Backup Delivery Point Capacity Agreement

This Backup Delivery Point Capacity Agreement ("Agreement") is made and entered into as of the 19th day of October, 2015 ("Effective Date") by and between Duke Energy Kentucky, Inc. ("Company"), a corporation organized and existing under the laws of the Commonwealth of Kentucky, and Sanitation District No. 1 of Northern Kentucky, a sanitation district organized under KRS 220, with facilities at 1045 Eaton Drive, Fort Wright, Kentucky ("Customer") (each a "Party" and collectively the "Parties").

WHEREAS, Customer is currently being provided electric service by Company through an electric service connection(s) ("Principal Service(s)") to the Customer's location at 212 Pike Street, Bromley, Kentucky, Duke Energy account number [redacted] ("Service(s) Location") pursuant to Company's KY.P.S.C Electric No. 2 on file with the Kentucky Public Service Commission ("Commission") and as amended from time to time ("Electric Tariff"); and

WHEREAS, Company has provided Customer with an additional electric service connection of 12,470 volts; and

WHEREAS, the Customer desires that Company maintain redundant service to Customer and reserve capacity on its distribution and/or transmission facilities with Automatic Throw-Over Capabilities ("ATO") and/or Customer operated manual tie capabilities ("COMT") that will provide backup electric service in the event of an outage and/or disruption of the Principal Service(s) ("Reserve Capacity Service(s)"); and

WHEREAS, the purpose of this Reserve Capacity Service is to provide an alternate source of electric service, other than the Principal Service to Customer's Service Location in the event of the failure of the Principal Service(s); and

WHEREAS, Company is willing to provide such limited Reserve Capacity Service to Customer, subject to the terms and conditions of this Agreement;

NOW THEREFORE, the Parties agree as follows:

1. Reserve Capacity.

Company shall reserve on Customer's behalf [redacted] of capacity as Reserve Capacity Service on the Company's distribution facilities that are interconnected to the Customer's Service(s) Location in accordance with the terms, conditions and limitations set forth herein ("Reserve Capacity Amount") and pursuant to the Multiple Feed Customer Information and Switching Procedure ("Switching Procedure") as set forth in Exhibit A. If a Switching Procedure is not available or agreed to at the time of execution of this Agreement, Company and Customer shall develop and agree upon such Switching Procedure within 120 days of execution of this Agreement and will follow the Interim Switching Procedure described below until such time as the Switching Procedure is [illegible] Switching Procedure shall be part of this Agreement as if fu[illegible], except that changes to such Switching Procedure shall not be deemed to be

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amendments to this Agreement. The Parties may agree from time to time to change the Switching Procedure; such changes shall be set forth in writing and shall thereafter be deemed to be part of this Agreement as if fully set forth herein. Customer understands that the development of the Switching Procedures will require an inventory and analysis of Customer equipment and operations to develop a safe protocol for switching of equipment with ATO and/or COMT, and shall provide Company with access to and information regarding Customer's equipment and operations.

a. Interim Switching Procedure. Customer and Company shall follow the below interim switching procedure until such time as an actual Switching Procedure is developed and agreed upon:
   i. Customer may continue to operate equipment in ATO and/or COMT;
   ii. Customer shall coordinate any planned or restoration switching/ transferring between circuits with Company's Large Account Management (LAM) group and/or Distribution Control Center (DCC);
   iii. Customer shall have responsibility to operate its own equipment.

b. Company may, at its discretion, install electric monitoring equipment ("Monitoring Equipment") at Customer's facility necessary to allow Company to perform real time monitoring of current, voltage, real and reactive power on each of Customer's service connections. Installation, operation, and maintenance of the Monitoring Equipment will be at Company sole cost and responsibility. Customer shall provide reasonable accommodations necessary to permit Company to install, operate and maintain Monitoring Equipment.

c. Customer shall be solely responsible for operation of their equipment as set forth in the Switching Procedure.

2. Fees.

a. In accordance with Company's Electric Tariff, Rider BDP, Backup Delivery Point Capacity Rider, Customer shall pay a monthly fee ("Reserve Capacity Fee") equivalent to the Backup Delivery Point Capacity Amount times the unbundled distribution and/or transmission demand charges set forth in Company's Electric Tariff, rate schedule Rate DT for the Term of this Agreement or until such time, if any, that Customer or Company determines that additional Reserve Capacity is required. This Reserve Capacity Fee shall initially be [redacted], and shall be subject to change if and when a change in Company's retail electric rates is approved by the Commission. In such event, Company will notify Customer of the new monthly fee thirty (30) days prior to imposing the new fee. The Reserve Capacity Fee shall become effective on the date Reserve Capacity Service(s) becomes available to the Customer.

b. Pursuant to Rider BDP, the Company reserves the right t[illegible]ction fee to Customer if an additional metering point is required.

