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John J. Finnigan, Jr.
Associate General Counsel

VIA OVERNIGHT MAIL

March 28, 2007

RECEIVED

MAR 29 2007

PUBLIC SERVICE
COMMISSION

Mr. Isaac S. Scott
Branch Manager of Financial Analysis
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Duke Energy Kentucky, Inc.'s Annual Report-Calendar Year 2006

Dear Isaac:

Enclosed please find an original and two copies of Duke Energy Kentucky, Inc.'s ("DE-Kentucky") Annual Report to the Commission pursuant to 807 KAR 5:080, *Procedural and filing requirements and safeguards concerning nonregulated activities of utilities or utility affiliates* and Duke Energy Kentucky, Inc.'s responses to Commission questions in Administrative Case No. 387, pursuant to the Commission's order dated October 7, 2005.

For the Commission's convenience, Duke Energy Kentucky, Inc. has consolidated these reports into a single document, which is attached to this letter. Please contact me should you have any questions or concerns regarding this material.

Also enclosed are two unredacted responses to the Commission's requests for information in Administrative Case No. 387 that are designated confidential and being filed under seal. *Duke Energy Kentucky, Inc.'s Petition for the Confidential Treatment Of Certain Information Filed In Annual Report For Calendar Year 2006* is also enclosed for your review.

Sincerely,

John J. Finnigan, Jr.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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MAR 29 2007

PUBLIC SERVICE
COMMISSION

Duke Energy Kentucky, Inc.'s
Annual Report - Calendar Year 2006

DUKE ENERGY KENTUCKY, INC.'S

PETITION FOR THE CONFIDENTIAL TREATMENT OF CERTAIN

INFORMATION FILED IN ANNUAL REPORT FOR CALENDAR YEAR 2006

Duke Energy Kentucky, Inc. (Petitioner) respectfully submit this petition in accordance with 807 KAR 5:001 Section 7, seeking the confidential treatment of certain information provided in the Petitioner's Annual Report for 2006. In support of this petition, Petitioners submit the following:

1. On October 7, 2005, the Commission issued an Order in this proceeding seeking requiring the Petitioner to file responses to Commission's questions in Administrative Case No. 387 within the annual report filed with the Commission.
2. The Commission's regulations, in 807 KAR 5:001, provide that any person requesting confidential treatment of any material file a petition setting forth the grounds, pursuant to KRS 61.870 *et seq.*, upon which the Commission should classify that material as confidential.

3. Kentucky Revised Statute § 61.878(1)(c)(1) provides that records confidentially disclosed to an agency or required to be disclosed to the agency be exempt from Kentucky's open records statutes, KRS 61.870 *et seq.* where the records are generally recognized as confidential or proprietary, and which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.
4. Petitioners submit that the following information, if openly disclosed, could present antitrust issues by giving Petitioner's competitors access to competitively sensitive, confidential information, which in turn could cause energy prices to consumers to be above competitive rates, and would permit competitors of Petitioners to gain an unfair competitive advantage in the marketplace:
 - a. Most recent demand forecasts and case demands and also for the following four years.
 - b. Scheduled outages or retirements of generating capacity during the current year and the following four years.
5. The above information, if openly disclosed, would enable competitors in the wholesale power market to ascertain the manner in which Petitioners manage and operate their portfolio of generation assets.

A list of projected demand will provide power marketing competitors with knowledge that will allow them potentially to

manipulate the marketplace so as to unnecessarily cause consumers to pay more for electricity than they otherwise would. A list of projected outages costs will grant competitors a distinct advantage in that they would be able to anticipate Petitioners' generation costs. With this information, a competitor could take actions that in the absence of this information it would not take. Such actions might include adjusting its prices, either to win contracts on which Petitioner may also be bidding — business the competitors otherwise would not be in a position to win, or to set its prices artificially high to take advantage of such knowledge, the latter action obviously forcing consumers to pay higher prices for power.

6. Pursuant to 807 KAR 5:001 Section 7, Petitioners have attached to this Petition, under seal, one complete copy of Section F, Responses to Administrative Case No. 387, Nos. six (6) and eleven (11) of the Responses to the Commission's Information Requests contained in the Annual Reporting of Duke Energy Kentucky, Inc. and two copies of Duke Energy Kentucky Inc.'s Annual Reporting - Calendar Year 2006 with the confidential material omitted or otherwise redacted.

WHEREFORE, Petitioners respectfully request that the Commission:

1. Accept this Petition for filing;
2. Grant the information delineated herein confidential treatment in accordance with 807 KAR 5:001 Section 7 and KRS 61.870 *et seq.*

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



John J. Finnigan, Jr. (86657)

Associate General Counsel

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NOTICE OF FILING/ CERTIFICATE OF SERVICE

I hereby give notice that on this 28th day of March, 2007, I have filed with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601:

- (a) An original and two true copies of Duke Kentucky, Inc.'s Petition for Confidential Treatment of Certain Information Filed in Annual Report for Calendar Year 2006;
- (b) An un-redacted original (filed under seal) and two redacted copies of Duke Energy Kentucky's Responses No. six (6) and eleven (11) to the Commission's Information Requests.



John J. Finnigan, Jr.

