25%	<u>8.2500%</u>
4		
5	Income Before Federal Income Tax	91.7500%
6		
7	Federal Income Tax @ 35.00%	<u>32.1100%</u>
8		
9	Operating Income Percentage	<u>59.6400%</u>
10		
11	Gross Revenue Conversion Factor (100% / Line 9)	<u>1.676727</u>
12		
13	Currently Approved Electric Rate of Return (a)	5.47%
14		
15	Pre-tax Rate of Return	<u>9.17%</u>

(a) Kentucky Public Service Commission Case No. 2001-058.

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LEASE OF MIAMI FORT UNIT 5, UNIT 6, UNIT 7 AND UNIT 8 COMMON
FACILITIES

FROM

THE CINCINNATI GAS & ELECTRIC COMPANY

TO

THE UNION LIGHT, HEAT AND POWER COMPANY

THIS LEASE ("Lease") is made as of this 25th day of _____, ~~2005~~ January, 2006 and effective as of January 1, 2006 (the "Effective Date"), between THE CINCINNATI GAS & ELECTRIC COMPANY with its principal offices being located at 139 East Fourth Street, Cincinnati, Ohio 45202, being a corporation organized and existing under the laws of the State of Ohio (the "Lessor"), and THE UNION LIGHT, HEAT AND POWER COMPANY, its principal offices being located at 139 East Fourth Street, Cincinnati, Ohio 45202, being a corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Lessee").

- RECITALS -

WHEREAS, the Miami Fort Generating Station, located in Hamilton County, Ohio ("Miami Fort Generating Station"), is comprised of four coal-fired steam electric generating units hereinafter referred to as Unit 5, Unit 6, Unit 7 and Unit 8;

WHEREAS, immediately prior to the Effective Date, Lessor was the sole owner of, all right, title and interest in, under and to Unit 6, a 168 MW (nameplate rating) coal-fired base or intermediate load plant;

WHEREAS, Lessor owns, as a tenant in common with The Dayton Power and Light Company ("Dayton"), an undivided fractional interest in Unit 7 and in Unit 8 of Miami Fort Generating Station;

WHEREAS, in accordance with the provisions of the Miami Fort Unit 7 Basic Generating Agreement and the provisions of the Miami Fort Unit 8 Basic Generating Agreement, Lessor and Dayton entered into that certain Lease of Miami Fort Unit 7 and Unit 8 Common Facilities from Cincinnati to Dayton, dated April 1, 1982 (the "7/8 Common Facilities Lease"), pursuant to which Dayton leased from Lessor undivided fractional interests in various categories of assets used in connection with the generation of electricity by Unit 7 and by Unit 8 (the "7/8 Common Facilities"), calculated on the basis of various metrics, and Lessor retained the remaining undivided fractional interests;

WHEREAS, in accordance with the provisions of that certain Asset Transfer Agreement by and between Lessor and Lessee, dated as of the date hereof (the "Asset Transfer Agreement"), on the Effective Date, Lessor transferred, assigned, conveyed and

delivered to Lessee all of Lessor's right, title and interest in, under and to Unit 6 (other than certain assets associated therewith but excluded therefrom, including generation step-up transformers and other assets subject to the jurisdiction of the Federal Energy Regulatory Commission);

WHEREAS, Lessor owns all right, title and interest in, under and to certain assets (which include, without limitation, certain equipment and structures) listed hereinbelow (the "Common Assets"), which Common Assets are used in connection with the generation of electricity by any one or more of Unit 5, Unit 6, Unit 7 and Unit 8;

WHEREAS, Lessee desires to lease from Lessor undivided fractional interests in the Common Assets in the manner and amounts set forth herein and Lessor desires to lease to Lessee such undivided fractional interests in the Common Assets; and

WHEREAS, to the extent that any of the 7/8 Common Facilities, an undivided fractional interest in which was leased by Dayton under the 7/8 Common Facilities Lease, are the same as the Common Assets, an undivided fractional interest in which is leased by Lessee hereunder, it is the intent of the parties hereto that Dayton's leasehold interest in the 7/8 Common Facilities shall not be disturbed hereby and that this Lease is consistent with all of the terms thereof; provided, however, that in the event that any of the provisions of this Lease conflict with the provisions of the 7/8 Common Facilities Lease, the provisions of the 7/8 Common Facilities Lease will control.

- LEASE -

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto hereby agree as follows:

I. LEASED ASSETS. Lessor, for the rents and term hereinafter provided for, hereby leases to Lessee the following property interests in certain of the Common Assets, as follows: *

(i) A 13.003% undivided interest in and to the following described assets that are, from time to time during the term of this Lease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and that are located on portions of that certain real property known as Miami Fort Generating Station and located in Miami Township, Hamilton County, Ohio (the "Miami Fort Station Real Estate"):

<u>Asset Description</u>	<u>Accounted for by Lessor Under Account Number:</u>
Mooring Facilities	3020302
Ground Water Deepwells-1, 3A, 4A, 5A	3020302
Ground Water Piping	3020302

* Appendix B attached hereto includes the calculations to determine the undivided interests set forth in Items I(i) through (vii) below.

Control Air Compressors	3020302
Chemical Waste Neutralization System	3020302
Coal Tractor, Terex TS-24	3020302
Ash Pit 'A'	3020302
Barges-209, 210, 211, 282	3034303
Electric Feed to Deepwell 5A	3050305
Station Air Compressor	3060306
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(ii) A 13.003% undivided interest in and to the following described assets that are, from time to time during the term of this Lease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and that are located on the Miami Fort Station Real Estate:

<u>Asset Description:</u>	Accounted for by Lessor <u>Under Account Number:</u>
Coal Tractor, Terex TS-24	3020302
Ash Pit 'A'	3020302

(iii) A 14.094% undivided interest in and to the following described assets (whether owned by Lessor at the date of execution hereof or hereafter acquired by it) that are, from time to time during the term of this Lease, used for the generation of electricity by Units 6, 7 and 8 at the Miami Fort Generating Station and that are located on portions of the Miami Fort Station Real Estate:

<u>Asset Description:</u>	Accounted for by Lessor <u>Under Account Number:</u>
Soot Blowing Air Compressor-Unit 6	3020302
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(iv) A 25.000% undivided interest in and to the following described assets (whether owned by Lessor at the date of execution hereof or hereafter acquired by it) that are, from time to time during the term of this Lease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and that are located on portions of the Miami Fort Station Real Estate:

<u>Asset Description</u>	Accounted for by Lessor <u>Under Account Number:</u>
--------------------------	--

Oil Storage House	3010301
Chlor. & Gas Bottle Storage Building	3010301
Sewage Plant	3010301
Boiler Room Basement	3010301
Locker Room	3010301
Women's Locker Room	3010301
Electric Control Room	3010301
Communication Cable	3010301
Telephone System	3010301
Fencing	3010301
Roads & Drives	3010301
Drainage	3010301
River Bank Protection	3010301
Railroad Tracks	3010301
Yard Lighting	3010301
Chlorinating System	3040304
Material Handling Crane Transformer	3050305
Emergency Control Batteries, Saw. Hsg.	3050305
Klaxon & Phone System	3050305
Grounding System	3050305
Material Handling Crane	3060306
Oil House Equipment	3060306
Shop. Laboratory & Hospital Equipment	3069306
Office Furniture & Equipment	3720372
Stores Equipment	3740374
Office Equipment	3720372
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the # of units involved)	

(v) A 25.00033.333% undivided interest in and to the following described assets (whether owned by Lessor at the date of execution hereof or hereafter acquired by it) that are, from time to time during the term of this Lease, used for the generation of electricity by Units 6, 7 and 8 at Miami Fort Generating Station and that are located on portions of the Miami Fort Station Real Estate:

	Accounted for by
	Lessor
<u>Asset Description:</u>	<u>Under Account Number:</u>

(None at present time)

(vi) A 1.972% undivided interest in and to the following described assets (whether owned by Lessor at the date of execution hereof or hereafter acquired by it) that are, from time to time during the term of this Lease, used for the generation of electricity by Units 5 and 6; GT Units 1, 2, 3, 4, 5, 6; Heating Boiler, and Units 7 and 8 at Miami Fort Generating Station and that are located on portions of the Miami Fort Station Real Estate:

<u>Asset Description:</u>	Accounted for by Lessor <u>Under Account Number:</u>
Fuel Oil Handling System: Including Unload, Facility, Tank #3 & Pipe in between Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of oil flow demand)	3320332

(vii) A 17.08948,507% undivided interest in and to the following described assets (whether owned by Lessor at the date of execution hereof or hereafter acquired by it) that are, from time to time during the term of this Lease, used for the generation of electricity by Units 5 through 8 at Miami Fort Generating Station and that are located on portions of the Miami Fort Station Real Estate:

<u>Asset Description:</u>	Accounted for by Lessor <u>Under Account Number:</u>
Intake & Discharge Tunnels	3010301
Crib House	3010301
Crib House Sump Pumps	3020302
Traveling Screens	3040304
Crib House Crane	3040304
Crib House Sump Pumps	3040304
Chlorinators	3040304
Crib House Transformer #5	3050305
Crib House Switchgear	3050305
Crib House Motor Control Center	3050305
Crib House Sump Pump (Electrical)	3050305
Traveling Screens (Electrical)	3050305
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on a water flow – gallons per minute basis)	

II. RENT.

(A) As rentals for the foregoing, Lessee shall pay to Lessor every month during this Lease one-twelfth (1/12) of the sum of the following, calculated as of the Effective Date and recalculated as of January 1st of each year after the Effective Date to incorporate then current amounts for net book value, or as described in Section II (B) below:

1. The product of (a) Lessor's rate of return on electric rate base as determined by the Public Utilities Commission of Ohio in its most recent rate proceeding on a pre-tax basis, currently 17.43% as determined on Appendix A attached hereto, and (b) the net book value (original cost less accumulated depreciation, as such amount is recorded on Lessor's books)

of the undivided interest of each of the six sets of facilities described in Items I(i) through (vii) above, namely:

<u>Item</u>	<u>Amount</u>
I(i)	\$
I(ii)	\$
I(iii)	\$
I(iv)	\$
I(v)	\$
I(vi)	\$
I(vii)	\$

2. An amount equal to all taxes (including without limitation property taxes), fees or assessments imposed upon Lessor by any authority, which are allocable or attributable to Lessor's ownership of such facilities as allocated to Lessee by means of the undivided interests as set forth in Items I(i) through (vii) above; and

3. The annualized accrual for depreciation determined by applying Lessor's applicable depreciation rates to the gross cost of the primary plant accounts involved with respect to the Common Facilities as allocated to Lessee by means of the undivided interests referred to in Items I(i) through (vii) above; ;

~~———— (B) ——— As of the end of any month, should net additions to or retirements of the generating facilities described in Items I(i) through (vii) above (exclusive of depreciation accruals) not already reflected in the rentals aggregate more than \$100,000.00, the rentals for the rest of the months of that year (unless a later revision is made) shall be revised to take account of such net additions or retirements; as of the end of any month, should any generating units (Units 5 through 8 and G.T. Units 1 through 6) be retired, or, should there be an addition to the Miami Fort Generating Station of one or more additional units, or should the kW nameplate capacity of any of the above generating units, or any additional units be changed significantly, the undivided interests set forth in Items I(i) through (vii) will be revised to reflect the effect of such changes.~~

(B) Such rental payment will be recalculated as of January 1st of each year after the Effective Date to incorporate then current amounts for net book value, annual depreciation, and taxes, fees and assessments.

(C) As Lessor and Lessee are affiliated companies using the same accounting system and have established processes for reimbursing one another for intercompany obligations, Lessor and Lessee shall monthly make such accounting entries needed to charge amounts owed hereunder to Lessee and to cause funds to be transferred to the books of Lessor in payment of the amounts due hereunder. Monthly invoices will be produced only upon Lessee's specific request. Lessor shall from time to time grant reasonable access to its books and records relative to the rentals to representatives of Lessee, on Lessee's reasonable request.

III. TERM. The term of this Lease shall commence on the Effective Date and continue through the end of the month in which the Effective Date occurs and each month thereafter until terminated by Lessor or Lessee upon reasonable advance notice to the other.

IV. MISCELLANEOUS.

(A) Neither Lessor nor Lessee may, without the prior written consent of the other, sell or in any way transfer its interests in the property to which this Lease pertains except (a) to a trustee under its first mortgage or (b) to an affiliated entity; provided that the foregoing prohibitions shall be in effect only so long as Unit 6 is being or is intended to be utilized by Lessee in connection with the generation of electricity. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

(B) This Lease may be simultaneously executed in two counterparts, each of which when so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

(Signature Pages Follow)

IN WITNESS WHEREOF, The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company have caused this instrument to be signed by their respective authorized officers and their respective corporate seals to be hereto affixed.

Signed in the presence of:

LESSOR:

THE CINCINNATI GAS & ELECTRIC
COMPANY

/s/Dorothy K Corbett

By _____
By: /s/Michael J. Cyrus
Greg Ficke, Michael J. Cyrus
Executive Vice President

/s/Debbie Gates

/s/Marc E. Manly

Marc E. Manly Secretary

LESSEE:

THE UNION LIGHT, HEAT AND
POWER COMPANY

By _____

/s/Dorothy K. Corbett
By: /s/Gregory C. Ficke
Gregory C. Ficke
/s/Debbie Gates
President

STATE OF OHIO :
: SS:
COUNTY OF HAMILTON:

Before me, a Notary Public in and for such County, personally appeared _____, Michael Cyrus, Executive Vice President and _____ Marc E. Manly, Secretary of The Cincinnati Gas & Electric Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at Cincinnati, Ohio this 25 day of January, 2006.

/s/Dorothy K. Corbett
Notary Public

Dorothy K. Corbett
Notary Public State of Ohio
My Commission Expires _____ has no

expiration, 200

STATE OF _____ OHIO:

:SS:

COUNTY OF _____ HAMILTON:

Before me a Notary Public in and for such County, personally Appeared _____, _____ and _____ appeared Gregory C. Ficke, of The Union Light, Heat and Power Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at _____, Cincinnati, Ohio this 25 day of _____, 2006.

/s/Dorothy K. Corbett
Notary Public

Dorothy K. Corbett
Notary Public _____ State of _____ Ohio
My Commission Expires _____ has no

expiration, 200

Appendix A

THE CINCINNATI GAS & ELECTRIC COMPANY
Calculation of Pre-tax Rate of Return on Electric Rate Base
For Determination of Rental Under Common Facilities Lease Agreement

<u>Line No.</u>			
1	Income Before Income Taxes		100.0000%
2			
3	State and Municipal Income Tax @	8.544%	<u>8.5440%</u>
4			
5	Income Before Federal Income Tax		91.4560%
6			
7	Federal Income Tax @	35.00%	<u>32.0096%</u>
8			
9	Operating Income Percentage		<u>59.4464%</u>
10			
11	Gross Revenue Conversion Factor (100% / Line 9)		<u>1.682188</u>
12			
13	Currently Approved Electric Rate of Return (a)		10.36%
14			
15	Pre-tax Rate of Return		<u>17.43%</u>

(a) Public Utilities Commission of Ohio Case No. 99-1658-EL-ETP.

Appendix B

**Lease of Miami Fort U5 & U6 Common Facilities
 FROM ULHP TO CGE**

LEASE

Generation Unit No.	KW Nameplate Rating	Percent of Total	Allocation Percents		
			Cincinnati	ULH&P	Dayton
Miami Fort 5	100,000	37.31	37.31		
Miami Fort 6	168,000	62.69			
	268,000				
Allocation Percentages (Unit 5/ (U5+U6))			37.31		

**Lease of Miami Fort U5, U6, U7, U8 Common Facilities
 FROM CGE TO ULHP**

DIRECT LEASE

Categories	Generation Unit No.	KW Nameplate Rating	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 5	100,000	7.740			
	Miami Fort 6	168,000	13.003		13.003	
	Miami Fort 7	512,000	39.628			
	Miami Fort 8	512,000	39.628			
	Total	1,292,000	100.000			
Allocation Percentages (168,000 / (1,292,000) = 13.00% (ULHP Ownership Share)					13.003	

ii	Generation Unit No.	KW Nameplate Rating	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 5	100,000	7.740			
	Miami Fort 6	168,000	13.003		13.003	
	Miami Fort 7	512,000	39.628			
	Miami Fort 8	512,000	39.628			
	Total	1,292,000	100.000			
Allocation Percentages (168,000 / (1,292,000) = 13.00% (ULHP Ownership Share)					13.003	

iii	Generation Unit No.	KW Nameplate Rating	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 5	100,000	7.740			
	Miami Fort 6	168,000	13.003		13.003	
	Miami Fort 7	512,000	39.628			
	Miami Fort 8	512,000	39.628			
	Total	1,192,000	100.000			

Allocation Percentages $(468,000 / 1,192,000 \times 100\% - \text{ULHP Ownership Share})$ 14.084

Generation Unit No.	Number of Units	Percent of Total	Allocation Percents		
			Cincinnati	ULH&P	Dayton
Miami Fort 5	1	25.000			
Miami Fort 6	1	25.000		25.000	
Miami Fort 7	1	25.000			
Miami Fort 8	1	25.000			
Total	4	100			

Allocation Percentages $(61,333 \times 100\% - \text{ULHP Ownership Share})$ 25.000

Generation Unit No.	Number of Units	Percent of Total	Allocation Percents		
			Cincinnati	ULH&P	Dayton
Miami Fort 6	1	33.333		33.333	
Miami Fort 7	1	33.333			
Miami Fort 8	1	33.333			
Total	3	100			

Allocation Percentages $(111,333 \times 100\% - \text{ULHP Ownership Share})$ 33.333

Generation Unit No.	Oil Flow Demand - GRM	Percent of Total	Allocation Percents		
			Cincinnati	ULH&P	Dayton
Miami Fort 5	98	1.972			
Miami Fort 6	10	1.972		1.972	
Miami Fort 7	92	18.146			
Miami Fort 8	92	18.146			
G.F. No. 1	100	19.724			
G.F. No. 2	100	19.724			
G.F. No. 3	25	4.931			
G.F. No. 4	25	4.931			
G.F. No. 5	25	4.931			
G.F. No. 6	25	4.931			
Heating Boiler	4	0.592			
Total	597	100.000			

Allocation Percentages $(10,493 \times 100\% - \text{ULHP Ownership Share})$ 1.972

Generation Unit No.	Water Flow (GPM)	Percent of Total	Allocation Percents		
			Cincinnati	ULH&P	Dayton
Miami Fort 5, 7, 8	103500	51.493			
Miami Fort 6	97500	48.507		48.507	
Total	201000	100.000			

Allocation Percentages $(\text{Unit 5 SWF} + \text{CWF} + \text{SWF} (\text{U5, U6, U7, U8}) + \text{CWF} (\text{U5, U6}))$ 48.507

Cincinnati W/P	Unit 5 (2 Pumps)	68000
Service W/P	Unit 5-1	7500
	Unit 7 - P&V-2	18000
	Unit 8	3000
	Total	103500

<u>Circulating WP</u>	<u>Unit 6/2 Pumps</u>	<u>96000</u>
<u>Service WP</u>	<u>Unit 6/2 Pumps</u>	<u>7500</u>
		<u>97500</u>
<u>Total</u>		<u>201000</u>

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Total changes	429

SUBLEASE OF MIAMI FORT UNIT 5, UNIT 6, UNIT 7 AND UNIT 8
COMMON FACILITIES

FROM

THE CINCINNATI GAS & ELECTRIC COMPANY

TO

THE UNION LIGHT, HEAT AND POWER COMPANY

THIS SUBLEASE ("Sublease") is made as of this 25th day of _____, ~~200~~ January, 2006 and effective as of January 1, 2006 (the "Effective Date"), between THE CINCINNATI GAS & ELECTRIC COMPANY with its principal offices being located at 139 East Fourth Street, Cincinnati, Ohio 45202, being a corporation organized and existing under the laws of the State of Ohio (the "Sublessor"), and THE UNION LIGHT, HEAT AND POWER COMPANY, its principal offices being located at 139 East Fourth Street, Cincinnati, Ohio 45202, being a corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Sublessee").

- RECITALS -

WHEREAS, the Miami Fort Generating Station, located in Hamilton County, Ohio ("Miami Fort Generating Station"), is comprised of four coal-fired steam electric generating units hereinafter referred to as Unit 5, Unit 6, Unit 7 and Unit 8;

WHEREAS, immediately prior to the Effective Date, Sublessor was the sole owner of, all right, title and interest in, under and to Unit 6, a 168 MW (nameplate rating) coal-fired base or intermediate load plant;

WHEREAS, in accordance with the provisions of that certain Asset Transfer Agreement by and between Sublessor and Sublessee, dated as of the date hereof, on the Effective Date, Sublessor transferred, assigned, conveyed and delivered to Sublessee all of Sublessor's right, title and interest in, under and to Unit 6 (other than certain assets associated therewith but excluded therefrom, including generation step-up transformers and other assets subject to the jurisdiction of the Federal Energy Regulatory Commission);

WHEREAS, pursuant to that certain Lease of Miami Fort Unit 7 and Unit 8 Common Facilities from Dayton to Cincinnati, dated April 1, 1982 (the "Dayton Lease") attached hereto as Appendix A, Sublessor leases from The Dayton Power and Light Company, an Ohio corporation ("Dayton"), an undivided fractional interest in certain assets (which include, without limitation, certain equipment and structures) listed hereinbelow (the "Common Assets"), which Common Assets are used in connection with the generation of electricity by any one or more of Unit 5, Unit 6, Unit 7 and Unit 8;

WHEREAS, Sublessee desires to sublease from Sublessor undivided fractional interests in the Common Assets in the manner and amounts set forth herein and Sublessor desires to sublease to Sublessee such undivided fractional interests in the Common Assets; and

WHEREAS, it is the intent of the parties hereto that this Sublease not affect or impair any of the rights of the parties to the Dayton Lease and that this Sublease is consistent with all of the terms thereof; provided, however, that in the event that any of the provisions of this Sublease conflict with the provisions of the Dayton Lease, the provisions of the Dayton Lease will control.

- SUBLEASE -

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto hereby agree as follows:

I. SUBLEASED ASSETS. Sublessor, for the rents and term hereinafter provided for, hereby subleases to Sublessee the following property interests in certain of the Common Assets, as follows:*

(i) A ~~13.00362.686%~~ 20.743% undivided interest in Sublessor's undivided fractional leasehold interest in Dayton's undivided interest represented by its book investment in and to the following described facilities which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and which are located on portions of that certain real property known as Miami Fort Generating Station and located in Miami Township, Hamilton County, Ohio (the "Miami Fort Station Real Estate"):

<u>Asset Description</u>	<u>Accounted for by</u> <u>Dayton</u> <u>Under FERC Account</u>
<u>Number:</u>	
Service Building	3113311
Equipment Garage	3113311
Material Mgt warehouse	3113311
Construction Warehouse	3113311
Retaining wall, South side of Sw. Yd.	3113311
Ground Water Deepwells – 1A & 6	3123312
R.O. System – Demin. Make Up	3123312
Chemical Waste Neutralization System	3123312
Harbor Boat	3136312
Bulk Hydrogen System	3143314
Cathodic Protection	3143314
Grd. Wt. Deepwells (Electrical)	3153315

* Appendix B attached hereto includes the calculations to determine the undivided interests set forth in Items I(i) through (vi) below.

Serv. Bldg. Lab. Hoods (Electrical)	3153315
Centac Compressor (Electrical)	3153315
PI Data System	3153315
Centac Compressor	3163316
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(ii) A ~~13.00362.686~~ 20.743% undivided interest in Sublessor's undivided fractional leasehold interest in Dayton's undivided interest represented by its book investment in and to the following described facilities (whether owned by Dayton at the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and which are located on portions of the Miami Fort Station Real Estate:

<u>Asset Description:</u>	<u>Under Account Number:</u>
	Accounted for by Dayton Accounted for FERC
Land-Lawrenceburg Rd. Landfill	3106310
Tractor Garage	3113311
Coal Pile Runoff	3113311
Tractor Garage Runoff	3113311
Coal Yard Tank	3113311
Coal Barge Unloader	3123312
River Cells – C, D, E, F, G, & H	3123312
Deadmen – 2, 5, 6, 7, & 12	3123312
Crusher House #3	3123312
Coal Handling Office	3123312
Coal Handling Tractor, Cat. 955	3123312
Coal Handling Tractor Scraper, Cat. 637	3123312
Coal Handling Conveyors - A, B, & F	3123312
Coal Reclaim Hopper & Tunnel	3123312
Coal Loading Bin	3123312
Pipe to Acid Cleaning Pit	3123312
Nitrogen Tank	3123312
Ash Pond "B"	3123312
Lawrenceburg Landfill	3123312
Barges – 213, 214, CH6300, OR404 & OR3207	3136313
Coal Handling equipment (Electrical)	3153315
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(iii) A ~~14.094100.000%~~ 14.094% undivided interest in Sublessor's undivided fractional leasehold interest in Dayton's undivided interest represented by its book

investment in and to the following described facilities (whether owned by Dayton at the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 6, 7 and 8 at the Miami Fort Generating Station and which are located on portions of the Miami Fort Station Real Estate:

Accounted for by

~~Dayton~~

FERC

Asset Description

Under Account Number:

Sootblowing Air Compressors (7-1, 7-2, 8-1)	3123312
Sootblowing Air Comp. Interconnecting pipe	3123312
Condensate Transfer Header	3123312
Demineralized Water Transfer Pump	3123312
Reserve Aux. Transformer 7C	3153315
Reserve Aux. Transformer 8C	3153315
Tie Bus. Sw. Gr. & Conn. 7C & 8C	3153315
Condensate Transfer Line (Electrical)	3153315
Miscellaneous (to this the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(iv) A ~~13.00350.000%~~ 50.000% undivided interest in Sublessor's undivided fractional 50.000% leasehold interest in Dayton's undivided interest represented by its book investment in and to the following described facilities (whether owned by Dayton at the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and which is located on portions of the Miami Fort Station Real Estate.

Accounted for by

~~Dayton~~

FERC

Asset Description

Under Account Number:

Yard Lighting	3113311
Roads & Parking Lot	3113311
Yard Fire Protection	3113311
Fencing Yard Drainage	3113311
Railroad Tracks	3113311
Guardhouse	3113311
Gas Bottle Storage	3113311
Warehouses (2)	3113311
Guard Rail	3113311
Phone System	3113311
Drinking Water (Cleves)	3113311
Cation Sodium Monitor	3123312
Lighting - Landfill	3123312
Turbine Room Crane	3143314
Communication System	3153315
Drinking Water Well (Electrical)	3153315
Yard Locomotive	3163316

Shop, Laboratory & Hospital Equipment	3163316
Mobile Crane	3163316
Office Furniture & Equipment	3722372
Stores Equipment	3741374
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the # of units involved)	

(v) A ~~33.333~~100.000% undivided interest in Sublessor's undivided ~~fractional~~33.333% leasehold interest in Dayton's undivided interest represented by the book investment in and to the Pegging Steam System (accounted for by Dayton under account number 3123) (whether owned by Dayton on the date of execution hereof or hereafter acquired by it) which is, from time to time during the term of this Sublease, used for the generation of electricity by Units 6, 7 and 8 at Miami Fort Generating Station and which is located on portions of Miami Fort Station Real Estate.

(vi) A ~~13.003~~56.035% undivided interest in Sublessor's undivided ~~fractional~~86.567% leasehold interest in Dayton's undivided interest represented by the book investment in and to the following described facilities (whether owned by Dayton on the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at Miami Fort Generating Station and which are located on portions of Miami Fort Station Real Estate:

	Accounted for by Dayton <u>FERC</u>
<u>Asset Description:</u>	<u>Under Account Number:</u>
Crib House Heating	3113311
Switch House Distribution Cabinet	3153315

II. RENT.

(A) As rentals for the foregoing, Sublessee shall pay to Sublessor every month during this Sublease ~~one twelfth (1/12) of the sum of the following, calculated as of the Effective Date and recalculated as of January 1st of each year after the Effective Date to incorporate then current amounts for net book value, or as described in Section II (B) below:~~ Sublessee's proportionate share (as determined by category of asset by means of the undivided interests set forth in Items I(i) through (vi) above (i.e., 62.686%, 62.686%, 100.000%, 50.000%, 100.000% and 56.035%, respectively)) of the payments made each month by Sublessor to Dayton under the Dayton Lease with respect to the same such category of asset.

~~1. The product of (a) Sublessor's rate of return on electric rate base as determined by the Public Utilities Commission of Ohio in its most recent rate proceeding on a pre-tax basis, currently 17.43% as determined on Appendix A attached hereto, and (b) the~~

~~net book value (original cost less accumulated depreciation, as such amount is recorded on Sublessor's books) of each of the six sets of facilities described in Items I(i) through (vi) above, namely:~~

<u>Item</u>	<u>Amount</u>
I(i)	\$
I(ii)	\$
I(iii)	\$
I(iv)	\$
I(v)	\$
I(vi)	\$

~~2. An amount equal to all taxes (including without limitation property taxes), fees or assessments imposed upon Sublessor by any authority, which are allocable or attributable to Sublessor's ownership of such facilities as allocated to Sublessee by means of the undivided interests as set forth in Items I(i) through (vi) above.~~

~~3. The annualized accrual for depreciation determined by applying Sublessor's applicable depreciation rates to the gross cost of the primary plant accounts involved as allocated to Sublessee by means of the undivided interests referred to in Items I(i) through (vi) above;~~

~~(B) As of the end of any month, should net additions to or retirements of the generating facilities described in Items I(i) through (vi) above (exclusive of depreciation accruals) not already reflected in the rentals aggregate more than \$100,000.00, the rentals for the rest of the months of that year (unless a later revision is made) shall be revised to take account of such net additions or retirements; as of the end of any month, should any generating units (Units 5 through 8) be retired, or, should there be an addition to the Miami Fort Generating Station of one or more additional units, or should the kW nameplate capacity of any of the above generating units, or any additional units be changed significantly, the undivided interests set forth in Items I(i) through (vi) will be revised to reflect the effect of such changes.~~

~~(CB) As Sublessor and Sublessee are affiliated companies using the same accounting system and have established processes for reimbursing one another for intercompany obligations, Sublessor and Sublessee shall monthly make such accounting entries needed to charge amounts owed hereunder to Sublessee and to cause funds to be transferred to the books of Sublessor in payment of the amounts due hereunder. Monthly invoices will be produced only upon Sublessee's specific request. Sublessor shall from time to time grant reasonable access to its books and records relative to the rentals to representatives of Sublessee, on Sublessee's reasonable request.~~

III. TERM. The term of this Sublease shall commence on the Effective Date and continue through the end of the month in which the Effective Date occurs and each month thereafter until the earlier of (i) termination by Sublessor or Sublessee upon reasonable advance notice to the other or (ii) termination of the Dayton Lease.