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3. Additional Reserve Capacity.

   a. If Company reasonably determines that Customer requires additional Reserve Capacity above the Reserve Capacity Amount ("Additional Reserve Capacity"), the Company shall notify Customer and after discussion with Customer, may, in its reasonable judgment, increase the Reserve Capacity Amount by the Additional Reserve Capacity. In such event, Company shall provide written notice to Customer that it is increasing the Reserve Capacity Amount by the Additional Reserve Capacity, and this Agreement shall be deemed to be thereby amended to give effect thereto. If Company determines that it cannot reasonably provide Additional Reserve Capacity to Customer without additional system improvements, the Company shall so notify Customer. The Customer shall be responsible for any and all costs necessary to improve the system to provide the Additional Reserve Capacity. The Company shall provide a written estimate of such costs to Customer and Customer may decide to either proceed with the Additional Reserve Capacity or terminate this agreement.

   b. If Customer determines that it requires Additional Reserve Capacity, Customer may request that Company increase the Reserve Capacity Amount by the Additional Reserve Capacity. Company may, in its sole discretion, increase the Reserve Capacity Amount by the Additional Reserve Capacity. In such event, Company shall provide written notice to Customer that it is increasing the Reserve Capacity Amount by the Additional Reserve Capacity, and this Agreement shall be deemed to be thereby amended to give effect thereto. If Company reasonably determines that it cannot provide Additional Reserve Capacity to Customer, Company shall so notify Customer. The Customer shall be responsible for any and all costs necessary to improve the system to provide the Additional Reserve Capacity. The Company shall provide a written estimate of such costs to Customer and Customer may decide to either proceed with the Additional Reserve Capacity or terminate this agreement.

4. Limitations on service(s). Company shall make reasonable provisions to supply Reserve Capacity Service, but does not guarantee a constant or uninterrupted supply of electricity from the Principal Service(s) or Reserve Capacity Service sources. During such time as Customer is utilizing Reserve Capacity Service due to an outage on its Primary Service(s), Company shall not be obligated to reserve additional capacity to back up the Reserve Capacity Service. Additionally, Company shall be entitled to perform maintenance of its facilities during which time Customer may not have access to the Reserve Capacity Service. Moreover, Company shall not be liable for any damage or claim of damage attributable to any interruption or reversal of service caused by accident or casualty, extraordinary action of the elements, action of any governmental authority, or by any other cause which Company could not have reasonably foreseen and made provisions against, unless due to the gross negligence or intentional misconduct of Company. Nothing in this [illegible] shall be deemed to prevent Company from operating its system in accordance with [illegible] Tariff, applicable Commission and other governmental regulations, and good [illegible]tice. Customer acknowledges that Reserve Capacity Amount may not be available during times of

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Company system emergencies, whether or not such emergencies directly affect the Reserve Capacity or Primary Services.

5. Excess Demand. Company does not guarantee or warrant that the Reserve Capacity Service will be available beyond the Reserve Capacity Amount level. If Customer's Service Location demand exceeds the Reserve Capacity Amount, Customer shall immediately implement a curtailment plan to reduce its peak electric demand by curtailing non-essential load or by utilizing some other means to obtain an imposed loading of the Reserve Capacity Amount or less. If Customer fails to implement such curtailment, Company may terminate this agreement.

6. Reduction in Demand. If Customer experiences a long-term reduction in Service Location demand or otherwise desires to reduce the Reserve Capacity Amount, Customer and Company may agree to reduce the Reserve Capacity Amount consistent with the purpose hereof and subject to all terms and conditions of this Agreement including without limitation Paragraph 4. Where Customer and Company agree to a new Reserve Capacity Amount, they will amend this Agreement accordingly.

7. Limitation of Liability / Indemnification. The Company shall not be held responsible by the Customer for any interruption or damages attributed to the Customer's failure to conform to the Reserve Capacity Amount demand limit. Customer agrees to bear responsibility for actionable claims for liability or loss which are the result of Customer failing to conform to the Reserve Capacity Amount demand limit or actionable claims for liability or loss that are in any manner in connection with the negligent, willful or wanton conduct of Customer, provided however that Company shall bear responsibility for actionable claims or liability or loss which are caused by the negligent, willful or wanton conduct of Company. In the event Company finds that Customer is not complying with the terms of this Agreement, Company reserves the right to terminate this Agreement, terminate the Reserve Capacity Service and disable or remove, or lock the ATO and/or COMT service without refund to Customer. Company will send written notice twenty-four (24) hours prior to such action being taken.

8. Changes in Facilities. If during the Term of this Agreement, Customer requests Company to temporarily or permanently relocate, rearrange, or alter any or all of the facilities required to provide Reserve Capacity Service, and Company agrees to do so, which agreement shall not be unreasonably withheld, Customer shall reimburse Company for all reasonable, necessary and documented costs associated therewith.

9. Term and Termination. The initial term of this Agreement shall be for a period of five (5) years and shall remain in force, thereafter, on a month-to-month basis until terminated by either Party giving the other Party sixty (60) days written notice of its intent to terminate the Agreement. Upon termination of this Agreement, the Company may, at its sole discretion, remove the Facilities.

10. Preventative Maintenance and Testing. Company shall continue a [illegible]ntive maintenance and testing program to reasonably ensure that all related equipment remains in operating condition.