MAR 29 2007

PUBLIC SERVICE
COMMISSION

**Index to the Annual Reporting of
Duke Energy Kentucky, Inc.**

DATA REQUIREMENT	SOURCE	REPORT
Description of Change to Cost Allocation Manual	807 KAR 5:080, Section 2 (1)(a)	Duke Energy Corporation ("Duke Energy"), the parent company of Duke Energy Kentucky, Inc., spun off its natural gas interstate pipeline business effective January 2, 2007 into a new entity known as Spectra Energy Corp. As a result, Duke Energy has many fewer subsidiary companies and Duke Energy Kentucky, Inc. has many fewer affiliates. Duke Energy Kentucky, Inc. will file an updated cost allocation manual with the Commission as required by 807 KAR 5:080, Section 3.
Incidental nonregulated activities	807 KAR 5:080, Section 2 (1)(b)	Exhibit A
List of nonregulated affiliates	807 KAR 5:080, Section 2 (1)(c)	Exhibit B
Copy of service agreements	807 KAR 5:080, Section 2 (2)	Exhibit C (Operating Companies Service Agreement) Exhibit D (Service Company/Utility Service Agreement) Exhibit E (Operating Company/Nonutility Service Agreement)
Responses to Commission questions	Commission Order, Adm. Case No. 387, dated Oct. 7, 2005, ordering ¶ 2.	Exhibit F

Exhibit A

A report on the utility's incidental nonregulated activity that describes the activity and provides justification for reporting the nonregulated activity as an incidental nonregulated activity, including:

- 1. Revenue per year or percentage of total revenue per year of the activity reported as an incidental nonregulated activity;*
- 2. A calculation demonstrating the manner in which the affected utility has determined the percentage of revenue set forth in subparagraph 1 of this paragraph;*
- 3. A full explanation as to why the activity reported as an incidental nonregulated activity is reasonably related to the affected utility's regulated services*

2006 INCIDENTAL AND NON-REGULATED ACTIVITIES OF DUKE ENERGY KENTUCKY

Activity	Revenues
Gas Curb to Meter & Misc. Replacement & Repair Optional service offered to customers who need to have their customer-owned curb-to-meter service line replaced, maintained or repaired.	31,504
Joint Underground Trench – Telephone, internet and cable wiring Offers telecom and cable providers the option of placing their facilities in the same underground trench as those of the Company.	659,886
Pilot Lights Optional service offered to customers whose furnace or water heater pilot light needs to be re-lit. Usually offered when customer smells gas and calls the Company to investigate where the cause of the gas odor is an unlit pilot light.	2,001
Pole Sets Optional service offered to private "utility pole" owners whereby the Company will use its equipment and expertise to set a customer-owned pole into the ground.	50,953
Property Management – Lease/Rental General lease of Company land to another.	1,133,062
Repair Underground Electric – Permanent/Temp Service Optional service offered to customers who need to have their customer-owned underground electric line replaced, maintained or	9,790

repaired.	
Underground Repair Protection	5,109
Total 2006 Duke Energy Kentucky Non-Utility/Non-Regulated Revenue	1,892,305
Total 2006 Duke Energy Kentucky Revenue	399,880,608
Non-Utility/Non-Regulated % of Total Revenue	.47%

Exhibit B

A list of nonregulated affiliates and a brief description of the activities in which each affiliate is involved.

See attached. The entities on the attached list are nonregulated affiliates of Duke Energy Kentucky, Inc. except for certain affiliates that are regulated by other state utility commissions or the Federal Energy Regulatory Commission. The major regulated affiliates of Duke Energy Kentucky, Inc. are: Duke Energy Ohio, Inc.'s gas and electric transmission and distribution business, Duke Energy Indiana, Inc. and Duke Energy Carolinas, LLC.

<u>Company Name</u>	<u>Nature of Business</u>
1388368 Ontario Inc.	Facilitates the financing of the Cinergy Solutions - Demand Ltd acquisition by Cinergy Solutions - Demand, Inc.
3036243 Nova Scotia Company	Facilitates the financing of the Vestar Limited acquisition by Vestar, Inc.
Advance SC LLC	Distribute a portion of bulk power marketing revenues of Duke Power Company for certain South Carolina public assistance programs, education programs, economic development funding and manufacturing competitiveness funding. FERC Form 1: Grant making
Aguaytia Energy del Peru S.R. Ltda	Peruvian limited liability company which provides thermal electric generation in the Peruvian Amazon Basin. Also dedicated to operations in connection to natural gas and derivatives.
Aguaytia Energy, LLC	Delaware limited liability holding company which owns 97.2238% of Aguaytia Energy del Peru SRL Ltda.
Atmospheric Fluidized Bed Development Corporation	Inactive entity
Attiki Denmark ApS	Danish entity which holds 49% interest in Attiki Gas Supply Company SA. This entity is a partnership with Shell Gas BV.
Attiki Gas Supply Company SA	Greek entity which supplies and sells natural gas to consumers located within the geographical area of Attiki, which includes Athens, Greece.
Bison Insurance Company Limited	Insurance
Brown County Landfill Gas Associates, L.P.	Owns and operates landfill gas collection systems and related assets.
Brownsville Power I, L.L.C.	A natural gas-fired generation facility located in Haywood County, Tennessee.
BSPE General, LLC	Formed to act as the sole general partner of BSPE, L.P.
BSPE Holdings, LLC	Formed as an indirect holding company for a qualifying facility (QF) as defined under the PURPA of 1978.
BSPE Limited, LLC	Formed to act as the sole limited partner of BSPE, L.P.