IV. MISCELLANEOUS. (A) Neither Sublessor nor Sublessee may, without the prior written consent of the other, sell or in any way transfer its interests in the property to which this Sublease pertains except (a) to a trustee under its first mortgage or (b) to an affiliated entity; provided that the foregoing prohibitions shall be in effect only so long as Unit 6 is being or is intended to be utilized by Sublessee in connection with the generation of electricity. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

(B) This Sublease may be simultaneously executed in two counterparts, each of which when so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

(Signature Pages Follow)

IN WITNESS WHEREOF, The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company have caused this instrument to be signed by their respective authorized officers and their respective corporate seals to be hereto affixed.

Signed in the presence of:

SUBLESSOR:

THE CINCINNATI GAS &
ELECTRIC COMPANY

By _____

Greg Ficke, President

/s/Dorothy K. Corbett

/s/Debbie Gates

By: /s/Michael J. Cyrus

Michael J. Cyrus,

Executive Vice President

/s/Marc E. Manly

Marc E.

Manly, Secretary

SUBLESSEE:

THE UNION LIGHT, HEAT AND
POWER COMPANY

By _____

/s/Dorothy K. Corbett

/s/Debbie Gates

By: /s/Gregory C. Ficke

Gregory C. Ficke

President

STATE OF OHIO :
: SS:
COUNTY OF HAMILTON:

Before me, a Notary Public in and for such County, personally appeared _____, Michael J. Cyrus, Executive Vice President and _____ Marc E. Manly, Secretary of The Cincinnati Gas & Electric Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at Cincinnati, Ohio this 25 day of _____, 2000, January, 2006.

/s/Dorothy K. Corbett
Notary Public

Dorothy K. Corbett
Notary Public State of Ohio
My Commission Expires _____ has no
expiration, 200__

STATE OF _____ OHIO:
:SS:
COUNTY OF _____ HAMILTON:

Before me a Notary Public in and for such County, personally Appeared _____ and _____ Gregory C. Ficke, of The Union Light, Heat and Power Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at _____, _____ Cincinnati, Ohio this 25 day of _____, 2000, January, 2006.

/s/Dorothy K. Corbett
Notary Public

Dorothy K. Corbett
Notary Public _____ State of _____ Ohio

expiration, 200 _

My Commission Expires _____ has no

Appendix A

THE CINCINNATI GAS & ELECTRIC COMPANY
 Calculation of Pre-tax Rate of Return on Electric Rate Base
 For Determination of Rental Under Common Facilities Sublease Agreement

Line No.			
1	Income Before Income Taxes		100.0000%
2			
3	State and Municipal Income Tax @	8.544%	8.5440%
4			
5	Income Before Federal Income Tax		91.4560%
6			
7	Federal Income Tax @	35.00%	32.0096%
8			
9	Operating Income Percentage		59.4464%
10			
11	Gross Revenue Conversion Factor (100% / Line 9)		1.682188
12			
13	Currently Approved Electric Rate of Return (a)		10.36%
14			
15	Pre-tax Rate of Return		17.43%

(a) Public Utilities Commission of Ohio Case No. 99-1658-EL-ETP

Appendix A

See attached
(Copy of Dayton Lease)

Appendix B

Sublease of Miami Fort U5, U6, U7, U8 Common Facilities Lease
 FROM CGE TO ULHP

Sublease

<u>Generation Unit No.</u>	<u>KW Nameplate Rating</u>	<u>Percent of Total</u>	<u>Allocation Percents</u>		
			<u>Cincinnati</u>	<u>ULH&P</u>	<u>Dayton</u>
Miami Fort 5	168,000	7.740			
Miami Fort 6	168,000	13.003		13.003	
Miami Fort 7	512,000	39.628			
Miami Fort 8	512,000	39.628			
	1,292,000	100.000			
<u>Allocation Percentages</u>	<u>(168,000 / 1,292,000 x 100% - ULHP Ownership Share)</u>				13.003

<u>Generation Unit No.</u>	<u>KW Nameplate Rating</u>	<u>Percent of Total</u>	<u>Allocation Percents</u>		
			<u>Cincinnati</u>	<u>ULH&P</u>	<u>Dayton</u>
Miami Fort 5	168,000	7.740			
Miami Fort 6	168,000	13.003		13.003	
Miami Fort 7	512,000	39.628			
Miami Fort 8	512,000	39.628			
	1,292,000	100.000			
<u>Allocation Percentages</u>	<u>(168,000 / 1,292,000 x 100% - ULHP Ownership Share)</u>				13.003

<u>Generation Unit No.</u>	<u>KW Nameplate Rating</u>	<u>Percent of Total</u>	<u>Allocation Percents</u>		
			<u>Cincinnati</u>	<u>ULH&P</u>	<u>Dayton</u>
Miami Fort 5	168,000	14.094			14.094
Miami Fort 7	512,000	42.853			
Miami Fort 8	512,000	42.853			
	1,192,000	100			
<u>Allocation Percentages</u>	<u>(168,000 / 1,192,000 x 100% - ULHP Ownership Share)</u>				14.094

<u>Generation Unit No.</u>	<u>Number of Units</u>	<u>Percent of Total</u>	<u>Allocation Percents</u>		
			<u>Cincinnati</u>	<u>ULH&P</u>	<u>Dayton</u>
Miami Fort 5		25.000			
Miami Fort 6		25.000		25.000	
Miami Fort 7		25.000			
Miami Fort 8		25.000			
Total		100			
<u>Allocation Percentages</u>	<u>(168,000 / 674 x 100% - ULHP Ownership Share)</u>				25.000

Allocation Percents

Generation Unit No.	KW Nameplate Rating	Percent of Total	Cincinnati	UHP&P	Dayton
Miami Con A	1	33.333		33.333	
Miami Con B	1	33.333			
Miami Con C	1	33.333			
Total	3	100			
<u>(1/3 x 100% = UHP Ownership Share)</u>				33.333	
Generation Unit No.	Water Flow (GRM)	Percent of Total	Allocation Percentages		
Miami Con A/B	103500	51.250			
Miami Con C	97500	48.507		48.507	
Total	201000	100.00			
<u>(SWP (16) + GWP (16) + SWP (16) + DP (16) + CWP (15) = 96)</u>				48.507	
Circulating WP	Unit 6 (2 Pumps)	69000			69000
Service WP	Unit 6 (1)	7500			7500
	Unit 7 (1 & 2)	18000			18000
	Unit 8	9000			9000
Total		103500			
Circulating WP	Unit 6 (2 Pumps)	90000			90000
Service WP	Unit 6 (2 Pumps)	7500			7500
Total		97500			

Document comparison done by DeltaView on Wednesday, February 15,
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Info	
Document 1	PowerDocs://MAIN3LEGAL/122191/5
Document 2	PowerDocs://MAIN3LEGAL/122191/6
Rendering set	Standard

Legend	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics	
	Count
Insertions	299
Deletions	174
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	477

East Bend

ASSIGNMENT AND ASSUMPTION AGREEMENT
WITH RESPECT TO
TYRONE SYNFUELS, L.P. AGREEMENTS

NEW
This ASSIGNMENT AND ASSUMPTION AGREEMENT WITH RESPECT TO TYRONE SYNFUELS, L.P. AGREEMENTS (this "Agreement") is entered into as of January 25, 2006 and effective as of January 1, 2006 (the "Effective Date") by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("CGE"), and The Union Light, Heat and Power Company, a Kentucky corporation ("ULHP").

WHEREAS, CGE ^{*NEW*} owns an undivided 69% interest in certain real property (the "Real Property") located in Boone County, Kentucky, that is associated with Unit 2 of East Bend Generating Station ("East Bend Unit 2");

WHEREAS, CGE and Tyrone Synfuels, L.P., a Delaware limited partnership ("Tyrone"), are parties to that certain Lease Agreement, dated March 11, 2004 (the "Lease Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE leases to Tyrone certain land and improvements located on the Real Property and grants to Tyrone certain easements, licenses and rights-of-way with respect to the Real Property; *→ INSERTED*

WHEREAS, CGE and Tyrone ^{*INSERT*} are parties to that certain Synthetic Fuel and Coal Supply Agreement, dated March 11, 2004 (the "Supply Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE purchases from Tyrone and Tyrone produces and/or supplies to CGE synthetic fuel and coal;

WHEREAS, CGE and Tyrone ^{*INSERT*} are parties to that certain Coal and Synthetic Fuel Handling Agreement, dated March 11, 2004 (the "Coal Handling Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE provides certain services relating to the handling of coal feedstock and synthetic fuel owned by Tyrone in order for Tyrone to perform certain obligations under the Supply Agreement;

NEW { WHEREAS, CGE and Tyrone are parties to that certain Coal Consulting and Transportation Agreement, dated March 11, 2004 (the "Consulting Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE provides certain consulting services related to CGE's experience in and knowledge of the specifications, characteristics and requirements, and the purchase and use of, coal for use at East Bend Generating Station and the transportation of such coal;

WHEREAS, CGE and Tyrone are parties to that certain Environmental Indemnity Agreement, dated March 11, 2004 (the "Indemnity Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE and Tyrone each indemnify the other with respect to environmental liabilities related to East Bend Unit 2 and the synthetic fuel facility located on the Real Property, respectively (the Lease Agreement, the Supply

*↓
NEW*

^{NEW} Agreement, the Coal Handling Agreement, the Consulting Agreement and the Indemnity Agreement, as such agreements may be duly amended in accordance with the terms thereof from time to time, are collectively referred to hereinafter as the "Tyrone Agreements"); ^{NEW}

WHEREAS, concurrently with the execution and delivery of this Agreement, CGE and ULHP are entering into that certain Asset Transfer Agreement of even date herewith, pursuant to which, subject to the terms and conditions thereof, on such date CGE is transferring to ULHP and ULHP is acquiring from CGE certain assets relating to East Bend Unit 2, including, without limitation, the Real Property;

WHEREAS, in connection therewith, CGE desires to transfer all of its rights and obligations under the Tyrone Agreements to ULHP, and ULHP desires to assume and succeed to all of CGE's rights and obligations thereunder, as provided herein; ^{NEW}

^{NEW} WHEREAS, Section 19.4(a) of the Lease Agreement, Section 16.5(a) of the Supply Agreement, Section 13.4(a) of the Coal Handling Agreement and Section 14.4(a) of the Consulting Agreement provide that, without the consent of the non-assigning party, neither party thereto may assign its rights under such agreement, except that, the foregoing notwithstanding, CG&E may assign to a party the Tyrone Agreements in connection with the contemporaneous sale of all or an interest in East Bend Station to such party; ^{NEW}

WHEREAS, Section 8.4 of the Indemnity Agreement provides that neither party thereto may assign its rights under such agreement, except that, the foregoing notwithstanding, in the event of the assignment of the Lease Agreement, the Indemnity Agreement shall be assigned to the same assignee; and

WHEREAS, concurrently with the execution and delivery of this Agreement, Tyrone is delivering its Consent recognizing the transactions contemplated by this Agreement and releasing and discharging CGE from obligations and liabilities that arise under the Tyrone Agreements after the assumption such obligations by ULHP on and as of the Effective Date. ^{NEW}

NOW, THEREFORE, in consideration of the premises and the agreements and covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I ASSIGNMENT AND ASSUMPTION

^{NEW} Section 1.1 Assignment and Assumption. On and as of the Effective Date, (a) CGE hereby unconditionally and irrevocably assigns, sells, transfers and conveys to ULHP all of its right, title, interest, obligations and liabilities in, to and under the Tyrone Agreements, and (b) ULHP hereby unconditionally and irrevocably accepts such

assignment and hereby unconditionally and irrevocably assumes and agrees to pay and otherwise undertake, observe, perform and discharge in accordance with their terms all of CGE's payment, performance and other obligations and liabilities that arise under the Tyrone Agreements from and after the Effective Date.

NEW

ARTICLE II MISCELLANEOUS

Section 2.1 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (including by facsimile) to the other party hereto.

Section 2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, exclusive of any conflict of laws provisions thereof that would refer jurisdiction to the laws of another state.

Section 2.3 Entire Agreement; Parties in Interest.

(a) This Agreement together with the other agreements or instruments referred to herein constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, representations or warranties between the parties other than those set forth or referred to herein.

(b) This Agreement is not intended to confer upon any party not a party hereto (and their successors and assigns) any rights or remedies hereunder, other than Tyrone.

Section 2.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 2.5 Headings; Interpretation. The article and section headings contained in this Agreement are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement. All references to Articles or Sections contained herein mean Articles or Sections of this Agreement, unless otherwise stated. All capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms. The terms "hereof," "herein," "hereunder," "hereby" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all the exhibits hereto) and not to any particular provision of this Agreement. The words "including" and words of similar import when used in this Agreement shall mean "including without limitation" unless the context otherwise required or unless otherwise specified.

Section 2.6 Amendments and Waivers. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against

whom enforcement of any such modification or amendment is sought. Any party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Agreement on the part of such other party to be performed or complied with. The waiver by any party hereto of a breach of any term of this Agreement shall not be construed as a waiver of any subsequent breach.

Section 2.7 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the execution and delivery hereof, at either party's request and without further consideration, the other party hereto shall execute and deliver to such requesting party such other instruments of sale, transfer, conveyance, assignment and confirmation, provided such materials and information and take such other actions as such requesting party may reasonably request in order to effectuate more fully the purposes of this Agreement.

Section 2.08 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (a) on the day when delivered personally or by facsimile transmission (with confirmation), (b) on the next business day when delivered by a nationally recognized overnight delivery service, or (c) five (5) business days after deposited as registered or certified mail (return receipt requested), in each case, postage prepaid, addressed to the recipient party at its address set forth below (or to such other addresses and facsimile numbers for a party as shall be specified by like notice; provided, however, that any notice of a change of address or facsimile number shall be effective only upon receipt thereof):

(i) If to CGE, to:

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, OH 45202
Attention: President
Facsimile No.: 513-287-1592

(ii) If to ULHP, to:

The Union Light, Heat and Power Company
139 East Fourth Street
Cincinnati, OH 45202
Attention: President
Facsimile No.: 513-287-4370

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this Assignment and Assumption Agreement with respect to Tyrone Synfuels, L.P. Agreements to be executed on its behalf by its respective officer thereunto duly authorized, all as of the day and year first above written.

THE CINCINNATI GAS & ELECTRIC COMPANY

By:
Name:
Title: President

THE UNION LIGHT, HEAT AND POWER COMPANY

By:
Name:
Title: President

ASSIGNMENT AND ASSUMPTION AGREEMENT
WITH RESPECT TO
TYRONE SYNFUELS, L.P. AGREEMENTS

ALL DATES
FILLED IN

This ASSIGNMENT AND ASSUMPTION AGREEMENT WITH RESPECT TO TYRONE SYNFUELS, L.P. AGREEMENTS (this "Agreement") is entered into as of _____, 200__ by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("CGE"), and The Union Light, Heat and Power Company, a Kentucky corporation ("ULHP").

DELETED

WHEREAS, CGE ~~is the fee simple owner~~ of certain real property (the "Real Property") located in Boone County, Kentucky, that is associated with Unit 2 of East Bend Generating Station ("East Bend Unit 2");

WHEREAS, CGE and Tyrone Synfuels, L.P., a Delaware limited partnership ("Tyrone"), are parties to that certain Lease Agreement, dated _____, 2003 (the "Lease Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE leases to Tyrone certain land and improvements located on the Real Property and grants to Tyrone certain easements, licenses and rights-of-way with respect to the Real Property;

WHEREAS, CGE and Tyrone are parties to that certain Synthetic Fuel and Coal Supply Agreement, dated _____, 2003 (the "Supply Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE purchases from Tyrone and Tyrone produces and/or supplies to CGE synthetic fuel and coal;

WHEREAS, CGE and Tyrone are parties to that certain Coal and Synthetic Fuel Handling Agreement, dated _____, 2003 (the "Coal Handling Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE provides certain services relating to the handling of coal feedstock and synthetic fuel owned by Tyrone in order for Tyrone to perform certain obligations under the Supply Agreement;

WHEREAS, CGE and Tyrone are parties to that certain Environmental Indemnity Agreement, dated _____, 2003 (the "Indemnity Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE and Tyrone each indemnify the other with respect to environmental liabilities related to East Bend Unit 2 and the synthetic fuel facility located on the Real Property, respectively (the Lease Agreement, Supply Agreement, Coal Handling Agreement and Indemnity Agreement are collectively referred to hereinafter as the "Tyrone Agreements");

WHEREAS, concurrently with the execution and delivery of this Agreement, CGE and ULHP are entering into that certain Asset Transfer Agreement of even date herewith, pursuant to which, subject to the terms and conditions thereof, on such date

CGE is transferring to ULHP and ULHP is acquiring from CGE certain assets relating to East Bend Unit 2, including, without limitation, the Real Property;

KyPSC Case No. 2003-00252
Attachment C (4) (b)
Page 2 of 4

WHEREAS, in connection therewith, CGE desires to transfer all of its rights and obligations under the Tyrone Agreements to ULHP, and ULHP desires to succeed to all of CGE's rights and obligations thereunder, as provided herein;

WHEREAS, Section 19.4(a) of the Lease Agreement, Section 16.5(a) of the Supply Agreement and Section 13.4(a) of the Coal Handling Agreement provide that, without the consent of the non-assigning party, neither party thereto may assign its rights under such agreement, except that, the foregoing notwithstanding, ~~with the appropriate credit support put into place as requested by the non-assigning party, either party may assign such agreement to an affiliate thereof;~~

DELETED

~~WHEREAS, Tyrone has elected to forego any requirement for credit support;~~

DELETED

WHEREAS, Section 8.4 of the Indemnity Agreement provides that neither party thereto may assign its rights under such agreement, except that, the foregoing notwithstanding, in the event of the assignment of the Lease Agreement, the Indemnity Agreement shall be assigned to the same assignee; and

WHEREAS, concurrently with the execution and delivery of this Agreement, Tyrone is delivering its Consent recognizing the transactions contemplated by this Agreement and releasing and discharging CGE from any further obligations and liabilities under the Tyrone Agreements.

NOW, THEREFORE, in consideration of the premises and the agreements and covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I ASSIGNMENT AND ASSUMPTION

Section 1.1 Assignment and Assumption. ~~Effective upon the execution and delivery hereof by the parties hereto,~~ (a) CGE hereby unconditionally and irrevocably assigns, sells, transfers and conveys to ULHP all of its right, title, interest, obligations and liabilities in, to and under the Tyrone Agreements, and (b) ULHP hereby unconditionally and irrevocably accepts such assignment and hereby unconditionally and irrevocably assumes and agrees to pay and otherwise undertake, observe, perform and discharge in accordance with their terms all of CGE's payment and other obligations and liabilities under the Tyrone Agreements arising from and after the date of this Agreement.

DELETED

ARTICLE II MISCELLANEOUS

Section 2.1 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (including by facsimile) to the other party hereto.

Section 2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, exclusive of any conflict of laws provisions thereof that would refer jurisdiction to the laws of another state.

Section 2.3 Entire Agreement; Parties in Interest. (a) This Agreement together with the other agreements or instruments referred to herein constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, representations or warranties between the parties other than those set forth or referred to herein.

(b) This Agreement is not intended to confer upon any party not a party hereto (and their successors and assigns) any rights or remedies hereunder, other than Tyrone.

Section 2.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 2.5 Headings; Interpretation. The article and section headings contained in this Agreement are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement. All references to Articles or Sections contained herein mean Articles or Sections of this Agreement, unless otherwise stated. All capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms. The terms "hereof," "herein," "hereunder," "hereby" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all the exhibits hereto) and not to any particular provision of this Agreement. The words "including" and words of similar import when used in this Agreement shall mean "including without limitation" unless the context otherwise required or unless otherwise specified.

Section 2.6 Amendments and Waivers. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought. Any party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Agreement on the part of such other party to be performed or complied with. The waiver by any party hereto of a breach of any term of this Agreement shall not be construed as a waiver of any subsequent breach.

Section 2.7 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the execution and delivery hereof, at either party's request and without further consideration, the other party hereto shall

execute and deliver to such requesting party such other instruments of sale, transfer, conveyance, assignment and confirmation, provided such materials and information and take such other actions as such requesting party may reasonably request in order to effectuate more fully the purposes of this Agreement.

Section 2.08 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (a) on the day when delivered personally or by facsimile transmission (with confirmation), (b) on the next business day when delivered by a nationally recognized overnight delivery service, or (c) five (5) business days after deposited as registered or certified mail (return receipt requested), in each case, postage prepaid, addressed to the recipient party at its address set forth below (or to such other addresses and facsimile numbers for a party as shall be specified by like notice; provided, however, that any notice of a change of address or facsimile number shall be effective only upon receipt thereof):

(i) If to CGE, to:

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, OH 45202
Attention: President
Facsimile No.: 513-287-1592

(ii) If to ULHP, to:

The Union Light, Heat and Power Company
139 East Fourth Street
Cincinnati, OH 45202
Attention: President
Facsimile No.: 513-287-4370

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SCHEDULES TO EAST BEND ATA

Exhibit A

Form of Deed

See Attached

CORPORATE WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: THAT THE CINCINNATI GAS & ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Ohio ("Grantor"), for and in consideration of _____ (\$_____) and other good and valuable considerations paid by **THE UNION LIGHT, HEAT AND POWER COMPANY** organized and existing under the laws of the Commonwealth of Kentucky ("Grantee"), whose tax-mailing address is 1000 East Main Street, Plainfield, Indiana 46168, the receipt hereof is hereby acknowledged, for itself, its successors and assigns does hereby **Grant, Bargain, Sell and Convey** to the said ~~THE UNION LIGHT, HEAT AND POWER COMPANY~~ Grantee, its successors and assigns forever, its undivided sixty-nine percent (69%) ownership interest (which is held jointly as tenants in common with The Dayton Power & Light Company) in 708.086 acres at the **East Bend Generating Station**, further described herein below; further Grantor, for itself, its successors and assigns does hereby **Grant, Bargain, Sell and Convey** to Grantee, its one hundred percent (100%) ownership interest in 2.104 acres; to wit: Grantor's total conveyance to Grantee of its respective interests as set forth herein above is 710.190 acres as further described herein below ("**REAL ESTATE**"):

A tract of land being part of Parcel 1 recorded in Deed Book 303, Page 253, and being a 1509.062 acre tract of land lying generally south of Kentucky State Route 338 and Rabbit Hash-Big Bone Road in Boone County, Commonwealth of Kentucky.

The corner points between the courses embracing the tract of land are numbered for reference, convenience and clarity of describing said parcel. The coordinate values of said points are based on the State Plane Coordinate Grid System, Kentucky North Zone. The coordinate values of each point and the bearing and distance of each course between the points are shown in a tabular form on sheet 2 of the plat of survey.

The parcel of land is more particularly described as follows:

Commencing at Point 42 as shown on the plat of survey, said point marks the intersection of the southerly right of way line of Kentucky State Route 338, as now improved, with the westerly boundary line of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 225, Boone County Clerk's Office; thence along the southerly right-of-way line of Kentucky State Route 338, the following eleven (11) courses: 1) along the arc of a curve deflecting to the left 137.63 feet to Point 43 (said curve has a radius of 2,895.00 feet and is subtended by a chord which bears South 62°08'40" East for a distance of 137.62 feet); 2) South 63°30'07" East 42.14 feet to Point 44; 3) South 26°29'17" West 10.00 feet to Point 45; 4) South 63°30'43" East 90.00 feet to Point 46; 5) North 26°29'17" East 10.00 feet to Point 47; 6) South 63°30'22" East 255.82 feet to Point 48; 7) along the arc of a curve deflecting to the left 197.23 feet to Point 49 (said curve has a

radius of 1,940.00 feet and is subtended by a chord which bears South 66°25'04" East for a distance of 197.14 feet); 8) South 20°39'32" West 15.00 feet to Point 50; 9) along the arc of a curve deflecting to the left 153.53 feet to Point 51 (said curve has a radius of 1,955.00 feet and is subtended by a chord which bears South 71°34'49" East for a distance of 153.49 feet); 10) North 16°12'19" East 10.00 feet to Point 52; and 11) along the arc of a curve deflecting to the left 79.08 feet to Point 5023, a set concrete monument, the **Real Point of Beginning** of this description (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 74°59'43" East for a distance of 79.08 feet);

Thence continuing along the southerly right-of-way line of Kentucky State Route 338, as now improved, the following fifty eight (58) courses: 1) along the arc of a curve deflecting to the left 8.36 feet to Point 53 (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 76°19'57" East for a distance of 8.36 feet); 2) South 76°24'26" East 252.32 feet to Point 54; 3) along the arc of a curve deflecting to the right 59.92 feet to Point 55 (said curve has a radius of 1,111.00 feet and is subtended by a chord which bears South 74°51'59" East 59.91 feet); 4) South 16°37'21" West 5.00 feet to Point 56; 5) along the arc of a curve deflecting to the right 264.84 feet to Point 57 (said curve has a radius of 1,106.00 feet and is subtended by a chord which bears South 66°27'20" East for a distance of 264.20 feet); 6) South 59°35'55" East 275.58 feet to Point 58; 7) North 30°24'48" East 5.00 feet to Point 59; 8) South 59°36'08" East 23.62 feet to Point 60; 9) along the arc of a curve deflecting to the left 493.28 feet to Point 62 (said curve has a radius of 1,181.00 feet and is subtended by a chord with bears South 71°34'04" East for a distance of 489.70 feet); 10) South 83°32'01" East 257.59 feet to Point 63; 11) North 06°25'43" East 5.00 feet to Point 64; 12) South 83°31'53" East 131.99 feet to Point 65; 13) along the arc of a curve deflecting to the left 277.34 feet to Point 66 (said curve has a radius of 603.00 feet and is subtended by a chord which bears North 83°18'18" East for a distance of 274.90 feet); 14) North 70°06'58" East 17.26 feet to Point 67; 15) along the arc of a curve deflecting to the right 91.85 feet to Point 68 (said curve has a radius of 490.90 feet and is subtended by a chord which bears North 75°30'11" East for a distance of 91.72 feet); 16) South 09°07'46" East 15.00 feet to Point 69; 17) along the arc of curve deflecting to the right 411.23 feet to Point 70 (said curve has a radius of 475.90 feet and is subtended by a chord which bears South 74°23'24" East for a distance of 398.55 feet); 18) South 40°20'02" West 10.00 feet to Point 71; 19) along the arc of a curve deflecting to the right 39.34 feet to Point 72 (said curve has a radius of 465.90 feet and is subtended by a chord which bears South 47°13'55" East for a distance of 39.33 feet); 20) South 44°48'56" East 224.18 feet to Point 73; 21) South 44°49'08" East 131.94 feet to Point 74; 22) North 45°12'10" East 10.00 feet to Point 75; 23) South 44°49'04" East 300.01 feet to Point 76; 24) South 45°11'21" West 30.00 feet to Point 77; 25) South 44°49'04" East 144.13 feet to Point 78; 26) along the arc of a curve deflecting to the left 6.64 feet to Point 79 (said curve has a radius of 648.00 feet and is subtended by a chord which bears South 45°03'40" East for a distance of 6.64 feet); 27) North 44°35'41" East 30.00 feet to Point 80; 28) along the arc of a curve to the left 161.78 feet to Point 81 (said curve has a radius of 618.00 feet and is subtended by a chord which bears South 52°54'13" East for a distance of 161.32 feet); 29) South 29°36'10" West 20.00 feet to Point 82; 30) along the arc of a curve deflecting to the left 44.80 feet to Point 83 (said curve has a radius of 638.00 feet and is subtended by a chord which bears South 62°25'21" East for a distance of 44.79 feet); 31) South 64°25'33" East 289.82 feet to Point 85; 32) North 25°33'56" East 20.00 feet to Point 86; 33) South 64°25'43" East 91.28 feet to Point 87; 34) along the arc of a curve deflecting to the right 192.33 feet to Point 88 (said curve has a radius of 528.00 feet and is subtended by a chord which bears South 53°59'26" East for a distance of 191.27 feet); 35) South 46°27'38" West 5.00 feet to Point 89; 36) along the arc of a curve deflecting to the right 107.75 feet to Point 90 (said curve has a radius of 523.00 feet and is subtended by a chord which bears South 37°38'59" East for a distance of 107.56 feet); 37) South 31°45'13" East 81.99 feet to Point 91; 38) North 58°14'59" East 5.00 feet to Point 92; 39) South 31°45'13" East

187.87 feet to Point 93; 40) along the arc of a curve deflecting to the left 235.41 feet to Point 94 (said curve has a radius of 454.31 feet and is subtended by a chord which bears South 46°35'40" East for a distance of 232.79 feet); 41) North 28°32'14" East 10.00 feet to Point 95; 42) along the arc of a curve deflecting to the left 249.67 feet to Point 96 (said curve has a radius of 444.31 feet and is subtended by a chord which bears South 77°32'17" East for a distance of 246.40 feet); 43) South 03°38'26" East 20.00 feet to Point 97; 44) along the arc of a curve deflecting to the left 142.96 feet to Point 98 (said curve has a radius of 464.31 feet and is subtended by a chord which bears North 77°32'34" East for a distance of 142.40 feet); 45) North 68°43'18" East 143.95 feet to Point 99; 46) North 21°16'49" West 20.00 feet to Point 100; 47) North 68°43'18" East 159.74 feet to Point 101; 48) along the arc of a curve deflecting to the right 201.96 feet to Point 102 (said curve has a radius of 537.92 feet and is subtended by a chord which bears North 79°28'35" East for a distance of 200.78 feet); 49) North 01°08'45" East 5.00 feet to Point 103; 50) along the arc of a curve deflecting to the right 116.45 feet to Point 104 (said curve has a radius of 542.92 feet and is subtended by a chord which bears South 83°37'34" East for a distance of 116.22 feet); 51) South 77°28'11" East 39.13 feet to Point 105; 52) South 12°28'27" West 25.00 feet to Point 106; 53) South 77°29'36" East 300.02 feet to Point 107; 54) North 12°28'27" East 25.00 feet to Point 108; 55) South 77°29'54" East 213.56 feet to Point 109; 56) along a curve deflecting to the right 186.70 feet to Point 110 (said curve has a radius of 788.32 feet and is subtended by a chord which bears South 70°42'25" East for a distance of 186.26 feet); 57) South 26°06'14" West 15.00 feet to Point 111; and 58) along the arc of a curve deflecting to the right 305.00 feet to Point 112 at the northeast corner of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office (said curve has a radius of 773.30 feet and is subtended by a chord which bears South 52°37'24" East for a distance of 303.03 feet);

Thence along boundary lines of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office, the following two (2) courses: 1) South 46°30'42" West 203.44 feet to Point 113; and 2) South 15°46'10" East 110.02 feet to Point 114 in Lick Creek;

Thence along the meanders of Lick Creek the following twenty four (24) courses: 1) South 37°18'24" East 118.00 feet to Point 9023; 2) South 12°12'46" East 184.00 feet to Point 9022; 3) South 10° 00'00" West 173.00 feet to Point 9021; 4) South 01°58'00" East 290.00 feet to Point 9020; 5) South 64°22'00" West 139.00 feet to Point 9019; 6) South 78°17'00" East 202.00 feet to Point 9018; 7) South 69°00'00" West 115.00 feet to Point 9017; 8) South 18°48'00" West 248.00 feet to Point 9016; 9) South 18°06'00" West 204.00 feet to Point 9015; 10) South 42°15'00" West 144.00 feet to Point 9014; 11) South 19°06'00" West 138.00 feet to Point 9013; 12) South 13°27'00" West 132.00 feet to Point 9012; 13) South 25°14'00" East 133.00 feet to Point 9011; 14) South 29°45'00" West 254.00 feet to Point 9010; 15) South 06°53'00" West 292.00 feet to Point 9009; 16) South 30°06'00" East 138.00 feet to Point 9008; 17) South 82°10'00" East 299.00 feet to Point 9007; 18) South 56°58'00" East 70.30 feet to Point 9006; 19) South 21°14'00" East 44.98 feet to Point 9005; 20) South 26°34'00" West 123.00 feet to Point 9004; 21) South 50°06'00" West 259.00 feet to Point 9003; 22) South 34°44'00" West 248.00 feet to Point 9002; 23) South 27°47'00" West 182.00 feet to Point 9001; and 24) South 50°54'00" West 111.00 feet to Point 244 in the northerly, normal low water line of the Ohio River;

Thence along the normal low water line of the Ohio River (Normal Pool Elevation is 455.00, more or less, National Geodetic Survey Data), the following four (4) courses: 1) North 88°36'04" West 2,815.00 feet to Point 243; 2) South 85°05'08" West 2,588.50 feet to Point 242; 3) North 84°59'44" West 2,249.15 feet to Point 241; and 4) North

80°00'28" West 31.86 feet to Point 5002 at the intersection of the normal low water line of the Ohio River and a new division line;

Thence with new division lines the following eighteen (18) courses: 1) North 38°11'59" East 353.59 feet to a set concrete monument, Point 5003; 2) South 72°51'39" East 319.65 feet to a set concrete monument, Point 5020; 3) North 68°28'19" East 648.00 feet to a set concrete monument, Point 5019; 4) North 37°18'31" East 317.73 feet to a set concrete monument, Point 5018; 5) North 00°00'00" West 963.02 feet to a set iron pin and cap, Point 5017; 6) North 90°00'00" West 116.49 feet to a set iron pin and cap, Point 5016; 7) North 00°00'00" West 147.45 feet to a set iron pin and cap, Point 5015; 8) North 90°00'00" East 116.55 feet to a set iron pin and cap, Point 5014; 9) North 00°00'00" West 275.55 feet to a set railroad spike, Point 5013; 10) North 90°00'00" West 314.57 feet to a set railroad spike, Point 5012; 11) North 00°00'00" West 358.41 feet to a set concrete monument, Point 5011; 12) North 90°00'00" West 54.58 feet to a set concrete monument, Point 5010; 13) North 00°00'00" East 471.31 feet to a set concrete monument, Point 5009; 14) North 90°00'00" East 609.48 feet to a point of curve, a set iron pin and cap, Point 5008; 15) along a curve to the left 886.29 feet to a point of tangency, a set iron pin, Point 5007, said curve has a radius of 725.25 feet and subtended by a chord length of 832.16 feet bearing North 54°59'27" East; 16) North 19°58'53" East 1,862.36 feet to a set concrete monument, Point 5005, passing a set concrete monument @ 93.00 feet, Point 5006; 17) North 29°43'18" West 474.17 feet to a set concrete monument, Point 5004; and 18) North 11°59'07" East 154.59 feet to Point 5023, the Point of Beginning, containing 710.190 acres, more or less, and subject to all legal easements of record.