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11. Required Rights. If Company is unable to obtain, without cost, all required permits, rights-of-way and easements or any other documents or approvals necessary for the installation on public or private property of the facilities or Reserve Capacity Service, this Agreement shall be null and void and neither party shall, thereafter, have any obligations whatsoever to the other party.

12. Grants of Easement. Customer shall, contemporaneously with the execution of this Agreement and without cost to Company, execute and deliver to Company reasonable grants of easement requested by the Company in the form prescribed by Company, granting Company the right to construct, maintain, operate and remove the facilities to be located upon Customer's property.

13. Billing Determinants. For billing purposes, the kilowatt hours and kilowatts registered on any and all meters providing Primary Service(s) and Reserve Capacity Service to Customer Service Location shall be bulked together in accordance with Company's standard practice for bulking interval meters.

14. Tariffed Electric Service. Company shall provide electric service to Customer in accordance with Company's Electric Tariff, except as otherwise set forth in this Agreement.

15. Assignment. Neither Party shall assign any of its rights nor delegate any of its duties under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of any and all successors or assigns of the Parties.

16. Entire Agreement. This Agreement constitutes the entire agreement between the Parties related to the subject matter hereof and supersedes all prior or contemporaneous understandings, statements or agreements between the Parties on such subject matter. In the event of any conflict between this Agreement and any other agreements between the Parties, this Agreement shall control. Each Party acknowledges and agrees that no employee, officer, agent or representative of the other Party has the authority to make any representation, statements or promises in addition to or in any way different that those contained in the Agreements, and that it is not entering into this Agreement in reliance upon any representation, statements or promises in addition to or in any way different than those contained in the Agreements, and that it is not entering into this Agreement in reliance upon any representation, statement or promise of the other party except as expressly stated in the Agreements.

17. Governing Law. This Agreement, the construction of this Agreement, all rights and obligations between the Parties to this Agreement, and any and all claims arising out of or relating to the subject matter of this Agreement (including tort claims), shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Kentucky without giving any effect to any conflict of law doctrine.

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18. Interpretation. Both Parties have had the opportunity to have this Agreement reviewed by counsel; therefore, neither Party hereto shall be construed as the drafter hereof.

19. Amendments. Subject to Paragraph 3, no modification, amendment, supplement to or waiver of this Agreement or any of its provisions shall be binding unless made in writing and duly signed by the Party to be obligated by, or to perform, such modification.

20. No Waiver of Rights. A failure or delay of either Party to exercise any right or remedy under this Agreement shall not operate to impair, limit, preclude, cancel, waive or otherwise affect such right or remedy.

21. Severability. If any provision under this Agreement shall be invalid or unenforceable with respect to either Party, the remainder of this Agreement shall not be affected and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

22. Notices. All notices to be given hereunder, unless expressly provided otherwise herein, shall be given in writing to the Parties at the addresses appearing herein below and will be effective upon actual receipt:

To Customer:
Sanitation District No. 1 of Northern Kentucky
Dry Creek Wastewater Treatment Plant
Attn. John Clark, Director of Operations
2999 Amsterdam Road
Erlanger, Kentucky 41018

To Company:
Duke Energy Kentucky, Inc.
Attn. Regional Director, Large Account Management
139 East Fourth Street
Cincinnati, Ohio 45202

23. Headings. The headings used in the paragraphs in this Agreement are only for the reference of the Parties and shall have no meaning in the interpretation of any of the provisions herein.

24. Alternative Dispute Resolution. If a dispute arises between the Parties relating to this Agreement, the Parties agree to use the following Alternative Dispute Resolution ("ADR") procedure prior to either Party pursing other available remedies:

a) The aggrieved Party shall send a written notice to the other Party describing the dispute.

b) Within fifteen (15) days after receipt of such notice, a meeting, teleconference or videoconference, upon agreement of the Parties, shall be held between the Parties, attended by individuals with decision-making authority re[illegible]e, to attempt in good faith to negotiate resolution of the dispute.

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c) 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 to act as a mediator ("Neutral"). If the Parties are unable to agree on the Neutral within ten (10) days after expiration of the thirty (30) day period, they shall seek assistance in such regard from CPR Institute for Dispute Resolution, Inc. ("CPR"). The fees of the Neutral and all other common fees and expenses shall be shared equally by the Parties.

d) The mediation may proceed in accordance with CPR's Model Procedure for Mediation of Business Disputes, or the Parties may mutually establish their own procedure.

e) 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 twenty (20) days following the mediation, the, upon seven (7) days' written notice to the other Party, either Party may immediately seek other remedies available to it in law and equity.

f) 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, and used as evidence in any subsequent litigation.

g) Each Party fully understands its specific obligations under the ADR provisions of the 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 caused this Agreement to be signed by their respective officers, thereunto duly authorized.

SANITATION DISTRICT NO. 1 OF NORTHERN KENTUCKY

By: Mark W. Wurschmidt

Name: Mark W. Wurschmidt

Title: Interim Executive Director

Date: 8/10/16

DUKE ENERGY KENTUCKY, INC.

By:

Name: Chuck Whitlock

Title: SVP Midwest Distribution

Date: 10-18-16

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