<u>Company Name</u>	<u>Nature of Business</u>
BSPE, L.P.	Formed to purchase, own and lease certain existing equipment and fixtures in connection with the two QFs located in Texas constructed and operated by South Houston Green Power, L.P.
Cadence Network, Inc.	Formed as a bankruptcy remote vehicle to purchase, own and lease certain existing equipment and fixtures in connection with the 2 facilities in Texas City and Chocolate Bayou that are owned and operated by South Houston Green Power L.P.
Caldwell Power Company	Provides a single source for both energy and management services an dproducts designed to lower energy costs for national customers that operate in multiple locations across the country. The services include consolidated billing, bill auditing and usage analysis.
Carolinas Virginia Nuclear Power Associates, Inc.	Inactive.
Catalytic Solutions, Inc.	Joint Venture with Duke Energy Carolinas, LLC, Carolina Power & Light, Virginia Electric Power Company, and South Carolina Electric & Gas. Each with 25% ownership Non-profit
Catawba Manufacturing and Electric Power Company	Formed to develop alternative emissions control technology.
Centra Gas Toluca S. De R.L. De D.V.	Currently Inactive
CGP Global Greece Holdings, SA	Mexican entity provides payroll services to all DEI Mexican employees.
CinCap IV, LLC	Greek company which holds 51% interest in the Attiki Gas Project, and debt for project.
CinCap V, LLC	Markets electricity at wholesale.
Cinergy Capital & Trading, Inc.	Markets electricity at wholesale.
Cinergy Climate Change Investments, LLC	Cinergy Capital & Trading, Inc. is engaged in the business of marketing energy commodities at wholesale.
Cinergy Corp.	Formed to facilitate investments by Cinergy or its subsidiaries, and other energy companies in forestation projects in the Lower Mississippi River Valley, and possibly other sites, as a means for removing carbon dioxide (Co2) from the atmosphere.
Cinergy Foundation, Inc.	The parent holding company of Duke Energy Indiana, Inc., Duke Energy Ohio, Inc., Cinergy Investments, Inc., and Duke Energy Shared Services, Inc..
	Established in January 1995. The purpose of this Foundation shall be to operate exclusively for charitable purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Cinergy General Holdings, LLC	Serves as the general partner of Cinergy Marketing & Trading, L.P.
Cinergy Global (Cayman) Holdings, Inc.	Cayman holding entity owns 100% of Cayman entity Cinergy Global Tsavo Power. This entity was formed to be utilized in connection with future EWG or FUCO acquisitions by Cinergy Corp.
Cinergy Global Ely, Inc.	Delaware entity formerly held interest in EPR Ely Power Limited an EWG/FUCO Project. EPR Ely Power Limited was sold 03/14/2005.
Cinergy Global Hellas S.A.	Greek company which holds the Asset Services Agreement for the Attiki Gas Project in Greece.
Cinergy Global Holdings, Inc.	Delaware Holding Company which holds 100% of Cinergy Holdings B.V. and 1 share in CGP Global Holdings, SA.
Cinergy Global Power (UK) Limited	UK entity is slated for future dissolution. It is a UK private company limited by shares which formerly held interest in a UK entity which owned and operated a gas turbine generator located near Redditch, Worcestershire, United Kingdom, which supplies wholesale electricity.
Cinergy Global Power Africa (Proprietary) Limited	South African entity is currently in process for dissolution. It was formed to achieve ground presence in South Africa through a local office that provides development and asset management services for Cinergy's investments in the southern regions of Africa.
Cinergy Global Power Iberia, S.A.	Spanish entity is currently in process for dissolution. It was formed to trade electricity in Spain.
Cinergy Global Power Services Limited	UK entity is currently in process for dissolution. It was formed to pursue generation, transmission and distribution opportunities throughout the world.
Cinergy Global Power, Inc.	Owns all of the equity of Cinergy Global Power Services Limited, through which it develops and acquires power projects around the globe. Acts as an "umbrella" Exempt Wholesale Generator (EWG)/Foreign Utility Company (FUCO) Project Parent with respect to numerous existing, contemplated or potential investments in Exempt Projects.
Cinergy Global Resources, Inc.	The U.S. holding company created for Cinergy's international, non-regulated investments, as well as its domestic initiatives in renewable generation. Through its subsidiaries, Cinergy Global Resources, Inc. holds interests in power generation, transmission and distribution projects worldwide. Assets in operation/development are located in Greece, Kenya, and the U.S.
Cinergy Global Trading Limited	UK private company limited in shares is slated for future dissolution. Its subsidiaries were formerly involved in the gas and electricity and trading business and related energy products in the UK.
Cinergy Global Tsavo Power	Cayman Island entity holds a 48% interest in IPS-Cinergy Power Limited, a Kenyan entity, through its joint venture with Industrial Promotion Services (Kenya) Limited which holds the other 51.8% in IPS-Cinergy Power Limited.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Cinergy Holdings BV	Dutch holding company is currently inactive.
Cinergy Investments, Inc.	A non-utility subsidiary holding company that holds the majority of Cinergy's domestic non-utility businesses.
Cinergy Limited Holdings, LLC	Holds an interest in Cinergy marketing & Trading, L.P.
Cinergy Mexico General, LLC	Formed to own a business engaged in the sale, purchase, and related risk management activity of gas for Mexican customers, and to hold an ownership interest in a business engaged in the marketing of gas and/or gas related services in Mexico.
Cinergy Mexico Holdings, LP	Engaging in the purchase, sale and related risk management activity of gas for Mexican customers, and to hold an ownership interest in a business engaged in the marketing of gas and/or gas related services in Mexico.
Cinergy Mexico Limited, LLC	Formed to own a business engaged in the sale, purchase, and related risk management activity of gas for Mexican customers, and to hold an ownership interest in a business engaged in the marketing of gas and/or gas related services in Mexico.
Cinergy Mexico Marketing & Trading, LLC	Formed for the purpose of engaging in the marketing of gas and/or gas related services in Mexico.
Cinergy Origination & Trade, LLC	To trade and market electric power, natural gas, environmental emission allowances, coal and other renergy and energy-related products and services.
Cinergy Power Generation Services, LLC	Provides operation and maintenance services to affiliated and non-affiliated exempt wholesale generators or other generating facilities.
Cinergy Power Investments, Inc.	Formed to hold the assets of divested or other non-regulated power plants.
Cinergy Receivables Company LLC	Intended to and shall operate and function as a Qualified Special Purpose Entity ("QSPE") as that term is defined in the Statement of Financial Accounting Standards No. 140 ("FASB 140"). For detailed purpose, please refer to Section 7 of the A&R LLC Agreement dated 3-31-2002.
Cinergy Retail Power General, Inc.	Cinergy Receivables Company LLC was formed for the purpose of purchasing the accounts receivables and related rights of PSI Energy, Inc., ULH&P and CG&E and then securitizing such receivables through a loan agreement with certain commercial banks.
Cinergy Retail Power Limited, Inc.	Formed to serve as the general partner of Cinergy Retail Power, L.P.
	Formed to hold an investment in Cinergy Retail Power, L.P.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Cinergy Retail Power, L.P.	Formed to engage in the retail sale of electric power to large industrial customers in states that have legislatively or administratively established customer choice and retail competition.
Cinergy Risk Solutions Ltd.	To engage in the business of insuring or reinsuring certain levels of risk for Cinergy and its associate companies as a captive insurance company formed and licensed in Vermont.
Cinergy Solutions - Utility, Inc.	To provide engineering, construction, operation and maintenance services with respect to electric and natural gas systems and infrastructure.
Cinergy Solutions Limited Partnership	Facilitates the financing of the Cinergy Solutions - Demand, Ltd. acquisition by Cinergy Solutions - Demand, Inc.
Cinergy Solutions Partners, LLC	Formed to engage in the development of qualifying facilities (QF's).
Cinergy Technology, Inc.	Manages Cinergy's existing non-regulated, technology-related investments, assess the market potential for non-regulated product and service development opportunities, and form key alliances for non-regulated product development.
Cinergy Two, Inc.	Holds Power Technology & Infrastructure Services' non-regulated investments, which are required to be Exempt Telecommunications Companies, and initially, makes certain web site development and hosting services.
Cinergy UK, Inc.	Formed to acquire and hold the 50% equity interest in Midlands Electricity PLC, one of the United Kingdom's principal energy companies. This investment in Midlands became a platform for the creation of Cinergy Global power, the international project development arm. Cinergy's partner, GPU of New Jersey, purchased this interest in Midlands on July 15, 1999.
Cinergy Wholesale Energy, Inc.	Cinergy Wholesale Energy, Inc. is a holding company for non-utility energy services businesses.
Cinergy-Centrus Communications, Inc.	Inactive and being held open for tax purposes.
Cinergy-Centrus, Inc.	Inactive and is being held open for tax purposes.
CinFuel Resources, Inc.	Holding company that owns, through direct or indirect investment, and/or operates, projects capable of producing synthetic fuel, such as LH1, LLC.
CinPower I, LLC	A company that optimizes the economic benefits in connection with the restructured wholesale power purchase agreement involving certain non-affiliates.
Claiborne Energy Services, Inc.	Is the general partner of Clean Energy Partners Limited Partnership, a limited partnership which was formed to develop, own and operate a coal gasification electric power facility. Own and operate a uranium enrichment facility.
Comercializadora Duke Energy de Centro America, Limitada	Guatemalan company dedicated to buy, sell, exchange, give and take in leasing, disposing, importing, exporting and administering all types of goods, right and shares, same as being able to provide to companies, equally being able to represent national and international comp