~~Included~~Further, included within the above described Real Estate is the 2.104 acre parcel of real estate, designated as the East Bend Generating Station Substation, conveyed by deed recorded in Deed Book 307, Page 15, Parcel "B," Boone County Clerk's Office.

Being the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 166, Boone County Clerk's Office, and corrected by a deed recorded in Deed Book 229, Page 172, said clerk's office; 2) by deed recorded in Deed Book 229, Page 179, said clerk's office; 3) by deed recorded in Deed Book 229, Page 186, said clerk's office; 4) by deed recorded in Deed Book 229, Page 195, said clerk's office; 5) by deed recorded in Deed Book 229, Page 209, said clerk's office; and 6) by deed recorded in Deed Book 237, Page 317, said clerk's office.

And also being part of the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 201, said clerk's office; 2) by deed recorded in Deed Book 229, Page 216, said clerk's office; and 3) by deed recorded in Deed Book 229, Page 225, said clerk's office.

The above description is the result of a field survey performed in 2004 under the direct supervision of Edward J. Schwegman, Licensed Land Surveyor No. 2759, Commonwealth of Kentucky

subject to all covenants, restrictions, reservations, easements, conditions, and rights appearing of record, and all the **Estate, Right, Title and Interest** of said Grantor in and to said premises; **To Have and To Hold** the same, with all the privileges and appurtenances thereunto belonging, to said Grantee, its successors and assigns forever; and Grantor does hereby **Covenant and Warranty** that the title so

133963v810

conveyed is **Clear, Free and Unencumbered**, except as set forth herein, and that it will **Defend** the same against all lawful claims of all persons whomsoever.

Grantor shall be responsible for the real estate taxes, which are due and payable up to the date of this deed~~Deed~~. Grantee shall be responsible for the real estate taxes, which become due and payable on the date of this deed~~Deed~~ and thereafter; and for any real estate assessments, which become due and payable on and after the date of this deed~~Deed~~.

The undersigned ~~persons~~person executing this deed~~Deed~~ on behalf of Grantor ~~represent~~represents and ~~certify~~certifies that ~~they are~~he is a duly elected ~~officers~~officer of Grantor and ~~have~~has been fully empowered, by proper resolution of the Board of Directors of Grantor, to execute and deliver this deed~~Deed~~; that Grantor has full corporate capacity to convey the Real Estate described herein; and that all necessary corporate action for the making of such conveyance has been performed.

IN WITNESS WHEREOF, THE CINCINNATI GAS & ELECTRIC COMPANY ~~and THE DAYTON, POWER AND LIGHT COMPANY~~, as Grantor, has caused this Corporate Warranty Deed to be signed in its proper corporate name, and attested and sealed by its proper corporate ~~officers~~officer thereunto duly authorized; and to be duly acknowledged, all as of this _____ day of January, 2006.

Signed and acknowledged
in the presence of:

THE CINCINNATI GAS & ELECTRIC COMPANY

By _____

By _____

By _____

By _____
_____ Its

STATE OF OHIO }
 }
COUNTY OF HAMILTON } SS:

Before me, a Notary Public in and for said State, personally appeared _____
_____, the _____ and _____, the
_____ of **THE CINCINNATI GAS & ELECTRIC COMPANY**, the
corporation that executed the foregoing instrument, who acknowledged the signing thereof to be ~~their~~his

voluntary act and deed for and on behalf of said corporation and by authority of its Board of Directors.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, on this _____ day of _____, 2005. January, 2006.

Signature of Notary

Printed Name of Notary

Commission Expiration Date of Notary

This instrument prepared by:

~~Amy B. Spiller~~
Candace S. Sheridan
Attorney at Law
139 East Fourth Street
Cincinnati, Ohio 45202
(513) 287-2644

~~Note: The Dayton Power and Light Company, as a tenant in common with The Cincinnati Gas & Electric Company ("CG&E") with respect to the above described real estate, is required to consent to the transfer of CG&E's assets related to the East Bend Generating Station. This conveyance is pending the receipt of such approval.~~

CERTIFICATE OF CONSIDERATION

IN WITNESS WHEREOF, THE CINCINNATI GAS & ELECTRIC COMPANY, Grantor,
and THE UNION LIGHT, HEAT & POWER COMPANY, Grantee, do hereby certify, pursuant to
KRS Chapter 382, that the above-stated consideration in the amount of \$_____ is the true,
correct and full consideration paid for the property herein conveyed. We further certify our understanding
that falsification of the stated consideration or sale price of the property is a Class D felony, subject to one
to five years imprisonment and fines up to \$10,000.00.

**THE CINCINNATI GAS & ELECTRIC
COMPANY**

By: _____

Print: _____
By: _____
Title: _____
Print: _____
Title: _____

THE UNION LIGHT, HEAT & POWER COMPANY

THE UNION LIGHT, HEAT AND POWER COMPANY
By: _____

Print: _____
Title: _____

By: _____
Print: _____
Title: _____

Commonwealth of Kentucky }
STATE OF OHIO }

} SS:

County of Kenton }
COUNTY OF HAMILTON }

Be it remembered, that on this ____ day of _____, 200__ January, 2006, before
me a Notary Public in and for said State, personally came, _____, for

THE CINCINNATI GAS & ELECTRIC COMPANY, the Grantor, its

_____ who acknowledged the signing thereof to be herhis voluntary act and deed, and _____, for **THE UNION LIGHT, HEAT AND& POWER COMPANY**, the Grantee, its _____ who acknowledged the signing thereof to be his voluntary act and deed, individually and on behalf of said Grantee corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal on this day and year aforesaid.

Notary Public

Expiration Date

Exhibit B

Form of Bill of Sale

See Attached

Bill of Sale

The Cincinnati Gas & Electric Company, an Ohio corporation (the "Seller"), hereby executes and delivers this Bill of Sale ("Bill of Sale") to The Union Light, Heat & Power Company, a Kentucky corporation (the "Purchaser"), in accordance with the following provisions:

1. Sale and Transfer of Assets. For good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, and as contemplated by Section 3.01(a)(ii) of that certain Asset Transfer Agreement by and between Seller and Purchaser, dated as of _____, 200 January 25, 2006 (the "Agreement"), Seller hereby transfers, conveys, assigns and delivers to Purchaser, effective as of the Closing (as such term is defined in the Agreement) all of Seller's right, title and interest in and to all of the Transferred Assets (as such term is defined in the Agreement).

2. Terms of the Purchase Agreement. The terms of the Agreement, including but not limited to Seller's representations, warranties, covenants, agreements and indemnities relating to the Transferred Assets, are incorporated herein by this reference. Seller acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Agreement *shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein.* In the event of any conflict or inconsistency between the terms of the Agreement and the terms hereof, the terms of the Agreement shall govern.

3. Capitalized Terms. Capitalized terms not defined herein shall have the meanings specified in the Agreement.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed as of _____, 200 January 26, 2006 and effective as of January 1, 2006.

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____

Its: _____

SCHEDULE A

Transferred Assets

- Unit 2, a 648 MW (name plate rating) Base Load Power Plant
- Plant administration and training buildings
- Waste stabilization plant
- Cooling tower
- CEMS equipment building
- Coal conveyor and crusher house
- Babcock & Wilcox wall-fired boiler
- Steam turbine
- Turbine-Generator 743.7 MVA - Westinghouse
- Foster Wheeler Selective Catalytic Reduction System
- Electrostatic Precipitator
- Water treatment system
- DC power supply system
- AC uninterruptible power supply system
- Wet lime Flue Gas Desulfurization System
- River intake water supply pumps
- Barge unloading systems (coal & lime)
- Coal barge platform
- Guard house
- Landfill
- Boone vessel (B6469) (tug)
- Head barge (#1419)

- Landing barge (#1420)
- Harbor boat
- Jon boat
- East Bend Unit 2 Operation Agreement, between The Cincinnati Gas & Electric Company and the Dayton Power and Light Company, dated March 24, 1981.
- Farm License Agreement, by and between The Cincinnati Gas & Electric Company and Schwenke Bros. Farm, December 29, 2003.
- Synfuels plant documents:
 - a) Lease Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - b) Supply Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - c) Coal and Synthetic Fuel Handling Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - d) Environmental Indemnity Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
- Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated December 31, 1992.
- Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated October 29, 2001.
- Title V Operating Permit (No. V-97-015) with revision date of May 1, 2001
- Title IV Acid Rain Permit dated 1/1/2000
- Kentucky Pollutant Discharge Elimination System Permit, effective October 1, 1999 (No. KY0040444)
- Solid Waste Disposal Facility Permit, issued 3/1/1996 (issued by Kentucky Department of Environmental Protection, Division of Waste Management).
- Certificate of Documentation for Boone Vessel, issued 11/4/2004 (issued by U.S. Department of Homeland Security)
- Licenses from U.S. Federal Communications Commission:
 - 2-way Radio License, call sign KA69074, expires 5/1/2005.
 - 2-way Radio License, call sign KNAX509, expires 2/21/2011.

- Marine License, call sign WHW361, expires 3/16/2014.
- 2-way Radio License, call sign WNPM724, expires 3/21/2011.
- Analog MW License, call sign WNT348, expires 5/16/2010.
- Digital MW License, call sign WPSZ804, expires 8/15/2011.
- Marine License, call sign WQZ8272, expires 12/8/2004.

Exhibit C(1)

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Form of Assumption Agreement

See Attached

Assumption Agreement

This Assumption Agreement (this "Assumption Agreement") is made as of the 25th day of January, 2006, January, 2006 and effective as of January 1, 2006, by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("Transferor"), and The Union Light, Heat & Power Company, a Kentucky corporation ("Transferee").

WITNESSETH:

WHEREAS, Transferor, and Transferee, are parties to an Asset Transfer Agreement dated January 25, 2006 (the "Transfer Agreement"), pursuant to which, subject to the terms and conditions set forth therein, Transferee will purchase the Transferred Assets and assume the Assumed Liabilities (both as defined in the Transfer Agreement), including, without limitation, all of Transferor's Liabilities under the Transferred Contracts, Transferred Permits and Transferred Intellectual Property (all as defined in the Transfer Agreement);

WHEREAS, pursuant to the Transfer Agreement, and by means of various agreements and instruments executed and delivered in connection therewith (including without limitation the Deed and the Bill of Sale), concurrently with the execution and delivery hereof, Transferor is transferring and conveying to Transferee, and Transferee is acquiring from Seller, for the consideration and upon the terms and conditions set forth in the Transfer Agreement, all of Transferor's right, title and interest in and to the Transferred Assets (as defined in the Transfer Agreement); and

WHEREAS, the Transfer Agreement contemplates in Section 2.03 thereof that, on the Closing Date, in consideration of the foregoing, Transferee shall also execute this instrument in favor of Transferor, agreeing to assume the Assumed Liabilities (as defined in the Transfer Agreement).

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

1. Assumption. Effective upon the execution and delivery hereof, ~~Transferee~~Buyer hereby assumes and agrees to pay, perform and discharge, without recourse to ~~Transferor~~Seller or Parent, the Assumed Liabilities (excluding, however, for the avoidance of doubt, for all purposes whatsoever any Excluded Liabilities), solely to the extent such liabilities accrue or arise from and after the Closing (as defined in the Transfer Agreement), in each case in accordance with the respective terms and subject to the respective conditions thereof:

2. Governing Law. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without regard to its conflicts of law doctrines.

3. Counterparts. This Assumption Agreement may be executed simultaneously in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

4. Capitalized Terms. Capitalized terms not defined herein shall have the meanings specified in the Transfer Agreement.

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(Signature page follows)

IN WITNESS WHEREOF, the Transferor and Transferee have executed this Assumption Agreement on the day and year first above written.

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TRANSFEROR:

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____
Name:
Title:

TRANSFEEE:

THE UNION LIGHT, HEAT AND POWER
COMPANY

By: _____
Name:
Title:

Exhibit C(2)

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Form of Debt Assumption Agreement

See Attached

DEBT ASSUMPTION AGREEMENT

THIS DEBT ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of the 1st day of January, 2006, by and between THE CINCINNATI GAS & ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Ohio ("CG&E"), and THE UNION LIGHT, HEAT AND POWER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky ("ULH&P"), under the following circumstances:

A. The County of Boone, Kentucky (the "Issuer") has previously issued and sold \$16,000,000 in aggregate principal amount of its Floating Rate Monthly Demand Pollution Control Revenue Refunding Bonds, 1985 Series A (The Cincinnati Gas & Electric Company Project) (the "1985 Series A Bonds") pursuant to a trust indenture, dated as of February 1, 1985 between the Issuer and The Fifth Third Bank (as trustee). The Issuer has loaned the proceeds of the sale of the 1985 Series A Bonds to CG&E pursuant to a loan agreement dated as of February 1, 1985 (the "1985 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1985 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

B. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 5½% Collateralized Pollution Control Revenue Refunding Bonds, 1994 Series A (The Cincinnati Gas & Electric Company Project) (the "1994 Series A Bonds") pursuant to a trust indenture, dated as of January 1, 1994 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1994 Series A Bonds to CG&E pursuant to a loan agreement dated as of January 1, 1994 (the "1994 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1994 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

C. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 6.5% Collateralized Pollution Control Revenue Refunding Bonds, 1992 Series A (The Dayton Power and Light Company Project) (the "1992 Series A Bonds") pursuant to an indenture of trust, dated as of November 15, 1992 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1992 Series A Bonds to The Dayton Power and Light Company ("DP&L") pursuant to a loan agreement dated as of November 15, 1992 (the "1992 Series A Loan Agreement") between the Issuer and DP&L for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for DP&L. The 1992 Series A Loan Agreement obligates DP&L to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the 1992 Series A Bonds as the same become due and payable. CG&E and DP&L entered into a Repayment Agreement dated as of December 23, 1992 (the "Repayment Agreement") under which CG&E agreed, among other matters, to pay to DP&L a portion of the amounts due from time to time as debt service on the 1992 Series A Bonds and to pay the costs of redemption, as appropriate, of the 1992 Series A Bonds in the principal amount of \$12,720,663. In August, 2005, DP&L refunded \$35,275,000 of

the 1992 Series A Bonds. In September, 2005, CG&E and DP&L concluded an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), which became effective December 21, 2005, by which the Repayment Agreement was terminated and, among other matters, CG&E agreed to assume DP&L's obligations under the 1992 Series A Loan Agreement with respect to the 1992 Series A Bonds in the principal amount of \$12,720,000 (the "Specified Bonds").

D. CG&E owes payables and/or short-term debt to certain affiliate companies including Cinergy Services, Inc. and Cinergy Corp. (the "Payables").

E. Pursuant to those three certain Asset Transfer Agreements by and between CG&E and ULH&P dated as of January 1, 2006 (the "Transfer Agreements"), CG&E and ULH&P desire that CG&E assign to ULH&P and that ULH&P assume all of CG&E's obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement, and further that CG&E assign to ULH&P and ULH&P assume a portion of CG&E's obligations with respect to the Payables in the amount of \$90,280,000 (a schedule of which is attached hereto as Exhibit A, the "Assumed Payables").

F. ULH&P is agreeable to and is expected to satisfy all liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

Section 1 Representations by CG&E. CG&E makes the following representations:

(a) Corporate Organization and Power. CG&E is a corporation duly authorized, validly existing and in good standing under the laws of the State of Ohio, and is duly qualified to transact business as a foreign corporation in the Commonwealth of Kentucky.

(b) Agreements Are Legal and Authorized. The execution and delivery by CG&E of this Agreement and the compliance by CG&E with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and CG&E's obligations with respect to the Assumed Payables are within the purposes, corporate powers and authority of CG&E and have been duly authorized by all necessary corporate action on the part of the CG&E.

(c) Governmental Consent. Neither CG&E nor any of its business or properties, nor any relationship between CG&E and any other person, nor any circumstances in connection with the execution, delivery and performance by CG&E of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of CG&E (other than any governmental approvals previously obtained).

(d) No Defaults. To CG&E's knowledge, no event has occurred and no condition exists with respect to CG&E that would constitute an event of default under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement or CG&E's obligations with respect to the Assumed Payables.

Section 2 Representations by ULH&P. ULH&P makes the following representations as the basis for the undertakings on its part herein contained:

(a) Corporate Organization and Power. ULH&P is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky.

(b) Agreements are Legal and Authorized. The execution and delivery by ULH&P of this Agreement and the compliance by ULH&P with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and ULH&P's obligations with respect to the Assumed Payables are within the purposes, corporate powers and authority of ULH&P and have been duly authorized by all necessary corporate action on the part of ULH&P.

(c) Governmental Consent. Neither ULH&P nor any of its business or properties, nor any relationship between ULH&P and any other person, nor any circumstances in connection with the execution, delivery and performance by ULH&P of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of ULH&P (other than any governmental approvals previously obtained).

Section 3 Assignment and Assumption of Debt. Effective as of the date hereof, CG&E assigns all of its rights, duties and obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and with respect to the Assumed Payables to ULH&P (collectively, the "Assumed Obligations"), including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations, and ULH&P assumes all rights, and agrees to perform all duties and obligations of CG&E with respect to the Assumed Obligations and otherwise in connection with the 1985 Series A Bonds, the 1994 Series A Bonds, and the Specified Bonds, including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations. ULH&P acknowledges that it has agreed to, and is expected to, satisfy the liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

Section 4 Cooperation By CG&E. CG&E agrees to promptly provide to ULH&P copies of all notices and communications received with respect to the Assumed Obligations, and to cooperate with ULH&P to the extent necessary to enable ULH&P to perform all of the rights, duties and obligations with respect to the Assumed Obligations.

Section 5 Indemnification by ULH&P. ULH&P shall indemnify, defend and hold CG&E harmless from and against all losses, damages and expenses (including, without limitation, reasonable attorneys' fees) imposed upon or incurred by it as a result of any failure by ULH&P to perform its obligations under this Agreement.

Section 6 Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Section 8 Notices. Notice hereunder shall be given to:

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Attachment C (5)

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The Cincinnati Gas & Electric Company

139 East Fourth Street

Cincinnati, Ohio 45202

Attention: Treasurer

The Union Light, Heat and Power Company

139 East Fourth Street

Cincinnati, OH 45202

Attention: Treasurer

Section 9 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, CG&E and ULH&P have caused this Agreement to be
executed in their respective corporate names all effective as of the date first written above.

THE CINCINNATI GAS & ELECTRIC COMPANY

By:

Name: Michael J. Cyrus

Title: Executive Vice President

THE UNION LIGHT, HEAT AND POWER COMPANY

By:

Name: Gregory C. Ficke

Title: President

Schedule A
List of Assumed Payables

1. Payables owed by The Cincinnati Gas & Electric Company to Cinergy Services, Inc. as of January 1, 2006, in the amount of \$24,994,528.
2. Payables owed by The Cincinnati Gas & Electric Company to Cinergy Corp. as of January 1, 2006, in the amount of \$65,285,472.

Exhibit D

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Form of Facilities Operation Agreement

See Attached

Exhibit E

Form of PSOA

See Attached

Schedule 1.01

Pollution Control Refunding Bonds Obligations, Assumed Payables and Short-Term Debt

Coal and Lime Supply and Transportation Agreement

See Attached

	Obligation Assumed by ULH&P	Amount
1.	Floating Rate Monthly Demand Pollution Control Revenue Refunding Bonds, 1985 Series A (The Cincinnati Gas & Electric Company Project)	\$16,000,000
2.	5 7/8% Collateralized Pollution Control Revenue Refunding Bonds, 1994 Series A (The Cincinnati Gas & Electric Company Project)	\$48,000,000
3.	Assignment and Assumption Agreement between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company dated September 30, 2005, related to the 6 5/8% Collateralized Pollution Control Revenue Refunding Bonds, 1992 Series A (The Dayton Power and Light Company Project)	\$12,726,000
4.	Payables owed by The Cincinnati Gas & Electric Company to Cinergy Services, Inc. as of January 1, 2006	\$24,994,528
5.	Payables owed by The Cincinnati Gas & Electric Company to Cinergy Corp. as of January 1, 2006	\$65,285,472
Total		\$167,000,000

Schedule 2.01 (b)

Improvements and Tangible Personal Property

- Unit 2, a 648 MW (name plate rating) Base Load Power Plant
- Plant administration and training buildings
- Waste stabilization plant
- Cooling tower
- CEMS equipment building
- Coal conveyor and crusher house
- Babcock & Wilcox wall-fired boiler
- Steam turbine
- Turbine-Generator 743.7 MVA - Westinghouse
- Foster Wheeler Selective Catalytic Reduction System
- Electrostatic Precipitator
- Water treatment system
- DC power supply system
- AC uninterruptible power supply system
- Wet lime Flue Gas Desulfurization System
- River intake water supply pumps
- Barge unloading systems (coal & lime)
- Coal barge platform
- Guard house
- Landfill
- Boone vessel (B6469) (tug)
- Head barge (#1419)
- Landing barge (#1420)
- Harbor boat
- Jon boat
- Prepaid Synfuel

Schedule 2.01 (d)

Transferred Contracts

1. East Bend Unit 2 Operation Agreement, between The Cincinnati Gas & Electric Company and the Dayton Power and Light Company, dated March 24, 1981.
2. Farm License Agreement, by and between The Cincinnati Gas & Electric Company and Schwenke Bros. Farm, December 29, 2003.
3. Synfuels plant documents:
 - a) Lease Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - b) Supply Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - c) Coal and Synthetic Fuel Handling Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - d) Environmental Indemnity Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
4. Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated December 31, 1992.
5. Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated October 29, 2001.

Transferred Permits

- Title V Operating Permit (No. V-97-015) with revision date of May 1, 2001
- Title IV Acid Rain Permit dated 1/1/2000
- Kentucky Pollutant Discharge Elimination System Permit, effective October 1, 1999 (No. KY0040444)
- Solid Waste Disposal Facility Permit, issued 3/1/1996 (issued by Kentucky Department of Environmental Protection, Division of Waste Management).
- *Boiler Inspection Certificate for Unit 2, issued 3/31/2004 (Issued by Kentucky Office of Building and Construction)
- *Elevator Inspection Certificates for Service Building (#5315), Crusher House (#5314), Lime Silo (#5654), Stack (#11233), issued 5/14/2003 (issued by Kentucky Department of Housing, Buildings and Construction)
- *Boiler and Pressure Vessel Inspection Certificate, issued 3/28/2003 (issued by Kentucky Office of Building and Construction)
- *Certificate of Self Insurance, issued 1/2/2002 (issued by Ohio BMV re: financial responsibility for company vehicles)
- *East Bend Coal Barge Cleaning Permit DA ID#199790078-pjl, issued 3/4/2004 (issued by Department of the Army, US Army Corps of Engineers, Louisville District)
- *Sales and Use Tax Permit, issued 2/14/2002 (issued by Kentucky Revenue Cabinet)
- Certificate of Documentation for Boone Vessel, issued 11/4/2004 (issued by U.S. Department of Homeland Security)
- Licenses from U.S. Federal Communications Commission:
 - 2-way Radio License, call sign KA69074, expires 5/1/2005.
 - 2-way Radio License, call sign KNAX509, expires 2/21/2011.
 - Marine License, call sign WHW361, expires 3/16/2014.
 - 2-way Radio License, call sign WNPM724, expires 3/21/2011.
 - Analog MW License, call sign WNTE348, expires 5/16/2010.
 - Digital MW License, call sign WPSZ804, expires 8/15/2011.
 - Marine License, call sign WQZ8272, expires 12/8/2004.

*These permits were originally issued in the name of Cinergy Corp. or an affiliate thereof other than Transferor or Transferee and will be transferred to Transferee in accordance with Section 5.04.

Transfer of Emissions Allowances

In conjunction with and simultaneous to the transfer of East Bend Station from Transferor to Transferee, the Transferor shall transfer an equivalent number of Transferor's share of SO₂ and NO_x emission allowances in inventory allocated to or otherwise assigned by the applicable regulatory agency to East Bend Station ("East Bend Emission Allowances") in accordance with this Schedule 2.01(i).

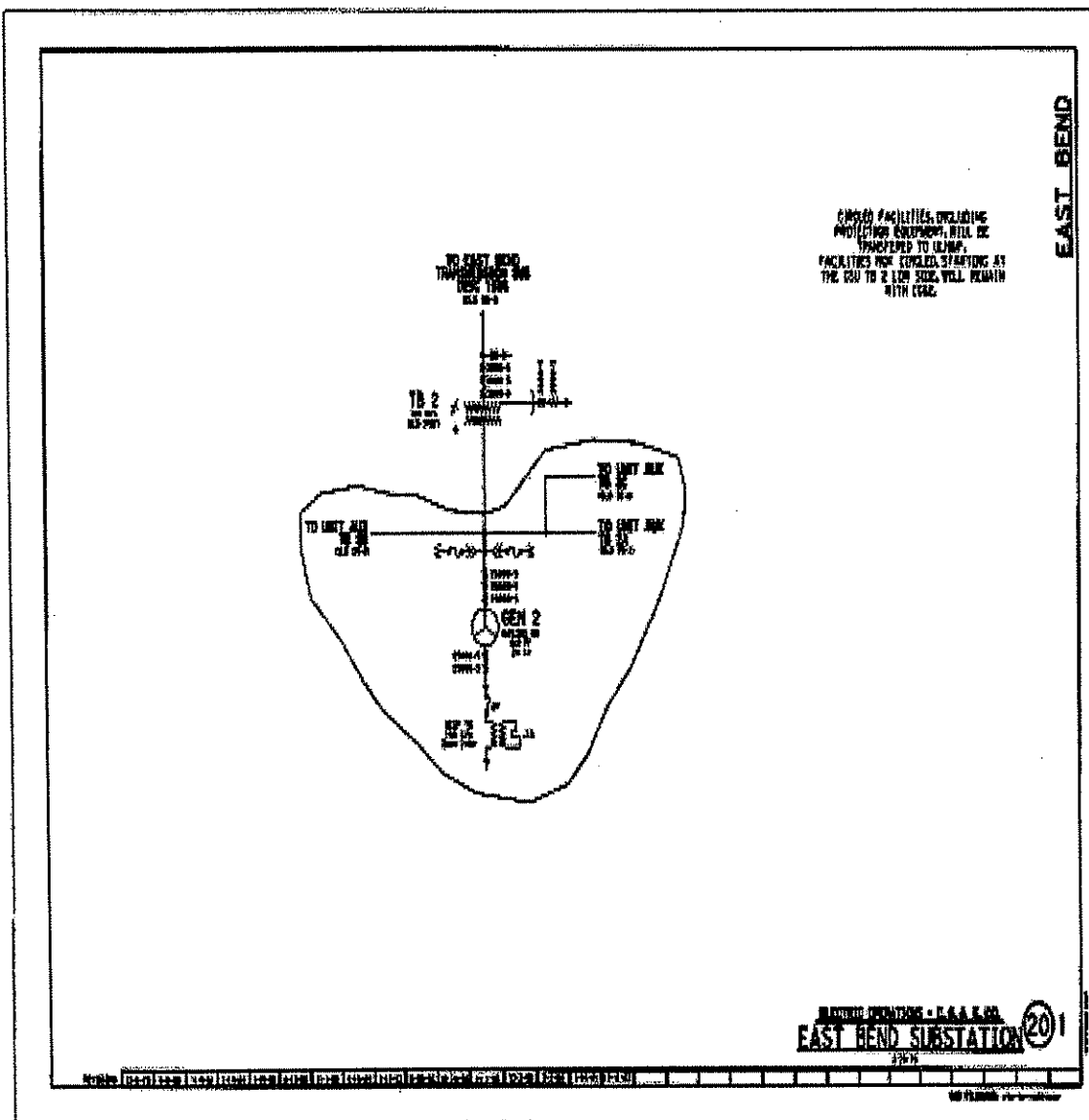
1. East Bend Emission Allowances for all years prior to the year in which the Closing occurs ("Closing Year") shall remain the property of Transferor, and shall not be transferred to Transferee. Further, notwithstanding anything to the contrary herein, Transferor shall retain a quantity of East Bend Emission Allowances equal to the number of associated early reduction credits obtained by Transferor.
2. All East Bend Emission Allowances for the years subsequent to the year in which the Closing occurs shall be transferred to Transferee at zero cost.
3. All East Bend Emission Allowances for the year in which the Closing occurs shall be apportioned to Transferor and Transferee based on the percentage of the applicable allowance season that each Party owns East Bend Station. The SO₂ allowance season shall be deemed to be January 1 through December 31 of the Closing Year. The NO_x allowance season shall be deemed to be May 1 through September 30 of the Closing Year.
 - a. Transferor shall retain a percentage of East Bend Emission Allowances for the Closing Year equal to the percentage of the Closing Year that Transferor owns East Bend Station;
 - b. Transferor shall transfer to Transferee at zero cost all remaining East Bend Emission Allowances for the Closing Year.

Schedule 2.02 (a)

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Transmission Assets

See Attached



(To be replaced by new diagram showing new switchyard after 3/31/05)

Schedule 4.01 (c)(ii)

Transferor's Required Governmental and Third Party Consents

Section I

Securities and Exchange Commission under the Public Utility Holding Company Act of 1935

Section II

Consent of The Dayton Power and Light Company for assignment of East Bend Unit 2 Operation Agreement, between The Cincinnati Gas & Electric Company and the Dayton Power and Light Company, dated March 24, 1981.

Real Property

A tract of land being part of Parcel 1 recorded in Deed Book 303, Page 253, and being a 1509.062 acre tract of land lying generally south of Kentucky State Route 338 and Rabbit Hash-Big Bone Road in Boone County, Commonwealth of Kentucky.

The corner points between the courses embracing the tract of land are numbered for reference, convenience and clarity of describing said parcel. The coordinate values of said points are based on the State Plane Coordinate Grid System, Kentucky North Zone. The coordinate values of each point and the bearing and distance of each course between the points are shown in a tabular form on sheet 2 of the plat of survey.

The parcel of land is more particularly described as follows:

Commencing at Point 42 as shown on the plat of survey, said point marks the intersection of the southerly right of way line of Kentucky State Route 338, as now improved, with the westerly boundary line of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 225, Boone County Clerk's Office; thence along the southerly right-of-way line of Kentucky State Route 338, the following eleven (11) courses: 1) along the arc of a curve deflecting to the left 137.63 feet to Point 43 (said curve has a radius of 2,895.00 feet and is subtended by a chord which bears South 62°08'40" East for a distance of 137.62 feet); 2) South 63°30'07" East 42.14 feet to Point 44; 3) South 26°29'17" West 10.00 feet to Point 45; 4) South 63°30'43" East 90.00 feet to Point 46; 5) North 26°29'17" East 10.00 feet to Point 47; 6) South 63°30'22" East 255.82 feet to Point 48; 7) along the arc of a curve deflecting to the left 197.23 feet to Point 49 (said curve has a radius of 1,940.00 feet and is subtended by a chord which bears South 66°25'04" East for a distance of 197.14 feet); 8) South 20°39'32" West 15.00 feet to Point 50; 9) along the arc of a curve deflecting to the left 153.53 feet to Point 51 (said curve has a radius of 1,955.00 feet and is subtended by a chord which bears South 71°34'49" East for a distance of 153.49 feet); 10) North 16°12'19" East 10.00 feet to Point 52; and 11) along the arc of a curve deflecting to the left 79.08 feet to Point 5023, a set concrete monument, the **Real Point of Beginning** of this description (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 74°59'43" East for a distance of 79.08 feet);

Thence continuing along the southerly right-of-way line of Kentucky State Route 338, as now improved, the following fifty eight (58) courses: 1) along the arc of a curve deflecting to the left 8.36 feet to Point 53 (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 76°19'57" East for a distance of 8.36 feet); 2) South 76°24'26" East 252.32 feet to Point 54; 3) along the arc of a curve deflecting to the right 59.92 feet to Point 55 (said curve has a radius of 1,111.00 feet and is subtended by a chord which bears South 74°51'59" East 59.91 feet); 4) South 16°37'21" West 5.00 feet to Point 56; 5) along the arc of a curve deflecting to the right 264.84 feet to Point 57 (said curve has a radius of 1,106.00 feet and is subtended by a chord which bears South 66°27'20" East for a distance of 264.20 feet); 6) South 59°35'55" East 275.58 feet to Point 58; 7) North 30°24'48" East 5.00 feet to Point 59; 8) South 59°36'08" East 23.62 feet to Point 60; 9) along the arc of a curve deflecting to the left 493.28 feet to Point 62 (said curve has a radius of 1,181.00 feet and is subtended by a chord with bears South 71°34'04" East for a distance of 489.70 feet); 10) South 83°32'01" East 257.59 feet to Point 63; 11) North 06°25'43" East 5.00 feet to Point 64; 12) South 83°31'53" East 131.99 feet to Point 65; 13) along the arc of a curve deflecting to the left 277.34 feet to Point 66 (said curve has a radius of 603.00 feet and is subtended by a chord which bears

North 83°18'18" East for a distance of 274.90 feet); 14) North 70°06'58" East 17.26 feet to Point 67; 15) along the arc of a curve deflecting to the right 91.85 feet to Point 68 (said curve has a radius of 490.90 feet and is subtended by a chord which bears North 75°30'11" East for a distance of 91.72 feet); 16) South 09°07'46" East 15.00 feet to Point 69; 17) along the arc of curve deflecting to the right 411.23 feet to Point 70 (said curve has a radius of 475.90 feet and is subtended by a chord which bears South 74°23'24" East for a distance of 398.55 feet); 18) South 40°20'02" West 10.00 feet to Point 71; 19) along the arc of a curve deflecting to the right 39.34 feet to Point 72 (said curve has a radius of 465.90 feet and is subtended by a chord which bears South 47°13'55" East for a distance of 39.33 feet); 20) South 44°48'56" East 224.18 feet to Point 73; 21) South 44°49'08" East 131.94 feet to Point 74; 22) North 45°12'10" East 10.00 feet to Point 75; 23) South 44°49'04" East 300.01 feet to Point 76; 24) South 45°11'21" West 30.00 feet to Point 77; 25) South 44°49'04" East 144.13 feet to Point 78; 26) along the arc of a curve deflecting to the left 6.64 feet to Point 79 (said curve has a radius of 648.00 feet and is subtended by a chord which bears South 45°03'40" East for a distance of 6.64 feet); 27) North 44°35'41" East 30.00 feet to Point 80; 28) along the arc of a curve to the left 161.78 feet to Point 81 (said curve has a radius of 618.00 feet and is subtended by a chord which bears South 52°54'13" East for a distance of 161.32 feet); 29) South 29°36'10" West 20.00 feet to Point 82; 30) along the arc of a curve deflecting to the left 44.80 feet to Point 83 (said curve has a radius of 638.00 feet and is subtended by a chord which bears South 62°25'21" East for a distance of 44.79 feet); 31) South 64°25'33" East 289.82 feet to Point 85; 32) North 25°33'56" East 20.00 feet to Point 86; 33) South 64°25'43" East 91.28 feet to Point 87; 34) along the arc of a curve deflecting to the right 192.33 feet to Point 88 (said curve has a radius of 528.00 feet and is subtended by a chord which bears South 53°59'26" East for a distance of 191.27 feet); 35) South 46°27'38" West 5.00 feet to Point 89; 36) along the arc of a curve deflecting to the right 107.75 feet to Point 90 (said curve has a radius of 523.00 feet and is subtended by a chord which bears South 37°38'59" East for a distance of 107.56 feet); 37) South 31°45'13" East 81.99 feet to Point 91; 38) North 58°14'59" East 5.00 feet to Point 92; 39) South 31°45'13" East 187.87 feet to Point 93; 40) along the arc of a curve deflecting to the left 235.41 feet to Point 94 (said curve has a radius of 454.31 feet and is subtended by a chord which bears South 46°35'40" East for a distance of 232.79 feet); 41) North 28°32'14" East 10.00 feet to Point 95; 42) along the arc of a curve deflecting to the left 249.67 feet to Point 96 (said curve has a radius of 444.31 feet and is subtended by a chord which bears South 77°32'17" East for a distance of 246.40 feet); 43) South 03°38'26" East 20.00 feet to Point 97; 44) along the arc of a curve deflecting to the left 142.96 feet to Point 98 (said curve has a radius of 464.31 feet and is subtended by a chord which bears North 77°32'34" East for a distance of 142.40 feet); 45) North 68°43'18" East 143.95 feet to Point 99; 46) North 21°16'49" West 20.00 feet to Point 100; 47) North 68°43'18" East 159.74 feet to Point 101; 48) along the arc of a curve deflecting to the right 201.96 feet to Point 102 (said curve has a radius of 537.92 feet and is subtended by a chord which bears North 79°28'35" East for a distance of 200.78 feet); 49) North 01°08'45" East 5.00 feet to Point 103; 50) along the arc of a curve deflecting to the right 116.45 feet to Point 104 (said curve has a radius of 542.92 feet and is subtended by a chord which bears South 83°37'34" East for a distance of 116.22 feet); 51) South 77°28'11" East 39.13 feet to Point 105; 52) South 12°28'27" West 25.00 feet to Point 106; 53) South 77°29'36" East 300.02 feet to Point 107; 54) North 12°28'27" East 25.00 feet to Point 108; 55) South 77°29'54" East 213.56 feet to Point 109; 56) along a curve deflecting to the right 186.70 feet to Point 110 (said curve has a radius of 788.32 feet and is subtended by a chord which bears South 70°42'25" East for a distance of 186.26 feet); 57) South 26°06'14" West 15.00 feet to Point 111; and 58) along the arc of a curve deflecting to the right 305.00 feet to Point 112 at the northeast corner of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office (said curve has a radius of 773.30 feet and is subtended by a chord which bears South 52°37'24" East for a distance of 303.03 feet);

Thence along boundary lines of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office, the following two (2) courses: 1) South 46°30'42" West 203.44 feet to Point 113; and 2) South 15°46'10" East 110.02 feet to Point 114 in Lick Creek;

Thence along the meanders of Lick Creek the following twenty four (24) courses: 1) South 37°18'24" East 118.00 feet to Point 9023; 2) South 12°12'46" East 184.00 feet to Point 9022; 3) South 10° 00'00" West 173.00 feet to Point 9021; 4) South 01°58'00" East 290.00 feet to Point 9020; 5) South 64°22'00" West 139.00 feet to Point 9019; 6) South 78°17'00" East 202.00 feet to Point 9018; 7) South 69°00'00" West 115.00 feet to Point 9017; 8) South 18°48'00" West 248.00 feet to Point 9016; 9) South 18°06'00" West 204.00 feet to Point 9015; 10) South 42°15'00" West 144.00 feet to Point 9014; 11) South 19°06'00" West 138.00 feet to Point 9013; 12) South 13°27'00" West 132.00 feet to Point 9012; 13) South 25°14'00" East 133.00 feet to Point 9011; 14) South 29°45'00" West 254.00 feet to Point 9010; 15) South 06°53'00" West 292.00 feet to Point 9009; 16) South 30°06'00" East 138.00 feet to Point 9008; 17) South 82°10'00" East 299.00 feet to Point 9007; 18) South 56°58'00" East 70.30 feet to Point 9006; 19) South 21°14'00" East 44.98 feet to Point 9005; 20) South 26°34'00" West 123.00 feet to Point 9004; 21) South 50°06'00" West 259.00 feet to Point 9003; 22) South 34°44'00" West 248.00 feet to Point 9002; 23) South 27°47'00" West 182.00 feet to Point 9001; and 24) South 50°54'00" West 111.00 feet to Point 244 in the northerly, normal low water line of the Ohio River;

Thence along the normal low water line of the Ohio River (Normal Pool Elevation is 455.00, more or less, National Geodetic Survey Data), the following four (4) courses: 1) North 88°36'04" West 2,815.00 feet to Point 243; 2) South 85°05'08" West 2,588.50 feet to Point 242; 3) North 84°59'44" West 2,249.15 feet to Point 241; and 4) North 80°00'28" West 31.86 feet to Point 5002 at the intersection of the normal low water line of the Ohio River and a new division line;

Thence with new division lines the following eighteen (18) courses: 1) North 38°11'59" East 353.59 feet to a set concrete monument, Point 5003; 2) South 72°51'39" East 319.65 feet to a set concrete monument, Point 5020; 3) North 68°28'19" East 648.00 feet to a set concrete monument, Point 5019; 4) North 37°18'31" East 317.73 feet to a set concrete monument, Point 5018; 5) North 00°00'00" West 963.02 feet to a set iron pin and cap, Point 5017; 6) North 90°00'00" West 116.49 feet to a set iron pin and cap, Point 5016; 7) North 00°00'00" West 147.45 feet to a set iron pin and cap, Point 5015; 8) North 90°00'00" East 116.55 feet to a set iron pin and cap, Point 5014; 9) North 00°00'00" West 275.55 feet to a set railroad spike, Point 5013; 10) North 90°00'00" West 314.57 feet to a set railroad spike, Point 5012; 11) North 00°00'00" West 358.41 feet to a set concrete monument, Point 5011; 12) North 90°00'00" West 54.58 feet to a set concrete monument, Point 5010; 13) North 00°00'00" East 471.31 feet to a set concrete monument, Point 5009; 14) North 90°00'00" East 609.48 feet to a point of curve, a set iron pin and cap, Point 5008; 15) along a curve to the left 886.29 feet to a point of tangency, a set iron pin, Point 5007, said curve has a radius of 725.25 feet and subtended by a chord length of 832.16 feet bearing North 54°59'27" East; 16) North 19°58'53" East 1,862.36 feet to a set concrete monument, Point 5005, passing a set concrete monument @ 93.00 feet, Point 5006; 17) North 29°43'18" West 474.17 feet to a set concrete monument, Point 5004; and 18) North 11°59'07" East 154.59 feet to Point 5023, the Point of Beginning, containing 710.190 acres, more or less, and subject to all legal easements of record.

Included within the above described Real Estate is the 2.104 acre parcel of real estate, designated as the East Bend Generating Station Substation, conveyed by deed recorded in Deed Book 307, Page 15, Parcel "B," Boone County Clerk's Office.

Being the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 166, Boone County Clerk's Office, and corrected by a deed recorded in Deed Book 229, Page 172, said clerk's office; 2) by deed recorded in Deed Book 229, Page 179, said clerk's office; 3) by deed recorded in Deed Book 229, Page 186, said clerk's office; 4) by deed recorded in Deed Book 229, Page 195, said clerk's office; 5) by deed recorded in Deed Book 229, Page 209, said clerk's office; and 6) by deed recorded in Deed Book 237, Page 317, said clerk's office.

And also being part of the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 201, said clerk's office; 2) by deed recorded in Deed Book 229, Page 216, said clerk's office; and 3) by deed recorded in Deed Book 229, Page 225, said clerk's office.

The above description is the result of a field survey performed in 2004 under the direct supervision of Edward J. Schwegman, Licensed Land Surveyor No. 2759, Commonwealth of Kentucky

Schedule 4.01 (k)

Transferor Contracts

(see Schedule 2.01(d))

Permits

Section I

See Schedule 2.01(e)

Section II

See Schedule 2.01(e)

Schedule 4.02 (c)(ii)

Transferee Required Governmental and Third Party Consents

Section I – Governmental

Kentucky Public Service Commission

Section II – Third Party

None

Document comparison done by DeltaView on Tuesday, February 14, 2006 3:34:29 PM

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Statistics	
	Count
Insertions	120
Deletions	50
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	170

SCHEDULES TO MIAMI FORT ATA

Exhibit A

Form of Deed

See Attached

CORPORATE WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: THAT THE CINCINNATI GAS & ELECTRIC COMPANY (~~“Grantor”~~), a corporation organized and existing under the laws of the State of Ohio (“Grantor”), for and in consideration of One Dollar (\$1.00) and other good and valuable considerations paid by **THE UNION LIGHT, HEAT AND POWER COMPANY** (~~“Grantee”~~), a Kentucky corporation organized and existing under the laws of the Commonwealth of Kentucky (“Grantee”), whose tax-mailing address is ——, 1000 East Main Street, Plainfield, Indiana 46168, does hereby **Grant, Bargain, Sell and Convey** to the said **THE UNION LIGHT, HEAT AND POWER COMPANY**, its successors and assigns forever, the following described real estate in **The Miami Fort Generating Station (“REAL ESTATE”)**:

Situate in Section 35, T2, FR1, Miami Township, Hamilton County, Ohio, being more particularly described as follows:

United States Bench Mark No. 756 is located S54°16'22"W 9,497.85 feet from section stone marking Sections 31, 36, 30 and 25. Bench Mark No. 756 is shown on Chart No. 136 of the Survey of the Ohio River performed under the supervision of the Ohio River Board of Engineers on Locks and Dams by the District Engineer Officer, Louisville, Kentucky, and is located in the front yard of the old Benjamin Harrison homestead on the property of The Cincinnati Gas & Electric Company. Commencing at the said United States Bench Mark No. 756 and running with a true magnetic bearing of S15°30'E, 105.97 feet; thence N74°30'E, 2,398.48 feet to a point, hereafter, referred to as Reference Point "A", said point being the intersection of the base lines used for the construction of Unit 7 and Unit 8 at Miami Fort Station; thence along the North-South Base Line for Unit 7 and Unit 8, S15°30'E, 737.21 feet; thence S74°30'W, 23.04 feet to the **Point of Beginning** of this description and also the point of beginning of Parcel 3 recorded in Deed Book 4020, Page 1259 of the records of the Recorder of Hamilton County, Ohio; thence along the common line of said Parcel 3, S74°30'W 121.33 feet and S15°30'E 32.29 feet; thence leaving said Parcel 3, S74°30'W, 119.59 feet; thence S15°30'E, 56.42 feet; thence S74°30'W, 112.09 feet; thence N15°30'W, 67.42 feet to the southwest corner of Parcel 2 recorded in Deed Book 4020, Page 1259 of the records of the Recorder of Hamilton County, Ohio; thence along the common line of said Parcel 2 the following 9 courses: 1) N74°30'E 112.09 feet; 2) N15°30'W 91.88 feet; 3) N74°30'E 31.50 feet; 4) N15°30'W 10.00 feet; 5) N74°30'E 56.00 feet; 6) S15°30'E 9.75 feet; 7) N74°30'E 32.08 feet, 8) N15°30'W 18.33 feet and 9) N74°30'E 101.83 feet; thence leaving said Parcel 2 and continuing N74°30'E 19.51 feet; thence S15°30'E 89.17 feet to the point of beginning, containing 0.717 acres, more or less.

The parcel described above is part of the same real property conveyed to The Cincinnati Gas & Electric Company by Columbia Power Company by deed dated April 1, 1928 and recorded in Deed Book 1488, Page 537 of the records of the Recorder of Hamilton County, Ohio.

subject to all covenants, restrictions, reservations, easements, conditions, and rights appearing of record, and all the **Estate, Right, Title and Interest** of said Grantor in and to said premises; **To Have and To Hold** the same, with all the privileges and appurtenances thereunto belonging, to said Grantee, its successors and assigns forever; and **THE CINCINNATI GAS & ELECTRIC COMPANY** does hereby **Covenant and Warranty** that the title so conveyed is **Clear, Free and Unencumbered**, except as set forth herein, and that it will **Defend**, the same against all lawful claims of all persons whomsoever.

Grantor shall be responsible for the real estate taxes, which are due and payable up to the date of this deed. Grantee shall be responsible for the real estate taxes, which become due and payable on the date of this deed and thereafter; and for any real estate assessments, which become due and payable on and after the date of this deed.

The undersigned ~~person~~ person executing this deed on behalf of Grantor ~~represent~~ represents and ~~certify~~ certifies that ~~they are~~ he is a duly elected ~~officers~~ officer of Grantor and ~~have~~ has been fully empowered, by proper resolution of the Board of Directors of Grantor, to execute and deliver this deed; that Grantor has full corporate capacity to convey the Real Estate described herein; and that all necessary corporate action for the making of such conveyance has been taken and done.

IN WITNESS WHEREOF, THE CINCINNATI GAS & ELECTRIC COMPANY, has caused this Corporate Warranty Deed to be signed in its proper corporate name, and attested and sealed by its proper corporate ~~officers~~ officer thereunto duly authorized; and to be duly acknowledged, all as of this _____ day of _____, ~~2005~~ January, 2006.

Signed and acknowledged
in the presence of:
COMPANY

THE CINCINNATI GAS & ELECTRIC

By _____
_____ Its

By _____ Its
_____ Its

STATE OF OHIO)

) SS:

COUNTY OF HAMILTON)

Before me, a Notary Public in and for said State, personally appeared _____, the _____ and _____, the _____ of THE CINCINNATI GAS & ELECTRIC COMPANY, the corporation which executed the foregoing instrument, who acknowledged the signing thereof to be ~~the~~his voluntary act and deed for and on behalf of said corporation and by authority of its Board of Directors.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, on this _____ day of _____, ~~2005~~ January, 2006.

Signature of Notary

Printed Name of Notary

Commission Expiration Date of Notary

This instrument prepared by:
Janice L. Walker
Attorney at Law
139 East Fourth Street
Cincinnati, OH 45202

CERTIFICATE OF CONSIDERATION

~~_____ IN WITNESS WHEREOF, THE CINCINNATI GAS & ELECTRIC COMPANY, Grantor, and THE UNION LIGHT, HEAT & POWER COMPANY, Grantee, do hereby certify, pursuant to KRS Chapter 382, that the above stated consideration in the amount of \$ _____ is the true, correct and full consideration paid for the property herein conveyed. We further certify our understanding that falsification of the stated consideration or sale price of the property is a Class D felony, subject to one to five years imprisonment and fines up to \$10,000.00.~~

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____

Print: _____

Title: _____

THE UNION LIGHT, HEAT AND POWER COMPANY

(513) 287-2644

By: _____

Print: _____

Title: _____

Commonwealth of Kentucky }
_____ }

SS:

County of Kenton }
_____ }

Be it remembered, that on this _____ day of _____, 200____, before me a Notary Public in and for said State, personally came, _____, for **THE CINCINNATI GAS & ELECTRIC COMPANY**, the Grantor, its _____ who acknowledged the signing thereof to be her voluntary act and deed, and _____, for **THE UNION LIGHT, HEAT AND POWER COMPANY**, the Grantee, its _____ who acknowledged the signing thereof to be his voluntary act and deed, individually and on behalf of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal on this day and year aforesaid.

Notary Public

Expiration Date

Exhibit B

KyPSC Case No. 2003-00252
Attachment C (6)
Page 7 of 37

Form of Bill of Sale

See Attached

Bill of Sale

The Cincinnati Gas & Electric Company, an Ohio corporation (the "Seller"), hereby executes and delivers this Bill of Sale ("Bill of Sale") to The Union Light, Heat & Power Company, a Kentucky corporation (the "Purchaser"), in accordance with the following provisions:

1. Sale and Transfer of Assets. For good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, and as contemplated by Section 3.01(a)(ii) of that certain Asset Transfer Agreement by and between Seller and Purchaser, dated as of _____, 200January 25, 2006 (the "Agreement"), Seller hereby transfers, conveys, assigns and delivers to Purchaser, effective as of the Closing (as such term is defined in the Agreement) all of Seller's right, title and interest in and to all of the Transferred Assets (as such term is defined in the Agreement).

2. Terms of the Purchase Agreement. The terms of the Agreement, including but not limited to Seller's representations, warranties, covenants, agreements and indemnities relating to the Transferred Assets, are incorporated herein by this reference. Seller acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Agreement and the terms hereof, the terms of the Agreement shall govern.

3. Capitalized Terms. Capitalized terms not defined herein shall have the meanings specified in the Agreement.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed as of _____, 200January 25, 2006 and effective as of January 1, 2006.

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____

Its: _____

SCHEDULE A

Transferred Assets

- Unit 6 of the Miami Fort Generating Station, 168 MW (name plate rating)
- Boiler – Tangential-Fired Combustion Engineering (CE)
- Turbine-Generator: General Electric
- Selective Non-Catalytic Reduction System
- Electrostatic Precipitator
- Miami Fort Unit 6 control room
- Elevator Inspection Permit #'s 132305, 132333, 132299, all issued 3/31/2004 (issued by Ohio Department of Commerce)
- Boiler Permit #116806, issued 5/17/2004 (issued by Ohio Department of Commerce)
- Pollution Control Certificates –
 - Certificate numbers: 596, 597, 1060, 3261, 17, 2542, 2543, 5623, 5622, 6023, 6197, 6235, 6236, 6641, 6663, 350
 - Pending applications for the following work orders: 32353, A4293
 - Various applications as filed by PricewaterhouseCoopers LLP
- Licenses from U.S. Federal Communications Commission:
 - 2-way Radio License, call sign KB45153, expires 1/19/2014
 - 2-way Radio License, call sign KVG694, expires 5/11/2013
 - Marine License, call sign WHW567, expires 3/16/2014
 - Marine (Shawnee) License, call sign WZD9904, expires 11/25/2008

Exhibit C(1)

Form of Assumption Agreement

KyPSC Case No. 2003-00252
Attachment C (6)
Page 10 of 37

See Attached

Assumption Agreement

This Assumption Agreement (this "Assumption Agreement") is made as of the 25th day of January, 2006 and effective as of January 1, 2006, by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("Transferor"), and The Union Light, Heat & Power Company, a Kentucky corporation ("Transferee").

WITNESSETH:

WHEREAS, Transferor, and Transferee, are parties to an Asset Transfer Agreement dated January 25, 2006 (the "Transfer Agreement"), pursuant to which, subject to the terms and conditions set forth therein, Transferee will purchase the Transferred Assets and assume the Assumed Liabilities (both as defined in the Transfer Agreement), including, without limitation, all of Transferor's Liabilities under the Transferred Contracts, Transferred Permits and Transferred Intellectual Property (all as defined in the Transfer Agreement);

WHEREAS, pursuant to the Transfer Agreement, and by means of various agreements and instruments executed and delivered in connection therewith (including without limitation the Deed and the Bill of Sale), concurrently with the execution and delivery hereof, Transferor is transferring and conveying to Transferee, and Transferee is acquiring from Seller, for the consideration and upon the terms and conditions set forth in the Transfer Agreement, all of Transferor's right, title and interest in and to the Transferred Assets (as defined in the Transfer Agreement); and

WHEREAS, the Transfer Agreement contemplates in Section 2.03 thereof that, on the Closing Date, in consideration of the foregoing, Transferee shall also execute this instrument in favor of Transferor, agreeing to assume the Assumed Liabilities (as defined in the Transfer Agreement).

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

1. Assumption. Effective upon the execution and delivery hereof, ~~Transferee~~Buyer hereby assumes and agrees to pay, perform and discharge, without recourse to ~~Transferor~~Seller or Parent, the Assumed Liabilities (excluding, however, for the avoidance of doubt, for all purposes whatsoever any Excluded Liabilities), solely to the extent such liabilities accrue or arise from and after the Closing (as defined in the Transfer Agreement), in each case in accordance with the respective terms and subject to the respective conditions thereof:
2. Governing Law. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without regard to its conflicts of law doctrines.
3. Counterparts. This Assumption Agreement may be executed simultaneously in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

4. Capitalized Terms. Capitalized terms not defined herein shall have the meanings specified in the Transfer Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the Transferor and Transferee have executed this Assumption Agreement on the day and year first above written.

TRANSFEROR:

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____
Name:
Title:

TRANSFEEE:

THE UNION LIGHT, HEAT AND AND POWER
COMPANY

By: _____
Name:
Title:

Exhibit C(2)

KyPSC Case No. 2003-00252
Attachment C (6)
Page 14 of 37

Form of Debt Assumption Agreement

See Attached

DEBT ASSUMPTION AGREEMENT

THIS DEBT ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of the 1st day of January, 2006, by and between THE CINCINNATI GAS & ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Ohio ("CG&E"), and THE UNION LIGHT, HEAT AND POWER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky ("ULH&P"), under the following circumstances:

A. The County of Boone, Kentucky (the "Issuer") has previously issued and sold \$16,000,000 in aggregate principal amount of its Floating Rate Monthly Demand Pollution Control Revenue Refunding Bonds, 1985 Series A (The Cincinnati Gas & Electric Company Project) (the "1985 Series A Bonds") pursuant to a trust indenture, dated as of February 1, 1985 between the Issuer and The Fifth Third Bank (as trustee). The Issuer has loaned the proceeds of the sale of the 1985 Series A Bonds to CG&E pursuant to a loan agreement dated as of February 1, 1985 (the "1985 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1985 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

B. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 5½% Collateralized Pollution Control Revenue Refunding Bonds, 1994 Series A (The Cincinnati Gas & Electric Company Project) (the "1994 Series A Bonds") pursuant to a trust indenture, dated as of January 1, 1994 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1994 Series A Bonds to CG&E pursuant to a loan agreement dated as of January 1, 1994 (the "1994 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1994 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

C. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 6.5% Collateralized Pollution Control Revenue Refunding Bonds, 1992 Series A (The Dayton Power and Light Company Project) (the "1992 Series A Bonds") pursuant to an indenture of trust, dated as of November 15, 1992 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1992 Series A Bonds to The Dayton Power and Light Company ("DP&L") pursuant to a loan agreement dated as of November 15, 1992 (the "1992 Series A Loan Agreement") between the Issuer and DP&L for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for DP&L. The 1992 Series A Loan Agreement obligates DP&L to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the 1992 Series A Bonds as the same become due and payable. CG&E and DP&L entered into a Repayment Agreement dated as of December 23, 1992 (the "Repayment Agreement") under which CG&E agreed, among other matters, to pay to DP&L a portion of the amounts due from time to time as debt service on the

1992 Series A Bonds and to pay the costs of redemption, as appropriate, of the 1992 Series A Bonds in the principal amount of \$12,720,663. In August, 2005, DP&L refunded \$35,275,000 of the 1992 Series A Bonds. In September, 2005, CG&E and DP&L concluded an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), which became effective December 21, 2005, by which the Repayment Agreement was terminated and, among other matters, CG&E agreed to assume DP&L's obligations under the 1992 Series A Loan Agreement with respect to the 1992 Series A Bonds in the principal amount of \$12,720,000 (the "Specified Bonds").