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Commercial Electricity Supplies Limited	UK entity in process for dissolution.
Compania de Servicios de Compresion de Campeche, S.A. de C.V.	Mexican JV corporation rendering of gas compression services to PEMEX. CSCC Holdings Limited Partnership owns 50 %, Marubeni Corporation owns 35% and Marubeni American Corporation owns 15%. The 2 latter entities are Duke's partners.
Countryside Landfill Gasco, L.L.C.	Owns and operates landfill gas collection systems and related assets.
CRE, LLC	Real Estate
Crescent Resources, LLC	Real estate development
CSCC Holdings Limited Partnership	Canadian entity holding 50% ownership interests Compania de Servicios de Compresion de Campeche S.A. de C.V. a Mexican, joint venture with Marubeni Corporation holding 35% interest, and Marubeni America Corporaton holding 15% interest.
CSGP General, LLC	Sole general partner of CSGP Services, L.P.
CSGP Limited, LLC	Sole limited partner of CSGP Services, L.P.
CSGP of Southeast Texas, LLC	Provides operation and maintenance labor for CSGP Services, L.P., on behalf of South Houston Green Power, L.P.
CSGP Services, L.P.	The purpose is to lease employees from CSGP of Southeast Texas, LLC and will be the operator under an O&M agreement with South Houston Green Power, L.P.
CST General, LLC	Sole general partner of CST Green Power, L.P.
CST Green Power, L.P.	Purpose is to be the project company that will partially own and manage a long-term co-generation project located in Texas.
CST Limited, LLC	Sole limited partner of CST Green Power, L.P.
CTE Petrochemicals Company	Cayman partnership 50% owned by Texas Eastern Arabian Ltd. and 50% owned by sub of Duke Partner Celanese Corporation. CTE is the holdco for 50% of National Methanol Company, a methanol project in Saudi Arabia and JV with SABIC.

<u>Company Name</u>	<u>Nature of Business</u>
Current Communications Group, LLC	A Broadband over Power Line (BPL) service provider, offering broadband services to residential and small business customers. Works closely with electric utility companies in installing BPL technology on electric distribution lines to provide broadband services primarily utilizing Current Technologies BPL equipment.
D/FD Foreign Sales Corporation	Engineering activities in foreign countries to coal fired electric plants.
D/FD Holdings, LLC	Holding Company
D/FD International Services Brasil Ltda.	Entity in process of being dissolved. Entity was formed to be the contracting entity for the DI Project (and possibly other projects) in Brazil.
D/FD Operating Services LLC	Operation of electric generating plant
DE Fossil-Hydro Engineering, Inc.	Engineering Services
DE Marketing Canada Ltd.	Holding company/General partner.
DE Nuclear Engineering, Inc.	Engineering Services
DE Operating Services, LLC	To own and operate a merchant power plant
DE Power Generating, LLC	Holding company
DEGS Biogas, Inc.	Holds an equity investment in U.S. Energy Biogas Corp.
DEGS EPCOM College Park, LLC	Performs various utility-related engineering, procurement, construction, operation and maintenance services at the University of Maryland.
DEGS GASCO, LLC	Owns landfill gas companies.
DEGS O&M, LLC	To operate and maintain several facilities owned by subsidiaries of KGen, LLC.