D. CG&E owes payables and/or short-term debt to certain affiliate companies including Cinergy Services, Inc. and Cinergy Corp. (the "Payables").

E. Pursuant to those three certain Asset Transfer Agreements by and between CG&E and ULH&P dated as of January 1, 2006 (the "Transfer Agreements"), CG&E and ULH&P desire that CG&E assign to ULH&P and that ULH&P assume all of CG&E's obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement, and further that CG&E assign to ULH&P and ULH&P assume a portion of CG&E's obligations with respect to the Payables in the amount of \$90,280,000 (a schedule of which is attached hereto as Exhibit A, the "Assumed Payables").

F. ULH&P is agreeable to and is expected to satisfy all liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

Section 1 Representations by CG&E. CG&E makes the following representations:

(a) Corporate Organization and Power. CG&E is a corporation duly authorized, validly existing and in good standing under the laws of the State of Ohio, and is duly qualified to transact business as a foreign corporation in the Commonwealth of Kentucky.

(b) Agreements Are Legal and Authorized. The execution and delivery by CG&E of this Agreement and the compliance by CG&E with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and CG&E's obligations with respect to the Assumed Payables are within the purposes, corporate powers and authority of CG&E and have been duly authorized by all necessary corporate action on the part of the CG&E.

(c) Governmental Consent. Neither CG&E nor any of its business or properties, nor any relationship between CG&E and any other person, nor any circumstances in connection with the execution, delivery and performance by CG&E of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of CG&E (other than any governmental approvals previously obtained).

(d) No Defaults. To CG&E's knowledge, no event has occurred and no condition exists with respect to CG&E that would constitute an event of default under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement or CG&E's obligations with respect to the Assumed Payables.

Section 2 Representations by ULH&P. ULH&P makes the following representations as the basis for the undertakings on its part herein contained:

(a) Corporate Organization and Power. ULH&P is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky.

(b) Agreements are Legal and Authorized. The execution and delivery by ULH&P of this Agreement and the compliance by ULH&P with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and ULH&P's obligations with respect to the Assumed Payables are within the purposes, corporate powers and authority of ULH&P and have been duly authorized by all necessary corporate action on the part of ULH&P.

(c) Governmental Consent. Neither ULH&P nor any of its business or properties, nor any relationship between ULH&P and any other person, nor any circumstances in connection with the execution, delivery and performance by ULH&P of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of ULH&P (other than any governmental approvals previously obtained).

Section 3 Assignment and Assumption of Debt. Effective as of the date hereof, CG&E assigns all of its rights, duties and obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and with respect to the Assumed Payables to ULH&P (collectively, the "Assumed Obligations"), including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations, and ULH&P assumes all rights, and agrees to perform all duties and obligations of CG&E with respect to the Assumed Obligations and otherwise in connection with the 1985 Series A Bonds, the 1994 Series A Bonds, and the Specified Bonds, including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations. ULH&P acknowledges that it has agreed to, and is expected to, satisfy the liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

Section 4 Cooperation By CG&E. CG&E agrees to promptly provide to ULH&P copies of all notices and communications received with respect to the Assumed Obligations, and to cooperate with ULH&P to the extent necessary to enable ULH&P to perform all of the rights, duties and obligations with respect to the Assumed Obligations.

Section 5 Indemnification by ULH&P. ULH&P shall indemnify, defend and hold CG&E harmless from and against all losses, damages and expenses (including, without limitation, reasonable attorneys' fees) imposed upon or incurred by it as a result of any failure by ULH&P to perform its obligations under this Agreement.

Section 6 Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Section 8 Notices. Notice hereunder shall be given to:

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202
Attention: Treasurer

The Union Light, Heat and Power Company
139 East Fourth Street
Cincinnati, OH 45202
Attention: Treasurer

Section 9 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, CG&E and ULH&P have caused this Agreement to be executed in their respective corporate names all effective as of the date first written above.

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____

Name: Michael J. Cyrus

Title: Executive Vice President

THE UNION LIGHT, HEAT AND POWER COMPANY

By: _____

Name: Gregory C. Ficke

Title: President

Schedule A
List of Assumed Payables

1. Payables owed by The Cincinnati Gas & Electric Company to Cinergy Services, Inc. as of January 1, 2006, in the amount of \$24,994,528.

Payables owed by The Cincinnati Gas & Electric Company to Cinergy Corp. as of January 1, 2006, in the amount of \$65,285,472.

Exhibit D

Form of Facilities Operation Agreement

See Attached

Exhibit E

Form of PSOA

See Attached

Exhibit F

[Reserved]

Schedule 1.01

Pollution Control Refunding Bonds Obligations, Assumed Payables and Short-Term Debt

Form of Coal and Lime Supply and Management Agreement

See Attached

Obligation Assumed by CTE&P	Amount
1. Floating Rate Monthly Demand Pollution Control Revenue Refunding Bonds, 1985 Series A (The Cincinnati Gas & Electric Company Project)	\$16,000,000
2. 5 7/8% Collateralized Pollution Control Revenue Refunding Bonds, 1994 Series A (The Cincinnati Gas & Electric Company Project)	\$48,000,000
3. Assignment and Assumption Agreement between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company dated September 30, 2000, related to the 6.8% Collateralized Pollution Control Revenue Refunding Bonds, 1992 Series A (The Dayton Power and Light Company Project)	\$12,720,000
4. Payables owed by The Cincinnati Gas & Electric Company to Energy Services, Inc. as of January 1, 2006	\$24,094,528
5. Payables owed by The Cincinnati Gas & Electric Company to Energy Corp. as of January 1, 2006	\$65,285,472
Total	\$167,000,000

Improvements and Tangible Personal Property*

- Unit 6 of the Miami Fort Generating Station, 168 MW (name plate rating)
- Boiler – Tangential-Fired Combustion Engineering (CE)
- Turbine-Generator: General Electric
- Selective Non-Catalytic Reduction System
- Electrostatic Precipitator
- Miami Fort Unit 6 control room

*Does not include Common Facilities (see Schedule 2.01(j))

Transferred Contracts

None

Transferred Permits

- Elevator Inspection Permit #'s 132305, 132333, 132299, all issued 3/31/2004 (issued by Ohio Department of Commerce)
- Boiler Permit #116806, issued 5/17/2004 (issued by Ohio Department of Commerce)
- Pollution Control Certificates –
 - Certificate numbers: 596, 597, 1060, 3261, 17, 2542, 2543, 5623, 5622, 6023, 6197, 6235, 6236, 6641, 6663, 350
 - Pending applications for the following work orders: 32353, A4293
 - Various applications as filed by PricewaterhouseCoopers LLP
- Licenses from U.S. Federal Communications Commission:
 - 2-way Radio License, call sign KB45153, expires 1/19/2014
 - 2-way Radio License, call sign KVG694, expires 5/11/2013
 - Marine License, call sign WHW567, expires 3/16/2014
 - Marine (Shawnee) License, call sign WZD9904, expires 11/25/2008

Treatment of Emissions Allowances

In conjunction with and simultaneous to the transfer of Miami Fort 6 from Transferor to Transferee, the Transferor shall transfer an equivalent number of ~~Transferor's share of~~ SO₂ and NO_x emission allowances in inventory allocated to or otherwise assigned by the applicable regulatory agency to Miami Fort 6 ("Miami Fort Emission Allowances") in accordance with this Schedule 2.01(i).

1. Miami Fort Emission Allowances for all years prior to the year in which the Closing occurs ("Closing Year") shall remain the property of Transferor, and shall not be transferred to Transferee. Further, notwithstanding anything to the contrary herein, Transferor shall retain a quantity of Miami Fort Emission Allowances equal to the number of associated early reduction credits obtained by Transferor.
2. All Miami Fort Emission Allowances for the years subsequent to the year in which the Closing occurs shall be transferred to Transferee at zero cost.
3. All Miami Fort Emission Allowances for the year in which the Closing occurs shall be apportioned to Transferor and Transferee based on the percentage of the applicable allowance season that each Party owns Miami Fort 6. The SO₂ allowance season shall be deemed to be January 1 through December 31 of the Closing Year. The NO_x allowance season shall be deemed to be May 1 through September 30 of the Closing Year.
 - a. Transferor shall retain a percentage of Miami Fort Emission Allowances for the Closing Year equal to the percentage of the Closing Year that Transferor owns Miami Fort 6;
 - b. Transferor shall transfer to Transferee at zero cost all remaining Miami Fort Emission Allowances for the Closing Year.

Schedule 2.01 (j)

Units 5 and 6 Common Facilities

- Crushed coal conveyors (Conveyors #11 and #12)
- Conveyor G
- Miami Fort 5 vacuum pump
- Exhaust stack
- Miami Fort #2 coal crusher

Schedule 2.02 (a)

Transmission Assets

See Attached

Schedule 4.01 (c)(ii)

Transferor's Required Governmental and Third Party Consents

Section I

Securities and Exchange Commission under the Public Utilities Holding Company Act of 1935

Section II

None

Schedule 4.01 (e)

Real Property

Situate in Section 35, T2, FR1, Miami Township, Hamilton County, Ohio, being more particularly described as follows:

United States Bench Mark No. 756 is located S54°16'22"W 9,497.85 feet from section stone marking Sections 31, 36, 30 and 25. Bench Mark No. 756 is shown on Chart No. 136 of the Survey of the Ohio River performed under the supervision of the Ohio River Board of Engineers on Locks and Dams by the District Engineer Officer, Louisville, Kentucky, and is located in the front yard of the old Benjamin Harrison homestead on the property of The Cincinnati Gas & Electric Company. Commencing at the said United States Bench Mark No. 756 and running with a true magnetic bearing of S15°30'E, 105.97 feet; thence N74°30'E, 2,398.48 feet to a point, hereafter, referred to as Reference Point "A", said point being the intersection of the base lines used for the construction of Unit 7 and Unit 8 at Miami Fort Station; thence along the North-South Base Line for Unit 7 and Unit 8, S15°30'E, 737.21 feet; thence S74°30'W, 23.04 feet to the **Point of Beginning** of this description and also the point of beginning of Parcel 3 recorded in Deed Book 4020, Page 1259 of the records of the Recorder of Hamilton County, Ohio; thence along the common line of said Parcel 3, S74°30'W 121.33 feet and S15°30'E 32.29 feet; thence leaving said Parcel 3, S74°30'W, 119.59 feet; thence S15°30'E, 56.42 feet; thence S74°30'W, 112.09 feet; thence N15°30'W, 67.42 feet to the southwest corner of Parcel 2 recorded in Deed Book 4020, Page 1259 of the records of the Recorder of Hamilton County, Ohio; thence along the common line of said Parcel 2 the following 9 courses: 1) N74°30'E 112.09 feet; 2) N15°30'W 91.88 feet; 3) N74°30'E 31.50 feet; 4) N15°30'W 10.00 feet; 5) N74°30'E 56.00 feet; 6) S15°30'E 9.75 feet; 7) N74°30'E 32.08 feet, 8) N15°30'W 18.33 feet and 9) N74°30'E 101.83 feet; thence leaving said Parcel 2 and continuing N74°30'E 19.51 feet; thence S15°30'E 89.17 feet to the point of beginning, containing 0.717 acres, more or less.

The parcel described above is part of the same real property conveyed to The Cincinnati Gas & Electric Company by Columbia Power Company by deed dated April 1, 1928 and recorded in Deed Book 1488, Page 537 of the records of the Recorder of Hamilton County, Ohio.

Schedule 4.01 (k)

KyPSC Case No. 2003-00252
Attachment C (6)
Page 34 of 37

Transferor Contracts

(See 2.01 (d))

Permits

Section I (not being transferred)

- Title V Operating Permit, issued 7/31/2003
- Title IV Acid Rain Permit, dated April 9, 1998
- National Pollutant Discharge Eliminator System Permit, issued 8/01/1998

Section II

see Schedule 2.01(e)

Transferee Required Governmental and Third Party Consents

Section I

Kentucky Public Service Commission

Section II

None

Document	
Document 1	PowerDocs://MAIN3LEGAL/133968/6
Document 2	PowerDocs://MAIN3LEGAL/133968/8
Rendering set	Standard

Changes	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics	
	Count
Insertions	103
Deletions	53
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	158

SCHEDULES TO WOODSDALE ATA

Exhibit A

Form of Deed

See Attached

CORPORATE WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: THAT THE CINCINNATI GAS & ELECTRIC COMPANY (~~“Grantor”~~), a corporation organized and existing under the laws of the State of Ohio (“Grantor”), for and in consideration of One Dollar (\$1.00) and other good and valuable considerations paid by **THE UNION LIGHT, HEAT AND POWER COMPANY** (~~“Grantee”~~), a Kentucky corporation organized and existing under the laws of the Commonwealth of Kentucky (“Grantee”), whose tax-mailing address is ————, 1000 East Main Street, Plainfield, Indiana 46168, does hereby **Grant, Bargain, Sell and Convey** to the said **THE UNION LIGHT, HEAT AND POWER COMPANY**, its successors and assigns forever, the following described real estate (~~“REAL ESTATE”~~) in ~~the~~ the **Woodsdale Generating Station** (“REAL ESTATE”):

Situate in Sections 17 and 18, Town 1, Range 4, Madison Township, Butler County, Ohio and being more particularly described as follows:

Beginning at an existing stone at the Northeast corner of Section 18; Thence South 72°52'04" East, 500.94 feet to a concrete monument, passing a concrete monument on-line at 5.00 feet;

Thence South 00°05'37" West, 2563.89 feet to an existing iron pin in the South right-of-way line of Woodsdale Road, passing concrete monuments on-line at 855.00 feet, 1708.89 feet and 2513.88 feet;

Thence, along the south right-of-way of Woodsdale Road, the following courses and distances:

South 88°55'54" West, 826.16 feet to an existing iron pin;
South 74°22'54" West, 376.28 feet;

Thence, along the lines of Metro Parks of Butler County, Ohio, the following courses and distances:

North 47°51'07" West, 436.02 feet to an existing iron pin, passing an iron pin on-line at 59.11 feet;
North 40°30'00" East, 323.89 feet to an existing iron pin;
North 00°07'00" East, 285.05 feet to an existing iron pin;
North 87°49'00" West, 131.71 feet to an existing iron pin;
South 65°38'09" West, 749.34 feet to an existing iron pin;

South 00°02'02" East, 1030.64 feet to the south right-of-way of Woodsdale Road, passing an iron pin on-line at 972.04 feet;

Thence, along the south right-of-way of Woodsdale Road, the following courses and distances:

South 58°31'54" West, 129.53 feet;
South 32°56'54" West, 741.67 feet to an existing iron pin;
South 47°16'24" West, 491.61 feet to an existing iron pin;
South 78°49'24" West, 262.12 feet; Thence North 00°08'36" West 25.47 feet to a point in the centerline of Woodsdale Road;

Thence, along said centerline, South 81°11'02" West, 358.32 feet;

Thence, continuing along said centerline, South 71°03'19" West, 310.53 feet;

Thence North 00°20'12" West, 1760.04 feet to a concrete monument, passing a concrete monument on-line at 26.38 feet;

Thence South 89°37'27" East, 164.34 feet to a concrete monument;

Thence North 00°04'47" East, 1185.45 feet to a concrete monument, passing a concrete monument on-line at 924.00 feet;

Thence South 89°55'13" East, 1134.78 feet to an existing concrete monument, passing concrete monuments on-line at 470.04 feet and 1129.78 feet;

Thence North 00°13'19" East, 1597.17 feet to an existing iron pin in the North line of Section 18, passing concrete monuments on-line at 5.00 feet, 797.17 feet and 1592.17 feet;

Thence, along the North line of said Section 18, North 89°54'05" East, 813.47 feet an iron pin and cap set;

Thence, along new lines of division, the following courses and distances:

South 00°16'01" East, 545.52 feet to a spike set, passing a set Mag nail on-line at 396.45 feet;
North 89°57'19" East, 346.33 feet to a Mag nail set;
North 01°22'06" West, 148.86 feet to a Mag nail set;
North 89°48'01" East, 322.81 feet to a Mag nail set;
South 00°14'50" East, 128.86 feet;
South 34°31'44" West, 56.58 feet to a spike set;
South 00°11'32" East, 468.69 feet to a Mag nail set;
North 89°59'26" East, 503.44 feet to a Mag nail set;

North 00°18'33" East, 1041.37 feet to an iron pin and cap set in the North line of Section 18;

Thence, along the North line of said Section 18, North 89°54'05" East, 162.52 feet to the point of beginning.

Containing 29.037 acres in Section 17 and 192.221 acres in Section 18.

The above description is the result of a field survey performed in January, 2005 under the direct supervision of Edward J. Schwegman, Registered Land Surveyor No. 6868, State of Ohio.

subject to all covenants, restrictions, reservations, easements, conditions, and rights appearing of record, and all the **Estate, Right, Title and Interest** of said Grantor in and to said premises; **To Have and To Hold** the same, with all the privileges and appurtenances thereunto belonging, to said Grantee, its successors and assigns forever; and **THE CINCINNATI GAS & ELECTRIC COMPANY** does hereby **Covenant and Warranty** that the title so conveyed is **Clear, Free and Unencumbered**, except as otherwise set forth herein, and that it will **Defend** the same against all lawful claims of all persons whomsoever.

Grantor shall be responsible for the real estate taxes, which are due and payable up to the date of this deed~~Deed~~. Grantee shall be responsible for the real estate taxes, which become due and payable on the date of this deed~~Deed~~ and thereafter; and for any real estate assessments, which become due and payable on and after the date of this deed~~Deed~~.

The undersigned ~~persons~~person executing this deed~~Deed~~ on behalf of Grantor ~~represent~~represents and ~~certify~~certifies that ~~they are~~he is a duly elected ~~officers~~officer of Grantor and ~~have~~has been fully empowered, by proper resolution of the Board of Directors of Grantor, to execute and deliver this deed~~Deed~~; that Grantor has full corporate capacity to convey the Real Estate described herein; and that all necessary corporate action for the making of such conveyance has been taken and done.

IN WITNESS WHEREOF, THE CINCINNATI GAS & ELECTRIC COMPANY, has caused this Corporate Warranty Deed to be signed in its proper corporate name, and attested and sealed by its proper corporate ~~officers~~officer thereunto duly authorized; and to be duly acknowledged, all as of

this _____ day of _____, 2005 January, 2006.

Signed and acknowledged
in the presence of:
ELECTRIC COMPANY

THE CINCINNATI GAS &

By _____
Its _____

By _____
Its _____

STATE OF OHIO)
)) SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said State, personally appeared _____
_____, the _____ and _____, the
_____ of **THE CINCINNATI GAS & ELECTRIC COMPANY**, the
corporation that executed the foregoing instrument, who acknowledged the signing thereof to be their his
voluntary act and deed for and on behalf of said corporation and by authority of its Board of Directors.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, on
this - _____ day of _____, 2005 January, 2006.

Signature of Notary

Printed Name of Notary

Commission Expiration Date of Notary

This instrument prepared by:
Janice L. Walker
Attorney at Law
139 East Fourth Street
Cincinnati, OH 45202
(513) 287-2644

Form of Bill of Sale

See Attached

Bill of Sale

The Cincinnati Gas & Electric Company, an Ohio corporation (the "Seller"), hereby executes and delivers this Bill of Sale ("Bill of Sale") to The Union Light, Heat & Power Company, a Kentucky corporation (the "Purchaser"), in accordance with the following provisions:

1. Sale and Transfer of Assets. For good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, and as contemplated by Section 3.01(a)(ii) of that certain Asset Transfer Agreement by and between Seller and Purchaser, dated as of _____, 200 January 25, 2006 (the "Agreement"), Seller hereby transfers, conveys, assigns and delivers to Purchaser, effective as of the Closing (as such term is defined in the Agreement) all of Seller's right, title and interest in and to all of the Transferred Assets (as such term is defined in the Agreement).

2. Terms of the Purchase Agreement. The terms of the Agreement, including but not limited to Seller's representations, warranties, covenants, agreements and indemnities relating to the Transferred Assets, are incorporated herein by this reference. Seller acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Agreement and the terms hereof, the terms of the Agreement shall govern.

3. Capitalized Terms. Capitalized terms not defined herein shall have the meanings specified in the Agreement.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed as of _____, 200 January 25, 2006 and effective as of January 1, 2006.

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____

Its: _____

SCHEDULE A

Transferred Assets

- Woodsdale Generating Station (Name Plate Rating 490 MW)
- Service building
- Propane storage and electrical equipment building
- Control & maintenance building
- Construction warehouse
- Six dual fuel gas turbine simple-cycle generators (ABA Model II NI)
- Six exhaust stacks
- Water injection system
- Six propane (LPG) vaporizing boilers
- Six above-ground propane storage tanks
- Two above-ground water storage tanks for demineralized water
- CO₂ suppression system
- Allison 501-KB gas turbine
- Stormwater retention basin
- Diesel engine
- Gas turbine generator
- Diesel/electric fire pump
- Propane pressure reducing station
- Propane odorizer building
- Chemical drum storage area
- Propane pump and propane line (LP-7) from Todhunter Cavern to Woodsdale
- Raw water tank and fire water storage

- Reverse osmosis water treatment facility
- Railroad sidetrack, consisting of track structure, ballast, grading, drainage structure, switch and turnout, bumping post and other appurtenances
- Three off-site water wells
- Railroad spur
- Warehouse
- Guardhouse
- Propane stores maintained on-site and at Todhunter Cavern
- 3 natural gas lines at Liberty Station feeding C210
- C210 Line between Liberty Station and Woodsdale Station
- 1 submersible pump located at Todhunter Cavern #5, and associated equipment
- 1 submersible pump located at Todhunter Cavern #6, and associated equipment
- Equipment at Todhunter Cavern #1
 - 2 submersible cavern pumps
 - motor control center
 - 2 water separators
 - 6 surface pumps
 - metering and regulating equipment
 - SCADA equipment
- Propane piping system from TEPPCO Cavern to Todhunter Cavern
- Natural gas odorizing tank and associated piping and equipment
- Private Sidetrack Agreement by and between CSX Transportation, Inc. and The Cincinnati Gas & Electric Company, dated October 11, 1990
- Propane Supply and Management Agreement by and between The Cincinnati Gas & Electric Company and Ohio River Valley Propane, LLC, dated June 1, 2003
- ~~Gas Supply and Management Agreement by and between The Cincinnati Gas & Electric Company and Cinergy Marketing & Trading, LP, dated June 1, 2003~~

- Farm License Agreement Addendum to Agreement dated June 27, 2002, dated as of August 27, 2002 by and between The Cincinnati Gas & Electric Company and Michael W. Gorman
- Water Purchase Agreement by and between The Cincinnati Gas & Electric Company and Duke Energy Madison, LLC, March 10, 2000, and assigned to PSI Energy, Inc. by CinCap Madison, LLC (formerly Duke Energy Madison, LLC) by that certain Assignment and Assumption Agreement with respect to Water Supply Agreement, dated February 5, 2003 by and between CinCap Madison, LLC and PSI Energy, Inc.
- License Agreement by and between The Cincinnati Gas & Electric Company and the City of Trenton, Ohio, commencing November 1, 2002
- Lease Agreement for Flying Model Aviation Facility by and between The Cincinnati Gas & Electric Company and The Greater Cincinnati Radio Control Club, dated March 16, 2004
- Commodity Storage Agreement by and between The Cincinnati Gas & Electric Company and Ohio River Valley Propane, LLC, dated January 1, 2003
- Plant's Permit to Install (Application No. 14-1905) effective June 20, 1990
- Title V Operating Permit, issued 9/20/2004 (issued by Ohio EPA)
- Title IV Acid Rain Permit, effective January 1, 2000
- National Pollutant Discharge Elimination System permit, issued February 14, 2001 (No. 1IB00026* BD)
- Pollution Control Certificates – Certificate numbers 2002, 5459, 6145, 6704 and 17
- Boiler Permit U1, Ohio Department of Commerce, issued March 31, 2004
- Boiler Permit U2, Ohio Department of Commerce, issued March 31, 2004
- Boiler Permit U3, Ohio Department of Commerce, issued March 31, 2004
- Boiler Permit U4, Ohio Department of Commerce, issued March 31, 2004
- Boiler Permit U5, Ohio Department of Commerce, issued March 31, 2004
- Boiler Permit U6, Ohio Department of Commerce, issued March 31, 2004
- Vehicle Permit PCQ1511, Ohio Department of Transportation, issued May 31, 2004
- Vehicle Permit CUJ3345, Ohio Department of Transportation, issued May 31, 2004
- Vehicle Permit CSN9096, Ohio Department of Transportation, issued May 31, 2004

- Vehicle Permit PCN4208, Ohio Department of Transportation, issued May 31, 2004
- Licenses from U.S. Federal Communications Commission:
 - Woodsdale License, call sign WNTE353, expires 4/25/2011
 - Wellfield License, call sign WNTJ378, expires 4/25/2011
 - Remote Control License, call sign WNUR517, expires 10/26/2005
 - 2-way Radio License, call sign WNWK288, expires 5/24/2011

Exhibit C(1)

Form of Assumption Agreement

See Attached

Assumption Agreement

This Assumption Agreement (this "Assumption Agreement") is made as of the 25th day of January, 2006 and effective as of January 1, 2006, by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("Transferor"), and The Union Light, Heat & Power Company, a Kentucky corporation ("Transferee").

WITNESSETH:

WHEREAS, Transferor, and Transferee, are parties to an Asset Transfer Agreement dated January 25, 2006 (the "Transfer Agreement"), pursuant to which, subject to the terms and conditions set forth therein, Transferee will purchase the Transferred Assets and assume the Assumed Liabilities (both as defined in the Transfer Agreement), including, without limitation, all of Transferor's Liabilities under the Transferred Contracts, Transferred Permits and Transferred Intellectual Property (all as defined in the Transfer Agreement);

WHEREAS, pursuant to the Transfer Agreement, and by means of various agreements and instruments executed and delivered in connection therewith (including without limitation the Deed and the Bill of Sale), concurrently with the execution and delivery hereof, Transferor is transferring and conveying to Transferee, and Transferee is acquiring from Seller, for the consideration and upon the terms and conditions set forth in the Transfer Agreement, all of Transferor's right, title and interest in and to the Transferred Assets (as defined in the Transfer Agreement); and

WHEREAS, the Transfer Agreement contemplates in Section 2.03 thereof that, on the Closing Date, in consideration of the foregoing, Transferee shall also execute this instrument in favor of Transferor, agreeing to assume the Assumed Liabilities (as defined in the Transfer Agreement).

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

1. Assumption. Effective upon the execution and delivery hereof, ~~Transferee~~Buyer hereby assumes and agrees to pay, perform and discharge, without recourse to ~~Transferor~~Seller or Parent, the Assumed Liabilities (excluding, however, for the avoidance of doubt, for all purposes whatsoever any Excluded Liabilities), solely to the extent such liabilities accrue or arise from and after the Closing (as defined in the Transfer Agreement), in each case in accordance with the respective terms and subject to the respective conditions thereof:

2. Governing Law. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without regard to its conflicts of law doctrines.

3. Counterparts. This Assumption Agreement may be executed simultaneously in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

4. Capitalized Terms. Capitalized terms not defined herein shall have the meanings specified in the Transfer Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the Transferor and Transferee have executed this Assumption Agreement on the day and year first above written.

TRANSFEROR:

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____
Name:
Title:

TRANSFeree:

THE UNION LIGHT, HEAT AND POWER
COMPANY

By: _____
Name:
Title:

Exhibit C(2)

Form of Debt Assumption Agreement

See Attached

DEBT ASSUMPTION AGREEMENT

THIS DEBT ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of the 1st day of January, 2006, by and between THE CINCINNATI GAS & ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Ohio ("CG&E"), and THE UNION LIGHT, HEAT AND POWER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky ("ULH&P"), under the following circumstances:

A. The County of Boone, Kentucky (the "Issuer") has previously issued and sold \$16,000,000 in aggregate principal amount of its Floating Rate Monthly Demand Pollution Control Revenue Refunding Bonds, 1985 Series A (The Cincinnati Gas & Electric Company Project) (the "1985 Series A Bonds") pursuant to a trust indenture, dated as of February 1, 1985 between the Issuer and The Fifth Third Bank (as trustee). The Issuer has loaned the proceeds of the sale of the 1985 Series A Bonds to CG&E pursuant to a loan agreement dated as of February 1, 1985 (the "1985 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1985 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

B. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 5½% Collateralized Pollution Control Revenue Refunding Bonds, 1994 Series A (The Cincinnati Gas & Electric Company Project) (the "1994 Series A Bonds") pursuant to a trust indenture, dated as of January 1, 1994 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1994 Series A Bonds to CG&E pursuant to a loan agreement dated as of January 1, 1994 (the "1994 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1994 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

C. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 6.5% Collateralized Pollution Control Revenue Refunding Bonds, 1992 Series A (The Dayton Power and Light Company Project) (the "1992 Series A Bonds") pursuant to an indenture of trust, dated as of November 15, 1992 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1992 Series A Bonds to The Dayton Power and Light Company ("DP&L") pursuant to a loan agreement dated as of November 15, 1992 (the "1992 Series A Loan Agreement") between the Issuer and DP&L for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for DP&L. The 1992 Series A Loan Agreement obligates DP&L to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the 1992 Series A Bonds as the same become due and payable. CG&E and DP&L entered into a Repayment Agreement dated as of December 23, 1992 (the "Repayment Agreement") under which CG&E agreed, among other matters, to pay to DP&L a portion of the amounts due from time to time as debt service on the

1992 Series A Bonds and to pay the costs of redemption, as appropriate, of the 1992 Series A Bonds in the principal amount of \$12,720,663. In August, 2005, DP&L refunded \$35,275,000 of the 1992 Series A Bonds. In September, 2005, CG&E and DP&L concluded an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), which became effective December 21, 2005, by which the Repayment Agreement was terminated and, among other matters, CG&E agreed to assume DP&L's obligations under the 1992 Series A Loan Agreement with respect to the 1992 Series A Bonds in the principal amount of \$12,720,000 (the "Specified Bonds").

D. CG&E owes payables and/or short-term debt to certain affiliate companies including Cinergy Services, Inc. and Cinergy Corp. (the "Payables").

E. Pursuant to those three certain Asset Transfer Agreements by and between CG&E and ULH&P dated as of January 1, 2006 (the "Transfer Agreements"), CG&E and ULH&P desire that CG&E assign to ULH&P and that ULH&P assume all of CG&E's obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement, and further that CG&E assign to ULH&P and ULH&P assume a portion of CG&E's obligations with respect to the Payables in the amount of \$90,280,000 (a schedule of which is attached hereto as Exhibit A, the "Assumed Payables").

F. ULH&P is agreeable to and is expected to satisfy all liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

Section 1 Representations by CG&E. CG&E makes the following representations:

(a) Corporate Organization and Power. CG&E is a corporation duly authorized, validly existing and in good standing under the laws of the State of Ohio, and is duly qualified to transact business as a foreign corporation in the Commonwealth of Kentucky.

(b) Agreements Are Legal and Authorized. The execution and delivery by CG&E of this Agreement and the compliance by CG&E with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and CG&E's obligations with respect to the Assumed Payables are within the purposes, corporate powers and authority of CG&E and have been duly authorized by all necessary corporate action on the part of the CG&E.

(c) Governmental Consent. Neither CG&E nor any of its business or properties, nor any relationship between CG&E and any other person, nor any circumstances in connection with the execution, delivery and performance by CG&E of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of CG&E (other than any governmental approvals previously obtained).

(d) No Defaults. To CG&E's knowledge, no event has occurred and no condition exists with respect to CG&E that would constitute an event of default under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement or CG&E's obligations with respect to the Assumed Payables.

Section 2 Representations by ULH&P. ULH&P makes the following representations as the basis for the undertakings on its part herein contained:

(a) Corporate Organization and Power. ULH&P is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky.

(b) Agreements are Legal and Authorized. The execution and delivery by ULH&P of this Agreement and the compliance by ULH&P with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and ULH&P's obligations with respect to the Assumed Payables are within the purposes, corporate powers and authority of ULH&P and have been duly authorized by all necessary corporate action on the part of ULH&P.

(c) Governmental Consent. Neither ULH&P nor any of its business or properties, nor any relationship between ULH&P and any other person, nor any circumstances in connection with the execution, delivery and performance by ULH&P of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of ULH&P (other than any governmental approvals previously obtained).

Section 3 Assignment and Assumption of Debt. Effective as of the date hereof, CG&E assigns all of its rights, duties and obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Assignment and Assumption Agreement and with respect to the Assumed Payables to ULH&P (collectively, the "Assumed Obligations"), including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations, and ULH&P assumes all rights, and agrees to perform all duties and obligations of CG&E with respect to the Assumed Obligations and otherwise in connection with the 1985 Series A Bonds, the 1994 Series A Bonds, and the Specified Bonds, including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations. ULH&P acknowledges that it has agreed to, and is expected to, satisfy the liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

Section 4 Cooperation By CG&E. CG&E agrees to promptly provide to ULH&P copies of all notices and communications received with respect to the Assumed Obligations, and to cooperate with ULH&P to the extent necessary to enable ULH&P to perform all of the rights, duties and obligations with respect to the Assumed Obligations.

Section 5 Indemnification by ULH&P. ULH&P shall indemnify, defend and hold CG&E harmless from and against all losses, damages and expenses (including, without limitation, reasonable attorneys' fees) imposed upon or incurred by it as a result of any failure by ULH&P to perform its obligations under this Agreement.

Section 6 Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Section 8 Notices. Notice hereunder shall be given to:

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202
Attention: Treasurer

The Union Light, Heat and Power Company
139 East Fourth Street
Cincinnati, OH 45202
Attention: Treasurer

Section 9 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, CG&E and ULH&P have caused this Agreement to be executed in their respective corporate names all effective as of the date first written above.

THE CINCINNATI GAS & ELECTRIC COMPANY

By:

Name: Michael J. Cyrus

Title: Executive Vice President

THE UNION LIGHT, HEAT AND POWER COMPANY

By:

Name: Gregory C. Ficke

Title: President

Schedule A
List of Assumed Payables

1. Payables owed by The Cincinnati Gas & Electric Company to Cinergy Services, Inc. as of January 1, 2006, in the amount of \$24,994,528.

2. Payables owed by The Cincinnati Gas & Electric Company to Cinergy Corp. as of January 1, 2006, in the amount of \$65,285,472.

Exhibit D

Form of Facilities Operation Agreement

See Attached

Exhibit E

Form of PSOA

See Attached
[Reserved]

Exhibit F

Form of Service Agreement

See Attached

Schedule 1.01

Pollution Control Refunding Bonds Obligations, Assumed Payables and Short-Term Debt

	Obligation Assumed by ULH&P	Amount
1	Floating Rate Monthly Demand Pollution Control Revenue Refunding Bonds, 1985 Series A (The Cincinnati Gas & Electric Company Project)	\$16,000,000
2	5 7/8% Collateralized Pollution Control Revenue Refunding Bonds, 1994 Series A (The Cincinnati Gas & Electric Company Project)	\$48,000,000
3	Assignment and Assumption Agreement between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company dated September 30, 2005, related to the 6 5/8% Collateralized Pollution Control Revenue Refunding Bonds, 1992 Series A (The Dayton Power and Light Company Project)	\$12,720,000
4	Payables owed by The Cincinnati Gas & Electric Company to Cincery Services, Inc. as of January 1, 2006	\$24,994,528
5	Payables owed by The Cincinnati Gas & Electric Company to Cincery Corp. as of January 1, 2006	\$65,285,472
Total		\$167,006,000

Schedule 2.01 (b)

Improvements and Tangible Personal Property

- Woodsdale Generating Station (Name Plate Rating 490 MW)
- Service building
- Propane storage and electrical equipment building
- Control & maintenance building
- Construction warehouse
- Six dual fuel gas turbine simple-cycle generators (ABA Model II NI)
- Six exhaust stacks
- Water injection system
- Six propane (LPG) vaporizing boilers
- Six above-ground propane storage tanks
- Two above-ground water storage tanks for demineralized water
- CO₂ suppression system
- Allison 501-KB gas turbine
- Stormwater retention basin
- Diesel engine
- Gas turbine generator
- Diesel/electric fire pump
- Propane pressure reducing station
- Propane odorizer building
- Chemical drum storage area
- Propane pump and propane line (LP-7) from Todhunter Cavern to Woodsdale

- Raw water tank and fire water storage
- Reverse osmosis water treatment facility
- Railroad sidetrack, consisting of track structure, ballast, grading, drainage structure, switch and turnout, bumping post and other appurtenances
- Three off-site water wells
- Railroad spur
- Warehouse
- Guardhouse
- Propane stores maintained on-site and at Todhunter Cavern
- 3 natural gas lines at Liberty Station feeding C210
- C210 Line between Liberty Station and Woodsdale Station
- 1 submersible pump located at Todhunter Cavern #5, and associated equipment
- 1 submersible pump located at Todhunter Cavern #6, and associated equipment
- Equipment at Todhunter Cavern #1
 - 2 submersible cavern pumps
 - motor control center
 - 2 water separators
 - 6 surface pumps
 - metering and regulating equipment
 - SCADA equipment
- Propane piping system from TEPPCO Cavern to Todhunter Cavern
- Natural gas odorizing tank and associated piping and equipment

Schedule 2.01 (d)

Transferred Contracts

- Private Sidetrack Agreement by and between CSX Transportation, Inc. and The Cincinnati Gas & Electric Company, dated October 11, 1990
- Propane Supply and Management Agreement by and between The Cincinnati Gas & Electric Company and Ohio River Valley Propane, LLC, dated June 1, 2003
- ~~Gas Supply and Management Agreement by and between The Cincinnati Gas & Electric Company and Cinergy Marketing & Trading, LP, dated June 1, 2003~~
- Farm License Agreement Addendum to Agreement dated June 27, 2002, dated as of August 27, 2002 by and between The Cincinnati Gas & Electric Company and Michael W. Gorman
- Water Purchase Agreement by and between The Cincinnati Gas & Electric Company and Duke Energy Madison, LLC, March 10, 2000, and assigned to PSI Energy, Inc. by CinCap Madison, LLC (formerly Duke Energy Madison, LLC) by that certain Assignment and Assumption Agreement with respect to Water Supply Agreement, dated February 5, 2003 by and between CinCap Madison, LLC and PSI Energy, Inc.
- License Agreement by and between The Cincinnati Gas & Electric Company and the City of Trenton, Ohio, commencing November 1, 2002
- Lease Agreement for Flying Model Aviation Facility by and between The Cincinnati Gas & Electric Company and The Greater Cincinnati Radio Control Club, dated March 16, 2004
- Commodity Storage Agreement by and between The Cincinnati Gas & Electric Company and Ohio River Valley Propane, LLC, dated January 1, 2003

Schedule 2.01 (e)

Transferred Permits

- Plant's Permit to Install (Application No. 14-1905) effective June 20, 1990
- Title V Operating Permit, issued 9/20/2004 (issued by Ohio EPA)
- Title IV Acid Rain Permit, effective January 1, 2000
- National Pollutant Discharge Elimination System permit, issued February 14, 2001 (No. 1IB00026* BD)
- Pollution Control Certificates – Certificate numbers 2002, 5459, 6145, 6704 and 17
- Boiler Permit U1, Ohio Department of Commerce, issued March 31, 2004
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- Boiler Permit U3, Ohio Department of Commerce, issued March 31, 2004
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- Boiler Permit U5, Ohio Department of Commerce, issued March 31, 2004
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- Vehicle Permit CSN9096, Ohio Department of Transportation, issued May 31, 2004
- Vehicle Permit PCN4208, Ohio Department of Transportation, issued May 31, 2004
- Licenses from U.S. Federal Communications Commission:
 - Woodsdale License, call sign WNTE353, expires 4/25/2011
 - Wellfield License, call sign WNTJ378, expires 4/25/2011
 - Remote Control License, call sign WNUR517, expires 10/26/2005
 - 2-way Radio License, call sign WNWK288, expires 5/24/2011

Schedule 2.01 (i)

Transfer of Emissions Allowances

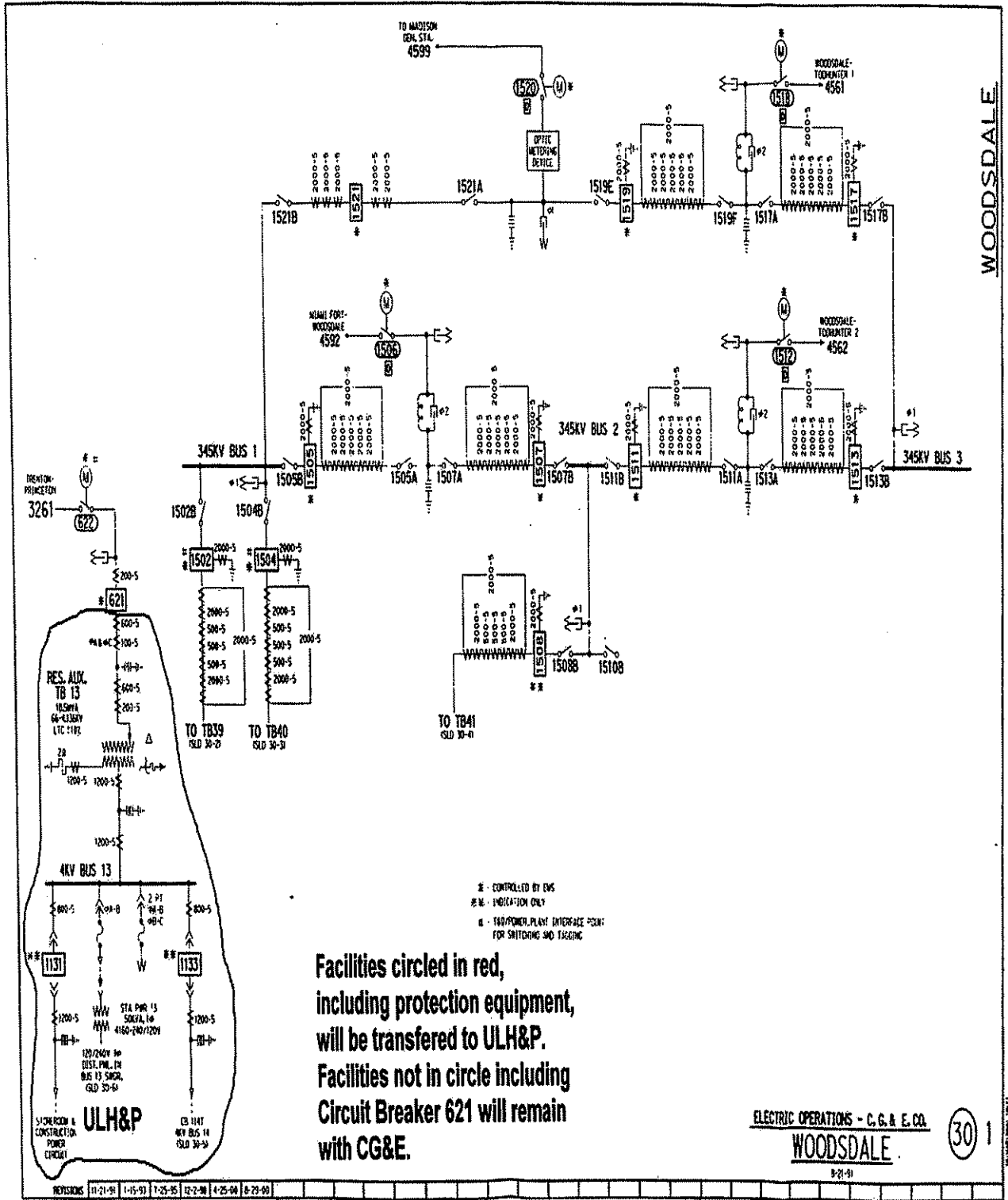
In conjunction with and simultaneous to the transfer of Woodsdale Station from Transferor to Transferee, the Transferor shall transfer an equivalent number of Transferor's share of SO₂ and NO_x emission allowances in inventory allocated to or otherwise assigned by the applicable regulatory agency to Woodsdale Station ("Woodsdale Emission Allowances") in accordance with this Schedule 2.01(i).

1. Woodsdale Emission Allowances for all years prior to the year in which the Closing occurs ("Closing Year") shall remain the property of Transferor, and shall not be transferred to Transferee. Further, notwithstanding anything to the contrary herein, Transferor shall retain a quantity of Woodsdale Emission Allowances equal to the number of associated early reduction credits obtained by Transferor.
2. All Woodsdale Emission Allowances for the years subsequent to the year in which the Closing occurs shall be transferred to Transferee at zero cost.
3. All Woodsdale Emission Allowances for the year in which the Closing occurs shall be apportioned to Transferor and Transferee based on the percentage of the applicable allowance season that each Party owns Woodsdale Station. The SO₂ allowance season shall be deemed to be January 1 through December 31 of the Closing Year. The NO_x allowance season shall be deemed to be May 1 through September 30 of the Closing Year.
 - a. Transferor shall retain a percentage of Woodsdale Emission Allowances for the Closing Year equal to the percentage of the Closing Year that Transferor owns Woodsdale Station;
 - b. Transferor shall transfer to Transferee at zero cost all remaining Woodsdale Emission Allowances for the Closing Year.

Schedule 2.02 (a)

Transmission Assets

See Attached



Facilities circled in red,
 including protection equipment,
 will be transferred to ULH&P.
 Facilities not in circle including
 Circuit Breaker 621 will remain
 with CG&E.

ELECTRIC OPERATIONS - C. G. & E. CO.
WOODDALE

30 1

Schedule 4.01 (c)(ii)

Transferor's Required Governmental and Third Party Consents

Section I

Securities and Exchange Commission under the Public Utilities Holding Company Act of 1935

Section II

Water Purchase Agreement by and between The Cincinnati Gas & Electric Company and Duke Energy Madison, LLC, March 10, 2000, and assigned to PSI Energy, Inc. by CinCap Madison ~~Madison~~, LLC (formerly by Duke Energy Madison, LLC) by that certain Assignment and Assumption Agreement with respect to Water Supply Agreement, dated February 5, 2003 by and between CinCap Madison, LLC and PSI Energy, Inc.

Private sidetrack agreement by and between CSX Transportation, Inc. and The Cincinnati Gas & Electric Company, dated October 11, 1990

Real Property

Situate in Sections 17 and 18, Town 1, Range 4, Madison Township, Butler County, Ohio and being more particularly described as follows:

Beginning at an existing stone at the Northeast corner of Section 18; Thence South 72°52'04" East, 500.94 feet to a concrete monument, passing a concrete monument on-line at 5.00 feet;

Thence South 00°05'37" West, 2563.89 feet to an existing iron pin in the South right-of-way line of Woodsdale Road, passing concrete monuments on-line at 855.00 feet, 1708.89 feet and 2513.88 feet;

Thence, along the south right-of-way of Woodsdale Road, the following courses and distances:

South 88°55'54" West, 826.16 feet to an existing iron pin;

South 74°22'54" West, 376.28 feet;

Thence, along the lines of Metro Parks of Butler County, Ohio, the following courses and distances:

North 47°51'07" West, 436.02 feet to an existing iron pin, passing an iron pin on-line at 59.11 feet;

North 40°30'00" East, 323.89 feet to an existing iron pin;

North 00°07'00" East, 285.05 feet to an existing iron pin;

North 87°49'00" West, 131.71 feet to an existing iron pin;

South 65°38'09" West, 749.34 feet to an existing iron pin;

South 00°02'02" East, 1030.64 feet to the south right-of-way of Woodsdale Road, passing an iron pin on-line at 972.04 feet;

Thence, along the south right-of-way of Woodsdale Road, the following courses and distances:

South 58°31'54" West, 129.53 feet;

South 32°56'54" West, 741.67 feet to an existing iron pin;

South 47°16'24" West, 491.61 feet to an existing iron pin;

South 78°49'24" West, 262.12 feet; Thence North 00°08'36" West 25.47 feet to a point in the centerline of Woodsdale Road;

Thence, along said centerline, South 81°11'02" West, 358.32 feet;

Thence, continuing along said centerline, South 71°03'19" West, 310.53 feet;

Thence North 00°20'12" West, 1760.04 feet to a concrete monument, passing a concrete monument on-line at 26.38 feet;

Thence South 89°37'27" East, 164.34 feet to a concrete monument;

Thence North 00°04'47" East, 1185.45 feet to a concrete monument, passing a concrete monument on-line at 924.00 feet;

Thence South 89°55'13" East, 1134.78 feet to an existing concrete monument, passing concrete monuments on-line at 470.04 feet and 1129.78 feet;

Thence North 00°13'19" East, 1597.17 feet to an existing iron pin in the North line of Section 18, passing concrete monuments on-line at 5.00 feet, 797.17 feet and 1592.17 feet;

Thence, along the North line of said Section 18, North 89°54'05" East, 813.47 feet an iron pin and cap set;

Thence, along new lines of division, the following courses and distances:

South 00°16'01" East, 545.52 feet to a spike set, passing a set Mag nail on-line at 396.45 feet;

North 89°57'19" East, 346.33 feet to a Mag nail set;

North 01°22'06" West, 148.86 feet to a Mag nail set;

North 89°48'01" East, 322.81 feet to a Mag nail set;

South 00°14'50" East, 128.86 feet;

South 34°31'44" West, 56.58 feet to a spike set;

South 00°11'32" East, 468.69 feet to a Mag nail set;

North 89°59'26" East, 503.44 feet to a Mag nail set;

North 00°18'33" East, 1041.37 feet to an iron pin and cap set in the North line of Section 18;

Thence, along the North line of said Section 18, North 89°54'05" East, 162.52 feet to the point of beginning.

Containing 29.037 acres in Section 17 and 192.221 acres in Section 18.

The above description is the result of a field survey performed in January, 2005 under the direct supervision of Edward J. Schwegman, Registered Land Surveyor No. 6868, State of Ohio.

Schedule 4.01 (k)

Transferor Contracts

(see Schedule 2.01(d))

Permits

Section I

See Schedule 2.01(e)

Section II

See Schedule 2.01(e)

Schedule 4.02 (c)(ii)

Transferee Required Governmental and Third Party Consents

Section I

Kentucky Public Service Commission

Section II

None

Document comparison done by DeltaView on Tuesday, February 14, 2006 3:25:33 PM

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Document 2	PowerDocs://MAIN3LEGAL/133969/11
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Padding cell	

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Moved to	1
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Format changed	0
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J-3

GAS SUPPLY AND MANAGEMENT AGREEMENT

KyPSC Case No. 2003-00252
Attachment C (7)
Page 44 of 56

This Gas Supply and Management Agreement ("Agreement") is made by and between The Cincinnati Gas & Electric Company, an Ohio Corporation ("Owner"), and Cinergy Marketing & Trading, LP, a Delaware limited partnership ("Company") (individually, "Party" and collectively, "Parties") and is effective June 1, 2003 ("Effective Date").

WHEREAS, Owner owns a power generation plant known as Woodsdale Generating Station located in Butler County, Ohio ("Plant"); and

WHEREAS, Owner desires to engage Company to manage Owner's needs for natural gas at the Plant; and

WHEREAS, Company is willing to serve as gas manager for the Plant under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, Owner and Company agree as follows:

ARTICLE I
GAS SUPPLY

1.1 Subject to the terms and conditions of this Agreement, Company will supply all of the gas needed by Owner during the Term of this Agreement for consumption at the Plant, injection into storage, or as gas for transportation, either by selling the gas to Owner from supplies owned or controlled by Company or by purchasing gas from third parties as agent for Owner. In addition to supplying the gas, Company will perform the following services for Owner:

- (a) nominate quantities of gas for transportation on pipelines under transportation contracts entered into by Company as agent for Owner;
- (b) arrange for the transportation of gas to the Plant or storage facilities;
- (c) negotiate and administer gas purchase contracts with third party suppliers, gas transportation contracts, parking and lending agreements, and gas storage contracts, as agent for Owner, including reconciling and resolving any imbalances;
- (d) receive and process invoices from gas suppliers, transporters, and storage facility operators and reconcile related statements, and if not paid directly by Owner, remit payments to the third parties subject to the rights to reimbursement hereunder;
- (e) manage and administer Owner's balancing agreements with transporting pipelines;
- (f) advise Owner with respect to, and implement on behalf of Owner, if directed by Owner, any hedging arrangements that may be beneficial to Owner;
- (g) develop and implement a communications protocol for Owner, Company, and third parties to follow with respect to the scheduling of gas to the Plant;

- (h) advise and consult with Owner regarding storage opportunities; and
- (i) gather and disseminate ongoing price index information.

ARTICLE II
AGENCY

2.1 Owner hereby appoints Company as its agent for and on behalf of Owner in respect of all actions taken and agreements and documents executed by Company in that capacity, in furtherance of the performance of Company's obligations under this Agreement.

2.2 Owner will, as soon as practicable after execution and delivery of this Agreement, execute and deliver to each third party, a notice of the appointment of Company as its agent hereunder and the purposes in respect of which such agency shall exist. Owner shall also execute and deliver any other notices required by Company to fulfill its agency obligations hereunder. All such notices shall modify Owner's address for service, for operational purposes, to be in care of Company.

2.3 Contracts with third parties that are for the sole benefit of Owner will be executed by Company on behalf of Owner in accordance with and subject to the following terms and conditions:

- (a) Company may execute such contracts either in its name only, in its name as an agent for an unidentified or undisclosed principal, or in its capacity as an agent for a disclosed principal, in which case Company may disclose the identity of Owner.
- (b) Company may warrant in such contracts that Owner has authority to contract for and bind Owner to the contract. Company may make such other warranties as are reasonably necessary for the transaction. Such warranties shall be binding on Owner.
- (c) Any contract executed by Company on behalf of Owner may have terms and provisions that are usual and customary in the industry.
- (d) Company shall exercise its reasonable efforts to discharge the obligations of Owner under the contracts with third parties; however, as between Owner and Company, Owner shall be solely responsible for the performance of the duties and obligations that arise under such contracts. Owner agrees to defend, indemnify, and hold harmless Company against any and all claims, actions, suits, liabilities, costs, and expenses (including attorneys' fees and court costs) arising out of or in connection with any breach of or performance under any such contract with a third party to the extent same is not caused by the gross negligence or willful misconduct of Company.

2.4 Company shall have the right to perform any other acts on Owner's behalf that are reasonably necessary or customary to accomplish the objectives hereunder.

ARTICLE III
SUPPLY OF GAS

3.1 No later than 5:00 p.m., Central Time ("CT"), on the fifth Day prior to the beginning of each Month, Owner will advise Company of the expected quantity of gas that Owner will need at the Plant during each Day of the respective Month ("Baseload Gas"). By no later than 9:00 a.m. CT on the Day preceding the Day of flow, Owner will advise Company of the quantity of gas that Owner expects to burn at the Plant during the subsequent Day. Owner will provide Company with as much notice as possible of any changes in Owner's gas needs during a Day. Any quantity of gas that exceeds the daily quantity of Baseload Gas shall be deemed to be "Swing Gas" or "Intraday Gas." Any gas purchased on a Day in excess of the Baseload Gas shall be deemed to be Swing Gas if Owner notified Company of Owner's need for the gas prior to 9:00 a.m., CT, on the Day preceding the Day of flow and shall be deemed to be Intraday Gas if Owner notified Company of Owner's need for the gas on or after 9:00 a.m., CT, on the Day preceding the Day of flow. The term "Day," when capitalized, shall mean a period commencing at 8:00 a.m., CT, on one calendar day and ending at 8:00 a.m., CT, on the following calendar day. The term "Month," when capitalized, shall mean a period commencing at 8:00 a.m., CT, on the first calendar day of a calendar month and ending at 8:00 a.m., CT, on the first calendar day of the following calendar month. The term "gas" shall mean natural gas.

3.2 To the extent not withdrawn from storage, Company shall have the option to either sell all or part of the Baseload Gas and Swing Gas for the Plant to Owner or secure supplies of gas to be used as Baseload Gas or Swing Gas from third parties in its capacity as agent for Owner. The quantity of gas that Company will be required to supply on any Day shall be equal to the Plant's full requirements, but not to exceed the Maximum Daily Quantity of gas for the Plant or storage facility as set forth in Exhibit A, which is attached hereto and incorporated by reference. Exhibit A will be amended to reflect any increases and decreases in the Plant's consumption levels from time to time. Owner will use reasonable efforts to notify Company of the start and stop times of the Plant with as much advance notice as is possible under the circumstances.

3.3 The following terms and conditions shall apply to any of the Baseload Gas and Swing Gas that Company sells to Owner:

- (a) The price per MMBtu to be paid for Baseload Gas delivered to the Delivery Point shall be equal to the Index Price, as published in *Inside FERC's Gas Market Report* in the table entitled "Prices of Spot Gas Delivered to Pipelines" in the first publication of the month for the month of delivery for the pricing location agreed to by Company and Owner. The Parties will endeavor to agree on the pricing location prior to the flow of the gas.
- (b) The price per MMBtu to be paid for Swing Gas delivered to the Delivery Point shall be equal to the Midpoint price for the Day of delivery, as published by *Gas Daily* in its table entitled "Daily Price Survey" for the pricing location agreed to by Company and Owner. The Parties will endeavor to agree on the delivery location prior to the flow of the gas.

- (c) The price per MMBtu to be paid for Intraday Gas delivered to the Delivery Point shall be equal to the total price per MMBtu asked by Company for the sale of the gas.
- (d) In addition to the prices payable under Paragraphs 3.3(a), (b), and (c), Owner shall reimburse Company for all transportation fees and charges (including losses associated with cashouts and other balancing charges) incurred by Company with respect to the transportation of the gas from the agreed upon pricing location to the Delivery Point or otherwise (including any tariff surcharges and gas reimbursement charges adjusted to a per MMBtu basis). Notwithstanding the foregoing, to the extent that an Assigned Transportation Contract, as defined in Article V, is utilized to transport the gas, Owner shall not have to reimburse Company for any of the demand charges under such contract pursuant to this Section 3.3(d).
- (e) The Delivery Points at which title shall pass from Company to Owner for all gas delivered hereunder shall be at either: (i) the applicable receipt point under Owner's transportation contract with the transporting pipeline company, if one is being used, (ii) the inlet to the storage facility injection system, or (iii) the outlet of the meter station measuring gas delivered at the Plant. Title and risk of loss to all gas purchased hereunder will pass to Owner at the respective Delivery Point(s). Company warrants that, at the time of delivery of all gas hereunder to Owner, Company will have the right to sell such gas, that such gas will be free and clear of all liens, encumbrances, or claims, and that Owner will receive good title to all such gas. Company will be deemed to have possession of the gas upstream of the Delivery Point(s) and will be responsible for all necessary transportation of the gas from Company's source(s) of such gas to the Delivery Point(s), subject however to the provisions of Section 3.3(d). Owner will be deemed to have possession of the gas downstream of the Delivery Point(s) and will be responsible for all transportation of the gas from the Delivery Point(s). As between the Parties hereto, Company shall be responsible for and indemnify, defend, and hold Owner harmless with respect to any losses, injuries, claims, liabilities, or damages occurring while the gas is in Company's possession, and Owner shall be responsible for and indemnify, defend, and hold Company harmless with respect to any losses, injuries, claims, liabilities, or damages occurring while the gas is in Owner's possession. Both Parties' obligation for indemnification shall also include the obligation to reimburse the indemnified Party for its attorneys' fees and other costs and expenses.
- (f) The rules, guidelines, and policies of the transporting pipeline company(s) actually transporting gas hereunder to or from the Delivery Point(s) shall define and set forth, among other things, the manner in which gas purchased and sold under this Agreement is transported. Owner and Company recognize that the receipt and delivery on the transporter's pipeline facilities of gas purchased and sold under this Agreement shall be subject to the operational procedures of the transporter. If the transporter elects to transport in accordance with the General Terms and Conditions of its then effective Federal Energy Regulatory Commission approved gas tariff, which may allow the transporter to impose penalties for imbalances, Owner and

Company shall be obligated to use their best efforts to avoid imposition of such penalties. If Owner or Company receives an invoice from the transporter that includes an imbalance penalty charge, both Parties shall be obligated to use their best efforts to determine the validity as well as the cause of such imbalance penalty charge. If the Parties determine that the imbalance penalty charge was imposed as a result of Owner's actions or inactions (which shall include, but shall not be limited to, Owner's failure to accept a daily quantity of gas equal to Owner's nomination of its daily volume requirements) then Owner shall pay for such imbalance penalty charge and any associated costs, if any. If the Parties determine that the imbalance penalty charge was imposed as a result of Company's actions or inactions (which shall include, but not be limited to, Company's failure to deliver a daily quantity of gas equal to Owner's nomination of its daily volume requirements), then Company shall pay such imbalance penalty charge and associated costs, if any.