<u>Company Name</u>	<u>Nature of Business</u>
DEGS of Boca Raton, LLC	Develops, constructs, finances, operates and maintains certain thermal energy facilities located in Boca Raton, Florida and sells associated thermal, and other, energy-related products and services.
DEGS of Cincinnati, LLC	Owns and operates a district cooling business in downtown Cincinnati, Ohio.
DEGS of Delta Township, LLC	To perform the construction and operating services for GM for the Delta Township assembly facilities.
DEGS of Lansing, LLC	Cinergy Solutions Operating Services of Lansing, LLC performs oversight, management, operation and maintenance of energy/utility service facilities at a General Motors vehicle assembly plant in Lansing, Michigan.
DEGS of Monaca, LLC	To operate, maintain and manage Horsehead Industries, Inc. dba Zinc Corporation of America's G. F. Weaton Station located in Monaca, PA.
DEGS of Narrows, LLC	Formed for the purpose of operating, maintaining and managing the existing utility system at teh Celanese acetate manufacturing facility located in Narrows, Virginia.
DEGS of Oklahoma, LLC	Performs oversight, management, operator and maintenance of energy/utility service facilities at a General Motors vehicle assembly plant in Oklahoma City, Oklahoma.
DEGS of Parlin, LLC	Operation and maintenance for customer facility.
DEGS of Philadelphia, LLC	Manages, operates and maintains the steam and electric generation and distribution facilities located at the Philadelphia Naval Base Complex.
DEGS of Rock Hill, LLC	Formed for the purpose of operating, maintaining and managing the existing utility system at the Celanese acetate manufacturing facility located in Rock Hill, South Carolina.
DEGS of San Diego, Inc.	Purpose is to supervise the construction of, operate and maintain, an energy facility at Children's Hospital and Health Center in San Diego, California.
DEGS of Shreveport, LLC	Cinergy Solutions Operating Services of Shreveport, LLC performs oversight, management, operation and maintenance of energy/utility service facilities at a General Motors vehicle assembly plant in Shreveport, Louisiana.
DEGS of South Charleston, LLC	To design, build, own, operate, and maintain certain steam generating equipment and ancillary water treatment equipment to be located at the UCC Technical Center in South Charleston, West Virginia.
DEGS of St. Bernard, LLC	Operate, maintain and manage the existing utility system and to design, develop, construct and own system improvements at Proctor & Gamble's chemical manufacturing facility located in St. Bernard, Ohio.
DEGS of St. Paul, LLC	Own St. Paul Cogeneration LLC.