- (g) Gas delivered at the Delivery Point(s) hereunder shall be measured by the transporter receiving the gas at the Delivery Point(s) in accordance with its tariff or standard practices and procedures or by the transporter delivering the gas at such point if there is not a transporter that receives the gas at the Delivery Point, unless the Parties agree in advance on an alternative measuring party. The unit of measurement shall be one million British Thermal Units ("MMBtu"). One "British Thermal Unit" is defined as the amount of heat required to raise the temperature of one (1) pound of water from 59°F to 60°F. The Parties agree to accept the measuring transporter's measurements, including adjustments thereto, for all purposes hereunder, subject to the limitation on adjustments in Section 7.1.
- (h) As between the Parties, Company will be solely responsible for and will pay all taxes of whatever kind imposed with respect to the gas sold under this Agreement prior to its delivery at the Delivery Point, and Owner will be solely responsible for and will pay all taxes of whatever kind imposed with respect to the gas sold under this Agreement upon or after its delivery at the Delivery Point. Owner shall pay or cause to be paid any taxes imposed by the state in which the gas sold hereunder is consumed. If Company is required to remit any such tax owed by Owner to the taxing authority, Owner shall reimburse Company for such amount. If Owner claims an exemption from any such taxes, Owner will provide Company with appropriate exemption certificates.

3.4 As an alternative to selling gas to Owner, Company may secure supplies of gas by entering into gas purchase contracts with third parties in its capacity as agent for Owner. Company will make all arrangements for the transportation of the gas to the Delivery Point. Owner shall reimburse Company for all costs and expenses that are incurred by Company with respect to purchasing gas under any of the contracts with third parties or causing the gas to be transported to the Delivery Point. Possession, title, ownership and control of gas acquired from third parties by Company as agent for Owner will pass to Owner at the Delivery Point(s) under the third party contract. As between the Parties, Owner will be deemed to be in control and possession of, and will be solely liable and responsible for, all gas received from a third party.

3.5 All gas delivered by Company to Owner at the Delivery Point(s) shall be of quality equal to the quality specifications required by the transporting pipelines delivering or receiving gas at such Delivery Point(s).

3.6 All gas delivered at the Delivery Point shall be delivered at a pressure sufficient to effect delivery into the applicable facilities receiving the gas.

3.7 If Owner does not consume at the Plant, inject into storage, or use as a reimbursement of gas under any transportation contract all of the gas to be delivered as Baseload Gas, Swing Gas, or Intraday Gas, whether being sold by Company to Owner or being acquired from third parties by Company as agent for Owner, Company will use reasonable efforts to resell the gas to third parties unless Company and Owner make mutually agreeable alternative arrangements with respect to such gas. All profits and losses, including any incremental transportation costs, incurred in reselling the gas not consumed shall be for the account of Owner; provided, however, if any profit per MMBtu made on the resell of the gas is in excess of \$.05 per MMBtu of gas resold, the portion of the profit in excess of \$.05 shall be shared by Company and Owner on an even basis.

ARTICLE IV TERM

4.1 This Agreement shall become effective on June 1, 2003 and, unless terminated earlier pursuant to the other provisions hereof, shall remain in full force and effect for a term until June 1, 2006 ("Term"), thereafter this Agreement shall remain in full force and effect from year -to- year unless terminated by either Party prior to the end of the Term or at the end of any year thereafter by giving the other Party at least 90 days' prior written notice.

ARTICLE V OWNER'S TRANSPORTATION AGREEMENTS

5.1 Owner is currently a party to various gas transportation, parking and lending, and storage contracts described in Part B of Exhibit A. Part B of Exhibit A will be amended from time to time to add thereto any new contracts of such types entered into by Owner (including those executed by Company as agent for Owner) after the Effective Date of this Agreement. Unless the specific contract is covered by Section 5.2 below, during the Term of this Agreement Company will manage such contract for Owner and shall perform the following specific duties:

- (a) provide nominations and confirmations to the transporting pipeline;
- (b) submit or manage the release of any excess capacity including handling any posting of available capacity on the transporting pipeline's bulletin board, evaluating bids, and executing documentation necessary to implement the release of the capacity;
- (c) reconcile imbalances under the transportation contract;

- (d) unless the transporting pipeline bills Owner directly, receive and process payments due the transporting pipeline, subject to Company's right to be reimbursed therefore by Owner; and

whenever it is determined that the transportation capacity is not needed to transport gas to the Plant, Company will take steps to have such capacity released pursuant to the capacity release rules of the Federal Energy Regulatory Commission and the transporting pipeline. Company may bid on any such capacity for its own use.

5.2 With respect to any transportation or transportation related contract between Owner and a third party that is listed in Part C of Exhibit A, Owner shall release all of its capacity under such contract to Company, with 100% recallable rights, for the Term of this Agreement (referred to herein as an "Assigned Transportation Contract"). With respect to each Assigned Transportation Contract, during the Term of this Agreement, Owner will pay Company an amount each month equal to the demand charges assessed under such contract during each Month. To the extent any portion of the released capacity is utilized for Owner's benefit to deliver gas to the Plant or to a storage facility for storage of Owner's gas, Owner shall be obligated to reimburse Company for all commodity changes, percentages and fuel associated with such capacity pursuant to Sections 3.3(d) or 3.4 hereof.

ARTICLE VI NOTICES

6.1 Any demand, statement, or notice required or permitted under this Agreement shall be in writing and may be delivered by mail, major delivery service such as Federal Express, UPS, or the like, in person, or by facsimile, and will be deemed given upon actual receipt by the recipient if sent to the following addresses. Payments shall be sent by wire transfer or ACH to the designated account, or any different account set forth in an invoice, or if no account is specified, by check to the specified address for payment.

COMPANY:

General

Cinergy Marketing & Trading, LP
1100 Louisiana, Suite 4900
Houston, TX 77002
Attn: Contract Administration
Phone: 713-393-6813
Fax: 713-890-3129

Payments

Pay: Bank One, N.A.
ABA: 071-000-013
For Account of: Cinergy Marketing & Trading
LP
Account #: 55-59340

Dispatch

Cinergy Marketing & Trading, LP
1100 Louisiana, Suite 4900
Houston, TX 77002
Attn: Gas Control
Phone: 713-393-6800
Fax: 713-890-3134

OWNER:

General

The Cincinnati Gas &
Electric Company
c/o PSI Energy, Inc.
Attn: VP, Gas & Mining
1000 East Main Street
Plainfield, Indiana 46168
Telephone: 317-838-1023

Payments

The Cincinnati Gas &
Electric Company
c/o PSI Energy, Inc.
Attn: Cost Accounting
1000 East Main Street
Plainfield, Indiana 46168
Telephone: 317-838-1023 Fax: 5317-838-1672
Fax: 5317-838-1672

Dispatch

The Cincinnati Gas &
Electric Company
139 E. Fourth Street
Cincinnati, Ohio 45202
Attn: Energy Scheduler
Telephone: 513-419-5332
Fax: 513-419-5665

ARTICLE VII
BILLINGS AND PAYMENTS

7.1 On or before the fifteenth (15th) day of each month, Company will render to Owner a statement showing the total quantities of gas delivered at the Delivery Point(s) during the preceding month, the total quantities of gas delivered to the Plant or into storage for Owner's account, the price(s) in effect for such gas, and the total amount due therefor, all third party charges for which Owner is responsible (including gas purchase, transportation, and storage costs not remitted directly by Owner), the Administrative Fees due Company, amounts due either Party under Section 3.7 and 5.2, and any credits due Owner. Statements will be based on estimated quantities if actual quantities are unavailable at the time for such billing, with corrections to actual quantities to be made on the next month's statement. Owner will pay to Company the stated total amount by the later of the tenth (10th) day following Owner's receipt of Company's invoice or the twenty-fifth (25th) day of the month following the month of deliveries of gas to the Plants, by wire transfer or, if available, automated clearinghouse in accordance with the payment instructions provided by Company or Owner. If Owner in good faith disputes a portion of the statement, it will pay the undisputed portion and the Parties shall proceed as expeditiously as possible to resolve the dispute. Past due amounts (including amounts that were initially disputed but later determined to be owed) and refunds shall bear interest at the lesser of the prime rate charged from time to time by Citibank, N.A., N.Y., N.Y. plus two percent (2%) per annum, compounded monthly, or the maximum lawful rate of interest, from the due date (the original due date in the case of amounts that had been disputed) or date of overpayment until the date paid. No adjustment to any statement or payment will be made after the lapse of two (2) years after the applicable Month of deliveries. All amounts due the Parties hereunder shall be netted into a single payment each Month.

ARTICLE VIII
FORCE MAJEURE

8.1 Non-performance of any obligation hereunder, other than the obligation to pay for Gas taken, the obligation to pay Imbalance Penalties, or an indemnity obligation, shall be excused if prevented, in whole or part, by an occurrence of an Event of Force Majeure, but only for so long as performance is prevented by such Event of Force Majeure. The Party claiming excuse shall promptly advise the other Party of such Event of Force Majeure and shall seek to remedy the occurrence with all reasonable dispatch. The term "Event of Force Majeure" shall mean any event or occurrence involving an act of God; strikes, lockouts, or other industrial disturbances; wars; insurrections, riots, or other civil disturbances; landslides; lightning; earthquakes; fires; storms; hurricanes or threats of hurricanes; floods; governmental restraints or orders; failure, interruption, or curtailment of storage or transportation; breakdown or damage to plants, pipelines, equipment, or machinery; well freeze-ups; and any other event or occurrence beyond the reasonable control of the Party and not caused by the negligence of the Party in whole or in part.

ARTICLE IX
INDEMNIFICATION

9.1 Owner covenants and agrees that it shall indemnify and save harmless Company from and against any and all claims, actions, liabilities, suits, damages, costs, and expenses which may be brought against Company or suffered or incurred by Company in its capacity as agent for and on behalf of Owner in the performance by Company of its obligations hereunder; provided however that this indemnification shall be applicable only to the extent that Company is performing its obligations hereunder as agent for and on behalf of Owner, and such claims, actions, liabilities, suits, damages, costs, and expenses are not caused by the gross negligence or willful misconduct of Company.

9.2 Owner shall not be obligated to indemnify Company pursuant to Section 9.1 hereof in the event of gross negligence or willful misconduct of Company or any of its officers, directors, employees, or agents.

9.3 Company covenants and agrees that it shall indemnify and save harmless Owner from and against any and all claims, actions, liabilities, suits, damages, costs, and expenses which may be brought against Owner or suffered or incurred by Owner arising or resulting from the gross negligence or willful misconduct of Company or any of its officers, directors, employees, or agents in the performance of its obligations hereunder.

ARTICLE X
ADMINISTRATIVE FEE

10.1 As an Administrative Fee, Owner shall pay Company an amount, determined monthly, equal to three cents (\$.03) per MMBtu for all gas supplied by Company to Owner during the

month, irrespective of whether the gas is consumed at the Plant, injected into storage, or provided as fuel gas to a transporting pipeline.

ARTICLE XI
MISCELLANEOUS

11.1 If any provision hereof is determined to be void, invalid, or unenforceable, the remaining provisions hereof shall remain in effect. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

11.2 This Agreement may not be assigned by either Party hereto, except to an affiliate of the assigning Party, without the written consent of the other Party. However, either Party may pledge, mortgage, or assign its rights hereunder as security for indebtedness without obtaining the other Party's consent and without the assignee being liable for its assignor's obligations hereunder. This Agreement extends to and will be binding upon the permitted successors and assigns of Owner and Company.

11.3 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO. This Agreement shall be considered for all purposes to have been prepared through the joint efforts of the Parties hereto and shall not be construed against one Party or the other as a result of the preparation or other event of negotiation, drafting, or execution hereof.

11.4 Either Party shall have the right to setoff any amounts due from or owed to it hereunder against any amounts due from or owed to it hereunder or under other contracts between the Parties and vice versa. Each right of setoff may be exercised without demand on or prior notice to the other Party and shall not be deemed to be waived by a Party under any circumstances.

11.5 IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PUNITIVE, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR INDIRECT DAMAGES ARISING FROM ITS PERFORMANCE OR FAILURE TO PERFORM HEREUNDER.

11.6 This document constitutes the entire agreement between the Parties with respect to the subject matter hereof. No promises, agreements, or warranties not specifically set forth in such documents will be deemed to be a part hereof, nor will any alteration, amendment, or modification hereof be effective unless confirmed in writing.

11.7 There are no third party beneficiaries to this Agreement.

11.8 The terms of this Agreement including, without limitation, the price paid for the gas and the volumes of gas purchased or sold, shall be kept confidential by the Parties hereto, except to the extent that any information must be disclosed to a third party for the purpose of effectuating transportation of the gas or to regulatory agencies or to the extent a Party desires to disclose such to the owners of a Party.

ARTICLE XII
ALTERNATIVE DISPUTE RESOLUTION

12.0 If a dispute arises between the Parties relating to this Agreement or the performance hereof, the Parties agree to the following Alternative Dispute Resolution ("ADR") procedure prior to either Party pursuing other available remedies:

(i) A meeting shall be held promptly between the Parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

(ii) If, within thirty (30) days after such meeting, the Parties have not succeeded in negotiating a resolution of the dispute, they will jointly appoint a mutually acceptable neutral person not affiliated with either of the Parties (the "Neutral") to act as a mediator. If the Parties are unable to agree on the Neutral within twenty (20) days, they shall seek assistance in such regard from the Center for Resolution of Disputes in Cincinnati, Ohio. ("CRD"). The fees of the Neutral and all other common fees and expenses shall be shared equally by the Parties.

(iii) The mediation may proceed in accordance with CRD's Model Procedure for Mediation of Business Disputes, or the Parties may agree in advance to mutually establish their own procedure.

(iv) The Parties shall pursue mediation in good faith and in a timely manner. In the event the mediation does not result in resolution of the dispute within sixty (60) days, then, upon seven (7) days' written notice to the other Party, either Party may suggest another form of ADR, e.g., arbitration, a mini-trial or a summary jury trial, or may pursue other available remedies.

12.1 All ADR proceedings shall be strictly confidential and used solely for the purposes of settlement. Any materials prepared by one Party for the ADR proceedings shall not be used as evidence by the other Party in any subsequent litigation; *provided, however*, the underlying facts supporting such materials may be subject to discovery.

12.2 Each Party fully understands its specific obligations under the ADR provisions of this Agreement. Neither Party considers such obligations to be vague or in any way unenforceable, and neither Party will contend to the contrary at any future time or in any future proceedings.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple originals.

Cinergy Marketing & Trading, LP

By: _____

Title: _____

[Handwritten Signature]
VICE PRESIDENT
SRP

The Cincinnati Gas & Electric Company

By: _____

Title: _____

[Handwritten Signature]
General Manager

Exhibit A
To
Gas Supply and Management Agreement

A. Plant Maximum Daily Quantity of Gas

Woodsdale Plant in
Butler County, OH

160,000 MMBtu/d

B. Transportation and Other Contracts of Owner

1. Gas Service Agreement for Rate Schedule FT-1 between Texas Eastern Transmission Corporation and Cinergy Marketing & Trading, LP (as agent for CG&E) dated April 19, 2001.
2. Gas Operational Balancing Agreement between Texas Eastern Gas Transmission Corporation and Cinergy Marketing and Trading, LP (as agent for CG&E) dated April 1, 2001.

C. Assigned Transportation Contracts

1. Service Agreement for Rate Schedule FT-1 between Texas Eastern Transmission Corporation and Cinergy Marketing & Trading, LP (as agent for CG&E) dated April 19, 2001.
2. Operational Balancing Agreement between Texas Eastern Transmission Corporation and Cinergy Marketing and Trading, LP (as agent for CG&E) dated April 1, 2001.

Attachment D – Accounting entries

**Transfer of The Cincinnati Gas & Electric Company Electric Production Plants
East Bend, Woodsdale, and Miami Fort Unit 6
to The Union Light, Heat & Power Company**

The Cincinnati Gas & Electric Company

<u>Account</u>	<u>Account Description</u>	<u>12/31/2005 Balance</u>	<u>East Bend</u>	<u>Woodsdale</u>	<u>MF#6</u>
Net Book Value of Plant in Service					
101/106	Electric Plant In Service / Completed Construction Not Classified	\$ 746,943,254.56	\$ 416,647,131.54	\$ 261,846,182.14	\$ 68,449,940.88
108	Accumulated Provision for Depreciation of Electric Utility Plant	\$ (381,838,863.62)	\$ (205,250,465.15)	\$ (121,450,477.54)	\$ (55,137,920.93)
	Total	<u>\$ 365,104,390.94</u>	<u>\$ 211,396,666.39</u>	<u>\$ 140,395,704.60</u>	<u>\$ 13,312,019.95</u>
Construction Work in Progress/Retirement Work in Progress (Salvage)					
107	Construction Work in Progress	\$ 10,486,553.58	\$ 574,830.45	\$ 9,122,177.58	\$ 789,545.55
108	Retirement Work in Progress	\$ (102,239.13)	\$ (102,239.13)	-	-
	Total	<u>\$ 10,384,314.45</u>	<u>\$ 472,591.32</u>	<u>\$ 9,122,177.58</u>	<u>\$ 789,545.55</u>
Asset Retirement Obligation					
230	Asset Retirement Obligation	\$ (1,736,392.95)	\$ (1,280,199.70)	-	\$ (456,193.25)
Material and Supplies Inventory					
154	Plant Materials and Operating Supplies	\$ 9,480,077.20	\$ 6,134,499.12	\$ 2,229,643.60	\$ 1,115,934.48
154	Plant Materials and Operating Supplies (DP&L Portion of Other M&S)	\$ (1,901,694.71)	\$ (1,901,694.71)	-	-
163	Stores Expense Undistributed	\$ 439,567.18	\$ 228,181.89	\$ 140,876.66	\$ 70,508.63
154	Plant Materials and Operating Supplies (Reserve for Loss on Parts)	\$ (181,325.71)	-	\$ (181,325.71)	-
	Total	<u>\$ 7,836,623.96</u>	<u>\$ 4,460,986.30</u>	<u>\$ 2,189,194.55</u>	<u>\$ 1,186,443.11</u>
Fuel Inventory (Coal, Oil, Lime, Propane) and Prepaid Synfuel					
151	Fuel Stock	\$ 8,362,735.52	\$ 4,014,483.39	\$ 2,526,223.52	\$ 1,822,028.61
154	Plant Materials and Operating Supplies	\$ 480,676.58	\$ 480,676.58	-	-
165	Prepayments	\$ 5,903,620.44	\$ 5,903,620.44	-	-
	Total	<u>\$ 14,747,032.54</u>	<u>\$ 10,398,780.41</u>	<u>\$ 2,526,223.52</u>	<u>\$ 1,822,028.61</u>
Emission Allowance Inventory					
158	Allowance Inventory	\$ 771,504.25	-	-	-
Tax					
190	Accumulated Deferred Income Taxes	\$ 3,263,782.00	-	-	-
255	Accumulated Deferred Investment Tax Credit	\$ (5,342,874.00)	-	-	-
282	Accumulated Deferred Income Taxes	\$ (83,391,917.00)	-	-	-
283	Accumulated Deferred Income Taxes	\$ 645,938.00	-	-	-
	Total	<u>\$ (84,825,071.00)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Grand Total - Net Decrease in Asset for CG&E		<u><u>\$ 312,282,402.19</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Transfer of The Cincinnati Gas & Electric Company Electric Production Plants
East Bend, Woodsdale, and Miami Fort Unit 6
to The Union Light, Heat & Power Company**

The Union Light Heat & Power Company

<u>Account</u>	<u>Account Description</u>	<u>12/31/2005 Balance</u>	<u>East Bend</u>	<u>Woodsdale</u>	<u>MF#6</u>
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	107 Constuction Work In Progress	\$ 10,486,553.58	\$ 574,830.45	\$ 9,122,177.58	\$ 789,545.55
	108 Retirement Work in Progress	<u>\$ (102,239.13)</u>	<u>\$ (102,239.13)</u>	<u>\$ -</u>	<u>\$ -</u>
	Total	<u>\$ 10,384,314.45</u>	<u>\$ 472,591.32</u>	<u>\$ 9,122,177.58</u>	<u>\$ 789,545.55</u>
Asset Retirement Obligation					
	230 Asset Retirement Obligation	<u>\$ (1,736,392.95)</u>	<u>\$ (1,280,199.70)</u>	<u>\$ -</u>	<u>\$ (456,193.25)</u>
Material and Supplies Inventory					
	154 Plant Materials and Operating Supplies	\$ 9,480,077.20	\$ 6,134,499.12	\$ 2,229,643.60	\$ 1,115,934.48
	154 Plant Materials and Operating Supplies (DP&L Portion of Other M&S)	<u>\$ (1,901,694.71)</u>	<u>\$ (1,901,694.71)</u>		
	163 Stores Expense Undistributed	\$ 439,567.18	\$ 228,181.89	\$ 140,876.66	\$ 70,508.63
	154 Plant Materials and Operating Supplies (Reserve for Loss on Parts)	<u>\$ (181,325.71)</u>		<u>\$ (181,325.71)</u>	
	Total	<u>\$ 7,836,623.96</u>	<u>\$ 4,460,986.30</u>	<u>\$ 2,189,194.55</u>	<u>\$ 1,186,443.11</u>
Fuel Inventory (Coal, Oil, Lime, Propane) and Prepaid Syntfuel					
	151 Fuel Stock	\$ 8,362,735.52	\$ 4,014,483.39	\$ 2,526,223.52	\$ 1,822,028.61
	154 Plant Materials and Operating Supplies	\$ 480,676.58	\$ 480,676.58	\$ -	\$ -
	165 Prepayments	<u>\$ 5,903,620.44</u>	<u>\$ 5,903,620.44</u>	<u>\$ -</u>	<u>\$ -</u>
	Total	<u>\$ 14,747,032.54</u>	<u>\$ 10,398,780.41</u>	<u>\$ 2,526,223.52</u>	<u>\$ 1,822,028.61</u>
Emission Allowance Inventory					
	158 Allowance Inventory	<u>\$ 771,504.25</u>			
Tax					
	190 Accumulated Deferred Income Taxes	\$ 3,474,349.00			
	255 Accumulated Deferred Investment Tax Credit	<u>\$ (5,342,874.00)</u>			
	282 Accumulated Deferred Income Taxes	\$ (91,112,980.00)			
	283 Accumulated Deferred Income Taxes	<u>\$ 687,611.00</u>			
	Total	<u>\$ (92,293,894.00)</u>			
	Grand Total - Net Increase in Asset for ULH&P	<u>\$ 304,813,579.19</u>			

**Subsequent Adjustment Related to the
Transfer of The Cincinnati Gas & Electric Company Electric Production Plants
East Bend, Woodsdale, and Miami Fort Unit 6
to The Union Light, Heat & Power Company**

The Cincinnati Gas & Electric Company

<u>Account</u>	<u>Account Description</u>	<u>12/31/2005 Balance</u>	<u>East Bend</u>	<u>Woodsdale</u>	<u>MF#6</u>
Net Book Value of Plant in Service					
	101/106 Electric Plant in Service / Completed Construction Not Classified	\$ 326,944.72	\$ 230,066.44	\$ -	\$ 96,878.28
	108 Accumulated Provision for Depreciation of Electric Utility Plant	\$ (146.85)	\$ -	\$ (146.85)	\$ -
	Total	<u>\$ 326,797.87</u>	<u>\$ 230,066.44</u>	<u>\$ (146.85)</u>	<u>\$ -</u>
Construction Work in Progress/Retirement Work in Progress (Salvage)					
	107 Constuction Work In Progress	\$ (4,370.62)	\$ (4,370.62)	\$ -	\$ -
	108 Retirement Work in Progress	\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ (4,370.62)</u>	<u>\$ (4,370.62)</u>	<u>\$ -</u>	<u>\$ -</u>
Fuel Inventory (Coal, Oil, Lime, Propane) and Prepaid Synfuel					
	131 Cash	\$ 224,075.01	\$ 224,075.01	\$ -	\$ -
	253 Other Deferred Credits	\$ (224,075.01)	\$ (224,075.01)	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tax					
	190 Accumulated Deferred Income Taxes	\$ 1,719,092.00			
	Total	<u>\$ 1,719,092.00</u>			
Grand Total - Net Decrease in Asset for CG&E		<u><u>\$ 2,041,519.25</u></u>			

**Subsequent Adjustment Related to the
Transfer of The Cincinnati Gas & Electric Company Electric Production Plants
East Bend, Woodsdale, and Miami Fort Unit 6
to The Union Light, Heat & Power Company**

The Union Light Heat & Power Company

<u>Account</u>	<u>Account Description</u>	<u>12/31/2005 Balance</u>	<u>East Bend</u>	<u>Woodsdale</u>	<u>MF#6</u>
Net Book Value of Plant In Service					
	101/106 Electric Plant In Service / Completed Construction Not Classified	\$ 326,944.72	\$ 230,066.44	\$ -	\$ 96,878.28
	108 Accumulated Provision for Depreciation of Electric Utility Plant	\$ (146.85)	\$ -	\$ (146.85)	\$ -
	Total	<u>\$ 326,797.87</u>	<u>\$ 230,066.44</u>	<u>\$ (146.85)</u>	<u>\$ -</u>
Construction Work in Progress/Retirement Work in Progress (Salvage)					
	107 Constuction Work In Progress	\$ (4,370.62)	\$ (4,370.62)	\$ -	\$ -
	108 Retirement Work in Progress	\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ (4,370.62)</u>	<u>\$ (4,370.62)</u>	<u>\$ -</u>	<u>\$ -</u>
Fuel Inventory (Coal, Oil, Lime, Propane) and Prepaid Synfuel					
	131 Cash	\$ 224,075.01	\$ 224,075.01	\$ -	\$ -
	253 Other Deferred Credits	\$ (224,075.01)	\$ (224,075.01)	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tax					
	190 Accumulated Deferred Income Taxes	\$ 1,719,092.00			
	Total	<u>\$ 1,719,092.00</u>			
Grand Total - Net Increase in Asset for ULH&P		<u><u>\$ 2,041,519.25</u></u>			

THE UNION LIGHT, HEAT AND POWER COMPANY

**Asset Transfer Financing Analysis
For the Transfer of The Cincinnati Gas & Electric Company Electric Production Plants
East Bend, Woodsdale, and Miami Fort Unit 6
to The Union Light, Heat & Power Company**

As of January 1, 2006

Debt/Equity Detail

Total Available for Debt Assumption	\$ 167,000,000
Total Equity Contribution	\$ 139,855,099

Debt Assumption Detail

CG&E Boone County Series 1985A due 2013	\$ 16,000,000
CG&E Boone County Series 1994A due 2024	\$ 48,000,000
CG&E Boone County 6.5% due 2015	\$ 12,720,000
Total Tax Exempt Debt Assumption	<u>\$ 76,720,000</u>
Total Accounts Payable to Affiliates Assumption	<u>\$ 90,280,000</u>
	<u>\$ 167,000,000</u>

Accounts Payable Assumption Detail

Cinergy Corp.	\$ 65,285,472
Cinergy Services	\$ 24,994,528
	<u>\$ 90,280,000</u>

**Transfer of The Cincinnati Gas & Electric Company Electric Production Plants
East Bend, Woodsdale, and Miami Fort Unit 6
to The Union Light, Heat & Power Company**

**The Cincinnati Gas & Electric Company
January 1, 2006**

<u>Entry #</u>	<u>Account</u>	<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
1	102	Electric Plant Purchased or Sold		375,811,133
	123	Investment in ULH&P	147,323,921	
	145	Notes Receivable from Affiliated Companies	76,720,000	
	131	Cash		224,075
	151	Fuels		8,362,736
	154	Plant Materials and Operating Supplies		7,877,733
	158	Allowance Inventory		771,504
	163	Stores Expense Undistributed		439,567
	165	Prepayments		5,903,620
	190	Accumulated Deferred Income Taxes		4,982,874
	230	Asset Retirement Obligation	1,736,393	
	234	Accounts Payable to Affiliated Companies	90,280,000	
	253	Other Deferred Credits	224,075	
	255	Accumulated Deferred Investment Tax Credit	5,342,874	
	282	Accumulated Deferred Income Taxes	83,391,917	
	283	Accumulated Deferred Income Taxes		645,938
	To record CG&E's transfer of the production plants, fuel, inventory, and related deferred income taxes.			
2	102	Electric Plant Purchased or Sold	757,752,382	
	101/106	Electric Plant In Service / Completed Construction Not Classified		747,270,199
	107	Construction Work In Progress		10,482,183
To transfer the original cost of production plants out of accounts 101, 106 and 107.				
3	108	Accumulated Provision for Depreciation of Electric Utility Plant	381,941,250	
	102	Electric Plant Purchased or Sold		381,941,250
To transfer accumulated provision for depreciation of production plant out of account 108.				
4	123	Investment in ULH&P		7,468,823
	190	Accumulated Deferred Income Taxes		210,567
	282	Accumulated Deferred Income Taxes	7,721,063	
	283	Accumulated Deferred Income Taxes		41,673
To record additional "above the line" deferred income taxes related to ULH&P's acquisition of the production plants, fuel, and related inventory.				
			<u>1,552,433,875</u>	<u>1,552,433,875</u>

**Transfer of The Cincinnati Gas & Electric Company Electric Production Plants
East Bend, Woodsdale, and Miami Fort Unit 6
to The Union Light, Heat & Power Company**

**The Union Light, Heat & Power Company Entries
January 1, 2006**

Entry #	Account	Account Title	Debit	Credit
1	102	Electric Plant Purchased or Sold	375,811,133	
	208	Donations Received from Stockholders		147,323,921
	233	Notes Payable to Affiliated Companies		76,720,000
	131	Cash	224,075	
	151	Fuels	8,362,736	
	154	Plant Materials and Operating Supplies	7,877,733	
	158	Allowance Inventory	771,504	
	163	Stores Expense Undistributed	439,567	
	165	Prepayments	5,903,620	
	190	Accumulated Deferred Income Taxes	4,982,874	
	230	Asset Retirement Obligation		1,736,393
	234	Accounts Payable to Affiliated Companies		90,280,000
	253	Other Deferred Credits		224,075
	255	Accumulated Deferred Investment Tax Credit		5,342,874
	282	Accumulated Deferred Income Taxes		83,391,917
283	Accumulated Deferred Income Taxes	645,938		
To record ULH&P's acquisition of the production plants, fuel, inventory, and related "below the line" deferred income taxes.				
2	102	Electric Plant Purchased or Sold		757,752,382
	101/106	Electric Plant In Service / Completed Construction Not Classified	747,270,199	
	107	Construction Work In Progress	10,482,183	
To transfer the original cost of production plants out of accounts 101, 106 and 107.				
3	108	Accumulated Provision for Depreciation of Electric Utility Plant		381,941,250
	102	Electric Plant Purchased or Sold	381,941,250	
To transfer accumulated provision for depreciation of production plant out of account 108.				
4	208	Donations Received from Stockholders	7,468,823	
	190	Accumulated Deferred Income Taxes	210,567	
	282	Accumulated Deferred Income Taxes		7,721,063
	283	Accumulated Deferred Income Taxes	41,673	
To record additional "above the line" deferred income taxes related to ULH&P's acquisition of the production plants, fuel, and related inventory.				
			<u>1,552,433,875</u>	<u>1,552,433,875</u>

Attachment E – Duke Energy Kentucky’s March 20, 2006 Letter to the Commission

VIA FAX FILING AND OVERNIGHT MAIL

March 20, 2006

Ms. Elizabeth O'Donnell
Executive Director,
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Cinergy Co.,
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
tel 513.287.3601
fax 513.287.3810
jffinnigan@cinergy.com

John J. Finnigan, Jr.
Senior Counsel

RECEIVED

MAR 21 2006

PUBLIC SERVICE
COMMISSION

Re: In the Matter of the Application of the Union Light, Heat and Power Company for an Order Authorizing the Issuance of First Mortgage Bonds, Unsecured Debt, and Long-Term Notes, Issuance of Inter-Company Promissory Notes, Execution and Delivery of Long-Term Loan Agreements, and Use of Interest Rate Management Agreements, Case No. 2005-00027

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraphs 5 and 6 of the Commission's Order in this case dated April 13, 2005, The Union Light, Heat and Power Company ("ULH&P") reports that on March 10, 2006 it executed a closing for the sale of \$115,000,000 in a private placement of senior unsecured notes, pursuant to a purchase agreement executed March 7, 2006. The notes were issued in two series: \$50,000,000 of 10-year debentures due 2016, bearing a fixed interest rate of 5.75% and \$65,000,000 of 30-year debentures, bearing a fixed interest rate of 6.20%. Other terms of the sale are summarized in the attached schedule and a copy of the purchase agreement is also enclosed. The purpose of the notes was to enable ULH&P to re-finance short-term debt and accounts payable, which ULH&P assumed in connection with the transfer of generating assets from The Cincinnati Gas & Electric Company ("CG&E"), as approved by the Commission in Case No. 2003-00252. The closing for the plant transfer was effective January 1, 2006, and the closing occurred on January 25, 2006. ULH&P will also use the proceeds from the financing to redeem \$15,000,000 of long-term bonds with an interest rate of 7.65%.