<u>Company Name</u>	<u>Nature of Business</u>
DEGS of Tuscola, Inc.	Oversees the operations and staffing of a qualifying facility (QF) located in Tuscola, Illinois.
Delta Township Utilities II, LLC	Formed to provide new assets to service General Motors' new assembly plant located in Delta Township, Michigan, including the design, construction, ownership, operations and maintenance of such new assets.
Delta Township Utilities, LLC	Constructs, owns, operates and maintains energy-related facilities for a General Motors metal stamping facility located in Michigan.
DENA Asset Partners, L.P.	Personnel Management
DENA Partners Holding, LLC	Payroll company
DETM Marketing Northeast, LLC	To provide energy supply and energy management services to customers; technical services provided
DETM Management, Inc.	Holding company.
Dixilyn-Field (Nigeria) Limited	Inactive, but still on the books
Dixilyn-Field Drilling Company	Holding Company
Dixilyn-Field International Drilling Company, S.A.	Inactive, but still on the books
DTMSI Management Ltd.	Holding Company
Duke Broadband, LLC	Holds investments in broadband-related companies.
Duke Canada Ltd.	Holding company
Duke Capital Partners, LLC	To provide lending, investment banking and asset management services to the wholesale and commercial energy market.
Duke Communication Services Caribbean Ltd.	Bermuda entity. Entity set up to own communication towers and telecommunication equipment.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Communication Services, Inc.	Telecommunications
Duke Communications Holdings, Inc.	Provides telecommunications services, information services, selling or leasing of long-haul optic fiber capacity and energy management services.
Duke Energy Allowance Management, LLC	Purchase and sale of environmental credits.
Duke Energy Americas, LLC	Holding Company
Duke Energy Business Services LLC	Management Services
Duke Energy Carolinas Plant Operations, LLC	Performs the operations and maintenance and provides other plant services for power generation and energy facilities.
Duke Energy Carolinas, LLC	Holding Company
Duke Energy Corporation	Holding Company.
Duke Energy Development Pty Ltd	Holding company. Australian company slated for dissolution.
Duke Energy Egenor S. en C. por A.	Peruvian joint stock company which owns 2 central hidroelectric plants: 263 MW Cañon del Pato and 95MW Carhuaquero. Also owns 6 thermoelectric plants in the north of Peru: 43MW in Piura; 63 MW in Chimbote; 21 MW in Trujillo; 24 MW in Chiclayo; 9 MW in Paiza; and 10MW in Sullana.
Duke Energy Electroquil Partners	Delaware general partnership holding 99.75 in Duke Energy International del Ecuador Cia. Ltda. In connection with the Electroquil facility in Guayaquil, Ecuador.
Duke Energy Engineering, Inc.	Markets various utility-related engineering services.
Duke Energy Equipment Partners, L.P.	To own and operate a merchant power plant.
Duke Energy Finance Canada Limited Partnership	Holding company
Duke Energy Fossil-Hydro California, Inc.	Performs operation and maintenance and other plant services for power generation and energy facilities.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Energy Fossil-Hydro, LLC	To provide operation and maintenance services to fossil-fired and hydro-powered electric generation facilities.
Duke Energy Generating S.A.	Argentine holding company for Duke's 90.87% interest in hydroelectric Cerros Colorados SA, an Argentine company which serves as the operator for both facilities in Argentina: Alto Valle and Palancia Bandeira.
Duke Energy Generation Services Holding Company, Inc.	Markets an array of energy-related products and services and develops, acquires, owns and operates certain energy-related projects.
Duke Energy Generation Services, Inc.	Develops, acquires, owns and operates certain energy-related businesses, formerly conducted by Cinergy Solutions Holding Company, Inc.
Duke Energy Global Markets, Inc.	Engaged in management and investment of funds.
Duke Energy Greenleaf, LLC	99% limited partner in Duke Energy Equipment Partners, LP.
Duke Energy Group Holdings, LLC	Delaware limited liability company which holds the 100% ownership interest in Duke Energy Group, LLC
Duke Energy Group, LLC	Delaware limited liability company with interests in Duke's international companies involved with electric power projects and marketing of electric power.
Duke Energy Hydrocarbons Canada Limited Partnership	Acquisition, exploration for, and development production and sale of, petroleum, natural gas and related hydrocarbons and products derived therefrom. Currently inactive.
Duke Energy Hydrocarbons Investments Ltd.	General partner of Duke Energy Hydrocarbons Canada Limited Partnership, an Alberta Limited Partnership Currently inactive
Duke Energy Indiana, Inc.	The production, transmission, distribution, and sale of electricity in North Central, Central, and Southern Indiana.
Duke Energy Industrial Sales, LLC	The purpose of this entity is to engage in the sale of coal and other supplies to industrial companies.
Duke Energy Interamerican Holding Company LDC	Entity sold to Econergy in the DEI Bolivia Sale.
Duke Energy International (Europe) Holdings ApS	Danish holding company for Duke's UK companies, presently slated for dissolution pending dissolutions of its UK subsidiaries.
Duke Energy International (Europe) Limited	As of October 25, 2006, Company in process of voluntary dissolution.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Energy International Argentina Holdings	Cayman entity slated for dissolution.
Duke Energy International Argentina Marketing/Trading (Bermuda) Ltd.	Bermuda entity in process of dissolution.
Duke Energy International Asia Pacific Ltd.	Bermuda holding company slated for dissolution pending liquidation of its subsidiaries.
Duke Energy International Bolivia Holdings No. 1, LLC	Delaware Holding Company. Currently Inactive.
Duke Energy International Bolivia Investments No. 1 Limited	Cayman entity was part of the Duke Energy International sale of its interest in the Corani project on 02/05/2007 to Econergy International. On 02/05/2007 this Cayman entity transferred to Econergy International ownership. Duke Energy International no longer owns this Cayman entity.
Duke Energy International Bolivia Investments No. 2 Limited	Cayman entity was part of the Duke Energy International sale of its interest in the Corani project on 02/05/2007 to Econergy International. On 02/05/2007 this Cayman entity transferred to Econergy International ownership. Duke Energy International no longer owns this Cayman entity.
Duke Energy International Brasil Commercial, Ltda.	Brazilian entity which holds 99.99% in Duke Trading do Brasil Ltda.
Duke Energy International Brasil Holdings, LLC	Delaware entity which holds the minority interest in Duke Energy International Brasil Ltda.
Duke Energy International Brazil Holdings Ltd.	Bermuda holding company fo Duke Energy International's assets in Brazil.
Duke Energy International del Ecuador Cia. Ltda.	Ecuadorean company which owns 82.2364% in Electroquili SA, an electric power generation company located in Guayaquil, Ecuador.
Duke Energy International El Salvador Comercializadora de El Salvador, S.A. de C.V.	Salvadorean entity for energy trading and marketing throughout the Central American region; import, export and domestic electric energy transactions.
Duke Energy International El Salvador Investments No. 1 Ltd	Bermuda holding company for Duke's Energy International's assets in El Salvador.
Duke Energy International El Salvador Investments No. 1 y Cia. S. enC. de C.V.	Salvadorean entity holding company.
Duke Energy International El Salvador, S en C de CV	Salvadorean Thermo Electric Generating plant. Operating company.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Energy International Electroquil Holdings, LLC	Delaware entity which holds ownership interest in Duke Energy International del Ecuador Cia., Ltda.
Duke Energy International Espana Holdings, S.L.	Spanish holding company which holds ownership interests in Argentina and Ecuador.
Duke Energy International Finance (UK) Limited	UK entity in process of dissolution.
Duke Energy International Guatemala Holdings No. 1, Ltd.	Bermuda holding company to generate, sell, supply, transmit, trade in, purchase and market electricity, natural gas, and hydro carbon products.
Duke Energy International Guatemala Holdings No. 2, Ltd.	Bermuda holding company.
Duke Energy International Guatemala Holdings No. 3	Cayman Island holding company.
Duke Energy International Guatemala Limitada	Guatemalan limited liability company holds 99% interest in Duke Energy International Operaciones Guatemala Limitada and 99% of Duke Energy International Transmision Guatemala Limitada.
Duke Energy International Guatemala y Compania Sociedad en Comandita por Acciones	Guatemalan joint stock company owns and operates with Duke Energy International Transmision Guatemala Ltda an 235 MW electric generation facility in Guatemala which is comprised of the 150 MW Arizona Plant and the 85 MW Las Palmas Plant
Duke Energy International Investments No. 2 Ltd.	Bermuda entity slated for dissolution.
Duke Energy International Latin America, Ltd.	Bermuda holding company for all Duke Energy International's interest in Latin America.
Duke Energy International Mexico, S.A. de C.V.	Mexican company which manages the Campeche platform in Mexico.
Duke Energy International Netherlands Financial Services B.V.	Dutch holding company.
Duke Energy International Operaciones Guatemala Limitada	Guatemalan operations entity.
Duke Energy International Peru Inversiones No. 1, S.R.L.	Peruvian entity is slated for either dissolution or merger.
Duke Energy International Peru Investments No. 1, Ltd.	Bermuda holding entity To generate, sell, supply, trade in, transmit, purchase, market electricity and natural gas and other hydro carbon products and by-products.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Energy International PJP Holdings (Mauritius) Ltd.	Currently in process of dissolution.
Duke Energy International PJP Holdings, Ltd.	Bermuda holding entity is slated for dissolution.
Duke Energy International Pty Ltd	Australian entity slated for dissolution.
Duke Energy International Services (UK) Limited	UK entity is in process of dissolution.
Duke Energy International Southern Cone SRL	Argentine limited liability company set up for trading & marketing.
Duke Energy International Trading and Marketing (UK) Limited	UK entity in process of dissolution.
Duke Energy International Transmission Guatemala Limitada	Guatemalan company owns and operates a 230 kV electric transmission line facility in Guatemala. It interconnects with the Arizona Plant owned both by Duke Energy International Guatemala y Cia., SCA and this entity, and the electric transmission facilities owned by INDE, a transmission company owned by the Guatemalan government.
Duke Energy International Uruguay Holdings, LLC	Delaware holding entity set up to perform all types of investment and asset holding activities.
Duke Energy International Uruguay Investments, S.R.L.	Uruguayan limited liability holding entity for Duke's assets in Argentina and Ecuador.
Duke Energy International, Brasil Ltda.	Brazilian company set up for the participation at bidding procedures and/or auctions for the transfer of ownership interests in electricity companies in Brazil.
Duke Energy International, Geracao Parapananema S.A.	Brazilian entity Parapananema owns and operates 8 hydroelectric generating facilities on the Parapananema River in São Paulo State of Brazil. The generation provided by the facilities is sold thru a combination of bilateral contracts, spot market sales, and sales to the distribution companies under contracts awarded by the established energy auctions.
Duke Energy International, LLC	Delaware holding entity set up to acquire, own and manage interests in partnerships and limited liability companies and other assets.
Duke Energy Kentucky, Inc.	The transmission, distribution, and sale of electricity energy and the sale and transportation of natural gas in northern Kentucky.
Duke Energy Lantana, LLC	Power generation
Duke Energy Marketing America, LLC	Energy Marketing and energy management for unregulated merchant energy facilities of Duke Energy North America, LLC.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Energy Marketing Canada Corp.	Trading operations for unregulated generation assets.
Duke Energy Marketing Corp.	Was formed to engage in the marketing of electric power.
Duke Energy Marketing Limited Partnership	Engage in the business of purchasing, selling and marketing natural gas, electric power and other energy products and services in Canada.
Duke Energy Merchant Finance, LLC	Financing
Duke Energy Merchants Investments (UK) Limited	Holding company
Duke Energy Merchants Trading and Marketing (UK) Limited	Trading and Marketing
Duke Energy Merchants UK LLP	Commodities trading
Duke Energy Merchants, LLC	Provides financial, risk management and asset management services to producers, transporters and users of global energy commodities and derivative products such as crude oil, refined products, LPGs, residual fuels, coal, and fertilizer.
Duke Energy Moapa, LLC	Transact any and all lawful business for which limited liability companies may be organized under the act.
Duke Energy Murray Operating, LLC	To own and operate merchant power plant.
Duke Energy North America, LLC	Development, ownership, and operation of energy facilities.
Duke Energy Ohio, Inc.	Engaged in the production, transmission, distribution and sale of electricity and the sale and transportation of natural gas in the southwestern portion of Ohio.
Duke Energy One, Inc.	Engages in non-regulated, energy-related activities.
Duke Energy Peru Holdings S.R.L.	Peruvian limited liability holding company.
Duke Energy Power Assets Holding, Inc.	Market electricity and energy services. D/B/A Electric Power Services, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Energy Providence, LLC	Holding Company
Duke Energy Receivables Finance Company, LLC	Receivables finance company
Duke Energy Registration Services, Inc.	Manages the brand protection of Duke Energy Corporation.
Duke Energy Retail Sales, LLC	To provide retail gas and electric services.
Duke Energy Royal, LLC	Holding Company
Duke Energy Services Canada Ltd.	Holding Company
Duke Energy Services Ireland Limited	Irish entity is in process for dissolution.
Duke Energy Services, Inc.	a holding company.
Duke Energy Shared Services, Inc.	The service company for the Cinergy system, providing member companies with a variety of administrative, management, and support services.
Duke Energy St. Francis, LLC	Electric Generation
Duke Energy Supply Chain Services, LLC	Transact any and all lawful business for which limited liability companies may be organized under the Act.
Duke Energy Trading and Marketing, L.L.C.	Market natural gas, electricity and other energy related commodities. Does not have a parent company. Member companies are DETMI Management, Inc., 60% and Mobil Natural Gas, Inc., 40%.
Duke Energy Trading Exchange, LLC	Holding Company