ULH&P did not execute any interest rate management agreements related to these notes. Management determined that a combination of fixed interest rates for 10-year and 30-year debentures constituted a sound approach to ULH&P's long-term debt capitalization structure and that such interest rates were competitive at the time of issuance based upon the following: reviewing the terms and conditions of several other sales of notes executed by similarly situated companies during the same time period; reviewing various factors such as the credit spreads, maturity dates, underwriting fees for such transactions involving similarly situated companies; examining such transactions for both the primary and secondary markets; considering the impacts of transacting such a sale in either market; and taking into account any differences between the transaction contemplated by ULH&P and the other transactions management reviewed.

Prior to this financing, ULH&P had the following amounts and types long-term debt.

**Table 1 – ULH&P's Long-Term Debt and
as of 12/31/05 (in thousands)**

<u>Long-Term Debt</u>	<u>Amount</u>
6.50% Debentures due 4/30/08	\$20,000
7.65% Debentures due 7/15/25 ¹	15,000
7.875% Debentures due 9/15/09	20,000
5.00% Debentures due 12/15/14	40,000
Unamortized Discount	(591)
Total Long-Term Debt	94,409

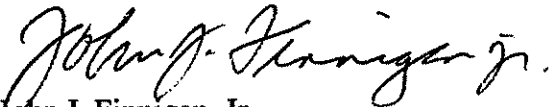
Generally accepted financial theory suggests that long-term assets should be financed with long-term liabilities. This combination of 10-year and 30-year maturities allows ULH&P to capitalize on the cost benefit of 10-year securities, while extending the average life of ULH&P's debt portfolio by also including 30-year notes. These rates were very competitive with fully registered offerings and, from an historical perspective, gives ULH&P capital costs that are below average for the market as a whole and below ULH&P's current weighted average cost of debt.

Based on these factors, ULH&P determined that the terms and conditions for the sales of notes described in this letter resulted in the most reasonable terms and conditions, including the interest rates, and decided to enter into these transactions.

ULH&P will continue to monitor its capital structure, financing needs, and financial market conditions, and will make adjustments to its long-term debt portfolio as necessary to maintain a sound capital structure and to obtain reasonable interest rates and costs.

Please date-stamp the extra copies of this letter and return to me in the envelope provided. Thank you for your consideration in this matter.

Sincerely,


John J. Finnigan, Jr.
Senior Counsel

Enclosures

cc: Hon. Elizabeth E. Blackford (with enclosures)

¹ To be redeemed on or about April 13, 2006.

Schedule 1

Time of Sale Information

\$115 million Union Light Heat & Power Senior Notes 5.75% due 2016 and 6.20% due 2036

Proposed Terms and Conditions

Issuer:	Union Light Heat & Power	
Market Type:	Senior Unsecured Notes	
Ratings:	Baa1/BBB (stable/negative)	
Trade Date:	March 7, 2006	
Settlement Date:	March 10, 2006 (T+3)	
Coupon Payment Dates:	March 10 and September 10	
First Payment Date:	September 10, 2006	
Final Maturity:	March 10, 2016	March 10, 2036
Principal Amount:	US\$50,000,000	US\$65,000,000
Treasury Benchmark:	UST4.500% Feb-16	UST5.375% Feb-31
Treasury Price:	98-6+	108-4
Treasury Yield:	4.728%	4.812%
Spread:	+ 103 basis points	+ 143 basis points
Yield:	5.758%	6.242%
Coupon:	5.750%	6.200%
Issue Price:	99.940%	99.434%
Underwriting Fee:	0.65%	0.875%
Price to Issuer:	99.290%	98.559%
Proceeds to Issuer:	US\$49,645,000	US\$64,063,350
CUSIP:	906888 AR 3	906888 AS 1
Day Count:	30/360	
Payment Frequency:	Semi-Annual	
Denominations:	\$1,000 x 1,000	
Sole Book-Running Manager:	KeyBanc Capital Markets, a Division of McDonald Investments Inc. (80%)	
Co-Managers:	LaSalle Financial Services, Inc. (20%)	

THE UNION LIGHT, HEAT AND POWER COMPANY
PURCHASE AGREEMENT

DATED: March 7, 2006

KeyBanc Capital Markets, a Division
of McDonald Investments Inc.
127 Public Square
Cleveland, OH 44114

LaSalle Financial Services, Inc.
540 West Madison Street
28th Floor
Chicago, IL 60661

Ladies and Gentlemen:

The Union Light, Heat and Power Company, a Kentucky corporation (hereinafter called the "**Company**"), proposes to issue and sell to KeyBanc Capital Markets, a division of McDonald Investments Inc., and LaSalle Financial Services, Inc. (the "**Initial Purchasers**") \$50,000,000 principal amount of 5.750% Debentures due 2016 (the "**Series A Debentures**") and \$65,000,000 principal amount of 6.200% Debentures due 2036 (the "**Series B Debentures**"), and together with the Series A Debentures, the "**Securities**"), to be issued pursuant to the provisions of the First Supplemental Indenture dated as of March 7, 2006 to the Indenture dated as of December 1, 2004 (hereinafter called the "**Indenture**"), between the Company and Deutsche Bank Trust Company Americas, as Trustee (hereinafter called the "**Trustee**").

The Securities will be offered without being registered under the Securities Act of 1933, as amended (together with the rules and regulations promulgated thereunder, the "**Securities Act**"), only to persons in the United States whom the Initial Purchasers reasonably believe to be "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act, as such rule may be amended from time to time ("**Rule 144A**"), in transactions under Rule 144A.

In connection with the sale of the Securities, the Company has prepared a preliminary offering memorandum, dated March 7, 2006 (the "**Preliminary Memorandum**") and a final offering memorandum, to be dated March 7, 2006 (the "**Offering Memorandum**"), for the information of the Initial Purchasers and for delivery to prospective purchasers of the Securities. The terms "supplement," "amendment" and "amend" as used herein with respect to either the Preliminary or Final Memorandum shall include all documents deemed to be incorporated by reference into the Preliminary Memorandum or Final Memorandum that are filed subsequent to the date thereof with the Securities and Exchange Commission (the "**Commission**") pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The time when sales of Securities are first made or confirmed by the several Initial Purchasers to QIBs is referred to as the "**Time of**

Sale,” and the Preliminary Memorandum, as such may be amended or supplemented prior to the Time of Sale, together with the other information set forth on Schedule I hereto, is referred to as the “Time of Sale Information.”

I.

The Company hereby agrees to sell to each of the Initial Purchasers, and the Initial Purchasers each, severally and not jointly, agree, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, to purchase from the Company the principal amount of Securities set forth opposite their names below, at a price of 99.290% of the principal amount of the Series A Debentures and 98.559% of the principal amount of the Series B Debentures (the “Purchase Price”) and accrued interest from March 10, 2006, to the date of payment and delivery:

<u>Name</u>	<u>Principal Amount of 10-Year Debentures</u>	<u>Principal Amount of 30-Year Debentures</u>
KeyBanc Capital Markets, a Division of McDonald Investments Inc.	\$40,000,000	\$52,000,000
LaSalle Financial Services, Inc.	\$10,000,000	\$13,000,000
Total	\$50,000,000	\$65,000,000

The Company acknowledges and agrees that the Initial Purchasers are acting solely in the capacity of an arm’s length contractual counterparty to the Company with respect to the offering of Securities contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person.

II.

The Company understands that the Initial Purchasers intend (i) to make private offerings pursuant to Rule 144A (“Exempt Resales”) of their respective portions of the Securities as soon after this Agreement has become effective as in the judgment of the Initial Purchasers is advisable and (ii) initially to offer the Securities upon the terms set forth in the Time of Sale Information.

The Company confirms that it has authorized the Initial Purchasers, subject to the restrictions set forth below, to distribute copies of the Time of Sale Information in connection with the offering of the Securities. Each Initial Purchaser hereby severally makes to the Company the following representations and agreements:

- (i) it is a QIB and an “accredited investor” within the meaning of Rule 501(a) under the Securities Act;
- (ii) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D under the Securities Act (“Regulation D”) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act; and
- (iii) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities as part of their initial offering except within the United States to persons whom it reasonably believes to be QIBs in transactions pursuant to Rule 144A and in connection with such sale, it has taken or will take reasonable steps to ensure that the purchaser of the Securities is aware that such sale is being made in reliance on Rule 144A.

III.

Payment for the Securities shall be made by transfer of immediately available funds to an account identified by us in writing not less than two full business days prior to the date of payment, against delivery to you for the respective accounts of the Initial Purchasers of the Securities through The Depository Trust Company at 10:00 A.M., New York Time, on March 10, 2006 or at such other time on the same or such other date, not later than March 15, 2006, as may be designated by you. The time and date of such payment and delivery are herein referred to as the “Closing Date”. All other documents referred to herein that are to be delivered at the Closing Date shall be delivered at that time at the office of Davis Polk & Wardwell, 450 Lexington Avenue, New York, NY 10017.

Certificates for the Securities shall be in global form and registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date. The certificates evidencing the Securities shall be delivered to you on the Closing Date for the account of the Initial Purchasers, with any transfer taxes payable in connection with the transfer of the Securities to the Initial Purchasers duly paid, against payment of the Purchase Price therefor plus accrued interest, if any, to the date of payment and delivery.

IV.

The obligations of the Company and the several obligations of the Initial Purchasers hereunder are subject to the condition that:

- (a) an appropriate order or orders of the Kentucky Public Service Commission necessary to permit the issue and sale of the Securities as contemplated hereby and containing no material provision or condition which is unacceptable to the Company or the Initial Purchasers shall be in effect and no proceedings to suspend the effectiveness of such order or orders shall be pending or threatened.

The several obligations of the Initial Purchasers hereunder are subject to the following further conditions:

- (b) There shall have been no material adverse change (not in the ordinary course of business) in the condition of the Company from that set forth in or contemplated by the Offering Memorandum and the Time of Sale Information; and you shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the foregoing effect.
- (c) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any downgrading of, nor shall any notice have been given of any review with a negative implication with respect to, the rating accorded any of the Company's securities by any of Standard & Poor's Ratings Services, Moody's Investors Service or Fitch Ratings (or any of their successors).
- (d) You shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in the first paragraph of this Article IV (provided that such certificate may omit any reference as to the extent to which provisions or conditions in the orders referred to in the first paragraph of this Article IV are acceptable to the Initial Purchasers). The officer making such certificate may rely upon the best of his knowledge as to proceedings pending or threatened.
- (e) You shall have received on the Closing Date the favorable opinion of Thompson Hine LLP, counsel for the Company, dated the Closing Date, to the effect that:
 - (i) the Company is a corporation duly incorporated and existing in good standing under the laws of the Commonwealth of Kentucky, the Company has due

corporate and governmental authority to carry on the public utility businesses in which it is engaged and to own and operate the properties in use in such businesses;

- (ii) the Company is duly qualified to transact business and is in good standing in the jurisdictions in which the conduct of its businesses or the ownership or leasing of its properties requires such qualification;
- (iii) the Indenture has been duly authorized, executed and delivered by the Company and is a valid and binding instrument enforceable in accordance with its terms, except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (B) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;
- (iv) the Securities, when duly executed by the Company, authenticated by the Trustee and delivered to and paid for by the Initial Purchasers pursuant to this Agreement, will be valid and binding obligations of the Company in accordance with their terms, except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (B) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;
- (v) the order of the Kentucky Public Service Commission authorizing the issuance and sale of the Securities is in effect on the Closing Date and no further approval, authorization, consent or order of any other commission or other governmental authority (other than under state securities or Blue Sky laws, as to which such counsel are not called upon to express an opinion) is required for the issuance and sale of the Securities;
- (vi) no registration under the Securities Act of the Securities or qualification of the Indenture under the Trust Indenture Act, is required for the sale of the Securities to the Initial Purchasers as contemplated by this Agreement or for the Exempt Resales, assuming in each case (A) that the purchasers in each case who buy the Securities in Exempt Resales are QIBs and (B) the accuracy of and compliance with each of the Company's and the Initial Purchasers'

representations, warranties and covenants contained in this Agreement.

- (vii) the statements made in the Time of Sale Information and the Offering Memorandum under the captions "Description of the Debentures" and "Transfer Restrictions," in each case insofar as such statements constitute summaries of the legal matters referred to therein, fairly summarize the matters referred to therein; and the provisions of the Indenture and the Securities conform as to legal matters to the description thereof and to the statements in regard thereto contained in the Time of Sale Information and the Offering Memorandum;
- (viii) this Agreement has been duly authorized, executed and delivered by the Company;
- (ix) such counsel is (A) of the opinion that each document incorporated by reference in the Time of Sale Information and the Offering Memorandum (except for the financial statements and schedules and other financial and statistical data therein as to which such counsel need not express an opinion) complied when filed with the Commission as to form in all material respects with the requirements of the Securities Exchange Act of 1934, together with the applicable rules and regulations of the Commission thereunder and (B) except for the financial statements and schedules and other financial and statistical data therein as to which such counsel need not express a belief, has no reason to believe that the Preliminary Memorandum, as amended and supplemented, the Time of Sale Information and the Offering Memorandum at the date of this Agreement contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Time of Sale Information and the Offering Memorandum (as amended or supplemented, if applicable) on the Closing Date contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In regard to clauses (iii), (iv) and (viii) above, such counsel may state that no opinion is expressed with respect to the effect of New York law. In regard to clause (ix) above, such counsel may state that their opinion and belief is based upon their participation in the preparation of the Time of Sale Information and the

Offering Memorandum and any supplements and amendments thereto and upon their review and discussion of the contents thereof (including documents incorporated by reference), but is without independent check or verification except as specified.

- (f) You shall have received on the Closing Date an opinion of Davis Polk & Wardwell, counsel for the Initial Purchasers, dated the Closing Date, covering the matters in (iii), (iv), and clause (B) of (ix) of (e) above, provided that with respect to clause (B) of (ix) of (e) above, such counsel may state that their opinion and belief is based upon their participation in the preparation of the Time of Sale Information and the Offering Memorandum and any amendments and supplements thereto (other than documents incorporated by reference), and upon their review and discussion of the contents thereof (including documents incorporated by reference), but is without independent check or verification except as specified.
- (g) You shall have received on the date of this Agreement and Closing Date letters, dated the date of this Agreement and Closing Date, as the case may be, in form and substance satisfactory to you, from Deloitte & Touche LLP, independent accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Time of Sale Information and the Offering Memorandum.

V.

In further consideration of the agreements of the Initial Purchasers herein contained the Company covenants as follows:

- (a) To furnish without charge to you as many copies of the Time of Sale Information and the Offering Memorandum and any amendments and supplements thereto as you may reasonably request.
- (b) Before amending or supplementing the Time of Sale Information or the Offering Memorandum, to furnish to each of you a copy of each such proposed amendment or supplement.
- (c) Except as permitted by law, during the period of two years after the Closing Date or, if earlier, until such time as the Securities are no longer restricted securities (as defined in Rule 144 under the Securities Act) the Company will not, and will not permit any of its "affiliates" (as defined in Rule 144 under the Securities Act)

to, resell any of the Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

- (d) The Company will take reasonable precautions designed to insure that any offer or sale, direct or indirect, in the United States or to any U.S. person (as defined in Rule 902 under the Securities Act) of any security issued by the Company substantially similar to the Securities, within six months subsequent to the date on which the distribution of the Securities has been completed (as notified to the Company by the Initial Purchasers), is made under restrictions and other circumstances reasonably designed not to affect the status of the offer and sale of the Securities in the United States contemplated by this Agreement as transactions exempt from the registration provisions of the Securities Act.
- (e) So long as any of the Securities remain outstanding and during any period in which the Company is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of any holder of Securities (each, a "Securities Holder"), the Company shall promptly furnish to such Securities Holder or to a prospective purchaser of Securities designated by such Securities Holder, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act ("**Additional Company Information**") in order to permit compliance by such Securities Holder with Rule 144A in connection with the resale of such Securities by such Securities Holder.
- (f) If the Time of Sale Information is being used to solicit offers to buy the Securities at a time when the Offering Memorandum is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Information in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Information conflicts with the information contained in the Offering Memorandum, or if it is necessary to amend or supplement the Time of Sale Information to comply with applicable law, forthwith to prepare and furnish, at its own expense, to the Initial Purchasers and to any dealer upon request, either amendments or supplements to the Time of Sale Information so that the statements in the Time of Sale Information as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Information, as amended or supplemented, will no longer conflict with the Offering Memorandum.

- (g) To endeavor to qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request and to pay all expenses (including fees and disbursements of counsel) in connection with such qualification and in connection with the determination of the eligibility of the Securities for investment under the laws of such jurisdictions as you may designate.
- (h) The Company will pay all out-of-pocket expenses incidental to the performance of its obligations under this Agreement and the Indenture, including (i) the reasonable fees and expenses of the Trustee and its professional advisors, (ii) all expenses in connection with the execution, issue, authentication, packaging and initial delivery of the Securities, the preparation and distribution of this Agreement, the Time of Sale Information, the Offering Memorandum and amendments and supplements thereto, and any other document relating to the issuance, offer, sale and delivery of the Securities, (iii) any reasonable expenses (including reasonable fees and disbursements of counsel) incurred in connection with qualification of the Securities for sale under the laws of such jurisdictions as the Initial Purchasers designate and the printing of memoranda relating thereto and (iv) for any fees charged by investment rating agencies for the rating of the Securities.
- (i) During the period beginning on the date of this Agreement and terminating on the Closing Date not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company substantially similar to the Securities, without your prior written consent.
- (j) To cause each of the Securities to bear the legend set forth in the form of Debenture set forth in the Indenture until such legend shall no longer be necessary or advisable because the Securities are no longer subject to the restrictions on transfer described therein.

VI.

The Company represents and warrants to each Initial Purchaser that:

- (a) The Time of Sale Information and the Offering Memorandum do not, and any supplement or amendment to them will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties contained in this Section

6(a) shall not apply to statements in or omissions from the Time of Sale Information or the Offering Memorandum (or any supplement or amendment thereto) based upon information relating to the Initial Purchasers furnished to the Company in writing by the Initial Purchasers expressly for use therein. No order asserting that any of the transactions contemplated by this Agreement are subject to the registration requirements of the Securities Act, has been issued.

- (b) When the Securities are issued and delivered pursuant to this Agreement, the Securities will not be of the same class (within the meaning of Rule 144A) as securities which are listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated inter-dealer quotation system.
- (c) None of the Company or any its affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to which the Company makes no representation) has offered or sold, or will offer or sell, the Securities by means of any general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act.
- (d) The Securities satisfy the eligibility requirements of Rule 144(d)(3) under the Securities Act.
- (e) Each of the Time of Sale Information and the Offering Memorandum, as of its date, contains all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.
- (f) None of the Company or any of its affiliates (as defined in Rule 501(b) of Regulation D), or, to the best the Company's knowledge, any person acting on its or their behalf, directly or indirectly (other than the Initial Purchasers, as to which the Company makes no representation), has made or will make offers or sales of any security, or has solicited or will solicit offers to buy any security, under circumstances that would require the registration of the Securities under the Securities Act.
- (g) No registration under the Securities Act of the Securities or qualification of the Indenture under the Trust Indenture Act, is required for the sale of the Securities to the Initial Purchasers as contemplated by this Agreement or for the Exempt Resales, assuming in each case that (A) the purchasers who buy the Securities in the Exempt Resales are Eligible Purchasers and (B) the accuracy of and compliance with the Initial Purchasers'

representations, warranties and covenants contained in this Agreement.

VII.

The Company agrees to indemnify and hold harmless each Initial Purchaser and each person, if any, who controls any Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including the fees and expenses of counsel in connection with any governmental or regulatory investigation or proceeding) caused by any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Memorandum, as amended or supplemented, the Time of Sale Information or the Offering Memorandum (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to the Company by any Initial Purchaser through you expressly for use therein.

In case any action shall be brought against any Initial Purchaser or any person controlling such Initial Purchaser, based upon the Preliminary Memorandum, as amended or supplemented, the Time of Sale Information or the Offering Memorandum or any amendment or supplement thereto or any preliminary memorandum and in respect of which indemnity may be sought against the Company, such Initial Purchaser shall promptly notify the Company in writing, and the Company, upon the request of such Initial Purchaser, shall assume the defense thereof on behalf of the Initial Purchaser or controlling person, including the employment of counsel and payment of all expenses. In any such action, such Initial Purchaser or any such controlling person shall have the right to employ its own counsel but the fees and expenses of such counsel shall be at the expense of the Initial Purchaser or such controlling person unless (i) the employment of such counsel has been specifically authorized in writing by the Company or (ii) the named parties to any such action (including any impleaded parties) include both such Initial Purchaser or such controlling person and the Company and the Initial Purchaser or controlling person shall have been advised by such counsel that there maybe one or more legal defenses available to it which are different from or additional to those available to the Company (it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to one firm of local counsel) for all such Initial Purchaser and controlling persons, which firm shall be designated in writing by you, and that such fees and expenses shall be reimbursed as they are incurred). The Company

shall not be liable for indemnification (or contribution as provided below) with respect to the settlement of any such action effected without its written consent, but if settled with the written consent of the Company or if there be a final judgment for the plaintiff in any such action, the Company agrees to indemnify and hold harmless any Initial Purchaser and any such controlling person from and against any loss or liability by reason of such settlement or judgment (or to make contribution as provided below).

Each Initial Purchaser agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers and any person controlling the Company to the same extent as the foregoing indemnity from the Company to the Initial Purchaser, but only with reference to information relating to such Initial Purchaser furnished in writing by such Initial Purchaser expressly for use in the Time of Sale Information or the Offering Memorandum. In case any action shall be brought against the Company, any of its directors or any such officer or controlling person based on the Time of Sale Information or the Offering Memorandum and in respect of which indemnity may be sought against any Initial Purchaser, such Initial Purchaser shall have the rights and duties given to the Company, and the Company, its directors or any such officer or controlling person shall have the rights and duties given to the Initial Purchaser, by the preceding paragraph of this Article VII.

If the indemnification provided for in the second paragraph of this Article VII is unavailable to any Initial Purchaser or other indemnified party in respect of any losses, claims, damages or liabilities referred to therein, then the Company, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Initial Purchasers on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Initial Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Initial Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Initial Purchasers, in each case as set forth in the table on the cover page of the Offering Memorandum. The relative fault of the Company and of the Initial Purchasers shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company or by the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

If the indemnification provided for in this Article VII is sought solely by the Company under the fourth paragraph hereof and there is no claim for indemnification by any Initial Purchaser or any person controlling such Initial Purchaser arising out of the same misstatement or omission and if such indemnification is unavailable to the Company in respect of any losses, claims, damages or liabilities referred to in such fourth paragraph, then each Initial Purchaser, in lieu of indemnifying the Company, shall contribute to the amount paid or payable by the Company as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Initial Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Initial Purchasers on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Article VII were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the two immediately preceding paragraphs. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in such paragraphs shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Article VII, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total Purchase Price of the Securities purchased by it exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities) shall be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute pursuant to this Article VII are several in proportion to their respective underwriting percentages (as defined in the Agreement Among Initial Purchasers relating to the Securities) and not joint.

The indemnity and contribution agreements contained in this Article VII and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Initial Purchaser or any person controlling any Initial Purchaser or by or on behalf of the

Company, its directors or officers or any person controlling the Company and (iii) acceptance of and payment for any of the Securities.

VIII.

This Agreement shall be subject to termination in your absolute discretion, by notice given to the Company, if (a) prior to the Closing Date (i) trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or materially limited, (ii) trading in any securities of the Company shall have been suspended on any national securities exchange in the United States or in any over-the-counter market in the United States, (iii) a general moratorium on banking activities in New York shall have been declared by Federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in the financial markets or other calamity or crisis, any of which is material and adverse and (b) in the case of any of the events specified in clauses (a)(i) through (iv), such event either singly or together makes it, in your reasonable judgment, impracticable to market the Securities. Any termination of this Agreement pursuant to this Article VIII shall be without liability on the part of the Company to the Initial Purchasers, or the Initial Purchasers to the Company.

IX.

This Agreement shall become effective upon signature.

If any one or more of the Initial Purchasers shall fail or refuse to purchase Securities which it or they have agreed to purchase hereunder, and the aggregate principal amount of Securities which such defaulting Initial Purchaser or Initial Purchasers agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of Securities, the other Initial Purchasers shall be obligated severally in the proportions which the principal amount of Securities set forth opposite their names in Article I bears to the aggregate principal amount of Securities so set forth opposite the names of all such non-defaulting Initial Purchasers, or in such other proportions as you may specify, to purchase the Securities which such defaulting Initial Purchaser or Initial Purchasers agreed but failed or refused to purchase; provided that in no event shall the principal amount of Securities which any Initial Purchaser has agreed to purchase pursuant to Article I hereof be increased pursuant to this Article IX by an amount in excess of one-ninth of such principal amount of Securities without the written consent of such Initial Purchaser. If any Initial Purchaser or Initial Purchaser shall fail or refuse to purchase Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities and arrangements satisfactory to you and the Company for the purchase of such Securities are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Initial Purchaser or of the Company. In any such case which does not result in such a termination, either you or the Company shall have the right to

postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Offering Memorandum or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Initial Purchaser from liability in respect of any default of such Initial Purchaser under this Agreement.

If this Agreement shall be terminated by the Initial Purchasers, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Initial Purchasers or such Initial Purchasers as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the reasonable fees and disbursements of their counsel), reasonably incurred by the Initial Purchasers in connection with this Agreement or the offering contemplated hereunder.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Very truly yours,

THE UNION LIGHT, HEAT AND
POWER COMPANY

By: *Wendy L. Aumiller*
Name: Wendy L. Aumiller
Title: Vice President and Treasurer

Accepted: March 7, 2006

KEYBANC CAPITAL MARKETS,
a Division of McDonald Investments
Inc.

By: _____
Name:
Title:

LASALLE FINANCIAL
SERVICES, INC.

By: _____
Name:
Title:

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Very truly yours,

THE UNION LIGHT, HEAT AND
POWER COMPANY

By: _____
Name:
Title:

Accepted: March 7, 2006

KEYBANC CAPITAL MARKETS,
a Division of McDonald Investments
Inc.

By: 
Name: Nida Raza
Title: Director

LASALLE FINANCIAL
SERVICES, INC.

By: _____
Name:
Title:

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Very truly yours,

THE UNION LIGHT, HEAT AND
POWER COMPANY


By: _____
Name:
Title:

Accepted: March __, 2006

KEYBANC CAPITAL MARKETS,
a Division of McDonald Investments
Inc.

By: _____
Name:
Title:

LASALLE FINANCIAL
SERVICES, INC.

By: 
Name: Jim Stewart
Title: Managing Director, Head of
US Fixed Income Capital
Markets

Schedule 1

Time of Sale Information

\$115 million Union Light Heat & Power Senior Notes 5.75% due 2016 and 6.20% due 2036

Proposed Terms and Conditions:

Issuer:	Union Light Heat & Power	
Market Type:	Senior Unsecured Notes	
Ratings:	Baa1/BBB (stable/negative)	
Trade Date:	March 7, 2006	
Settlement Date:	March 10, 2006 (T+3)	
Coupon Payment Dates:	March 10 and September 10	
First Payment Date:	September 10, 2006	
Final Maturity:	March 10, 2016	March 10, 2036
Principal Amount:	US\$50,000,000	US\$65,000,000
Treasury Benchmark:	UST4.500% Feb-16	UST5.375% Feb-31
Treasury Price:	98-6+	108-4
Treasury Yield:	4.728%	4.812%
Spread:	+ 103 basis points	+ 143 basis points
Yield:	5.758%	6.242%
Coupon:	5.750%	6.200%
Issue Price:	99.940%	99.434%
Underwriting Fee:	0.65%	0.875%
Price to Issuer:	99.290%	98.559%
Proceeds to Issuer:	US\$49,645,000	US\$64,063,350
CUSIP:	906888 AR 3	906888 AS 1
Day Count:	30/360	
Payment Frequency:	Semi-Annual	
Denominations:	\$1,000 x 1,000	
Sole Book-Running Manager:	KeyBanc Capital Markets, a Division of McDonald Investments Inc. (80%)	
Co-Managers:	LaSalle Financial Services, Inc. (20%)	