Duke Engineering & Services (Europe) Inc.	Subsidiary of DE&S, is engaged in engineering and related services in Europe.
Duke Engineering & Services International, Inc.	Investment company. Partner in a joint venture in Argentina.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Duke Investments, LLC	Pursues technology equity investments and runs technology pilots.
Duke Java, Inc.	Nevada entity is slated for dissolution.
Duke Project Services Australia Pty Ltd	Australian company slated for dissolution.
Duke Project Services, Inc.	Engaged in engineering activities for coal projects.
Duke Supply Network, LLC	Holds the Pantellos Corp. investment previously held by Cinergy Telecommunications Holding Company, Inc.
Duke Technologies, Inc.	A wholly-owned subsidiary of Cinergy Corp., is a holding company for various Cinergy investments and initiatives.
Duke Trading Do Brasil Ltda.	Brazilian entity set up to purchase and sell electric power in its variegated forms and modes, with a presence in all specialized market segments.
Duke Ventures II, LLC	Pursues energy-related technology equity investments and undertakes energy-related technology pilot projects.
Duke Ventures, LLC	Holding company
Duke-Cadence, Inc.	To engage in the construction, operation, development or ownership of cogeneration facilities or power production facilities. To enter into joint ventures and partnership agreements.
Duke-Reliant Resources, Inc.	Holds Cinergy's investment in Reliant Services, LLC.
Duke/Fluor Daniel	Engineering activities to coal fired plants.
Duke/Fluor Daniel Caribbean, S.E.	Execution of an engineering, procurement and construction services agreement between the partnership and AES Puerto Rico, L.P.
Duke/Fluor Daniel El Salvador S.A. de C.V.	Contracting entity for El Salvador, but is inactive.
Duke/Fluor Daniel International	Provides engineering, construction and operation services inside the U.S. to coal fired electric plants outside the U.S.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Duke/Fluor Daniel International Services	Coal Fired Generating Plant Services
Duke/Fluor Daniel International Services (Trinidad) Ltd.	Execution of an engineering, procurement and construction services agreement between Duke/Fluor Daniel International Services (partnership) and INCOGEN Limited.
Duke/Louis Dreyfus L.L.C.	A limited liability company formed to engage in the marketing of power. It sells both natural gas and electricity throughout the US.
DukeNet Communication Services, LLC	Hold telecommunications tower assets and provide certain telecommunications services
DukeNet Communications, LLC	Communication Services
DukeNet/TCG LLC	Wholesale provider of fiber-optic services
DukeTec I, LLC	Invests in energy/power generation and telecommunications technology opportunities.
DukeTec II, LLC	To invest in energy/power generation and telecommunications technology opportunities.
DukeTec, LLC	Facilitates energy-related investments.
Eastman Whipstock do Brasil Ltda.	Brazilian entity slated for dissolution.
Eastman Whipstock, S.A.	Brazilian entity slated for dissolution.
Eastover Land Company	Real Estate
Eastover Mining Company	owns property (NOT a payroll entity)
Electroquil, S.A.	Ecuadorian company which owns and operates 4 diesel-fired turbines of 180MW near Guayaquil, Ecuador. The energy and capacity are sold on a competitive spot market basis.
Empresa Electrica Corani, S.A.	Cayman entity was part of the Duke Energy International sale of its interest in the Corani project on 02/05/2007 to Econergy International. On 02/05/2007 this Cayman entity transferred to Econergy International ownership. Duke Energy International no longer owns this Cayman entity.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Energy Equipment Leasing LLC	Leases, sells or finances energy-related equipment.
Energy Pipelines International Company	Engineering & Management Services. Currently Inactive.
EnerVest Olanta, LLC	Holding Company
Environmental Wood Supply, LLC	Handles all fuel and fuel procurement-related costs for St. Paul Cogeneration LLC.
Eteselva S. R. L.	Peruvian limited liability company subsidiary of Auagytia Energy, LLC which owns and operates transmission line from Aguaytia, Peru to Paramanga, Peru and transmits electricity to customers in Peru. FUCO.
eVent Resources Holdings LLC	Holds an equity interest in Triple Point Technology, Inc., a Connecticut-based technology company that develops and markets a suite of risk scenarios and effectively trades and manages transactions. This company also potentially conducts other authorized transactions consistent with ETC status.
eVent Resources I LLC	Acquires, owns, holds controls, manages, finance, builds, operates and liquidates a network of companies engaged primarily in businesses that take advantage of investment opportunities arising from the deregulation of the electric utility industry, including investments in power generation, new energy technology and telecommunications, whether through 100% ownership or a smaller percentage ownership.
eVent Resources Overseas I, LLC	The Company is organized primarily for the object and purpose of acquiring, owning, holding, controlling, managing, financing, building, operating, and liquidating an investment in Saw Mill Capital Fund, III, LLC, a Delaware limited liability company and a special purpose company that holds an interest in Clyde Bergeman, and other investments in other entities consistent with Section 2.3 of the Operating Agreement (the "Operating Agreement") of eVent dated as of December 1, 2000 (each such investment, a "Portfolio Investment").
Fiber Link, LLC	Performs the installation of conduit and then sells, rents, leases and otherwise, commercially optimizing said conduit.
Fort Drum Cogenco, Inc.	Is a general partner in Black River Limited Partnership, The owner of a cogeneration plant in New York. General partnership cogeneration plant.
Gas Integral S.R.L.	Peruvian limited liability which is Peru Energy Holdings, LLC owns 99%. This entity gathers gas in connection with the Aguaytia asset.
Generadora La Laguna Duke Energy International Guatemala y Cia., S.C.A.	Guatemalan joint stock company which owns 60MW electric generation facility in Guatemala.
GNE Holdings, L.L.C.	To hold an investment in an energy company, owning energy generation and supplying output.

<u>Company Name</u>	<u>Nature of Business</u>
Green Power G.P., LLC	Formed to act as the sole general partner of South Houston Green Power, L.P.
Green Power Holdings, LLC	The sole purposes of the Company are to engage in all aspects of the development, construction, ownership, operation and maintenance of the Project, and to engage in any lawful act or activity for which limited liability companies may be formed under the Act in respect thereof, and to engage in any and all activities necessary, advisable or incidental thereto.
Green Power Limited, LLC	Formed to act as the sole limited partner of South Houston Green Power, L.P.
Greenville Gas and Electric Light and Power Company	Currently Inactive.
Hidroeléctrica Cerros Colorados, S.A.	Argentine company which serves as the operator of both generation facilities in Argentina: Alto Valle and Planicia Banderita.
IGC Aguaytia Partners, LLC	Cayman company with ownership interests in the Aguaytia project in Peru.
Inversiones Duke Bolivia S.A.	Cayman entity was part of the Duke Energy International sale of its interest in the Corani project on 02/05/2007 to Eoneergy International. On 02/05/2007 this Cayman entity transferred to Eoneergy International ownership. Duke Energy International no longer owns this Cayman entity.
IPS-Cinergy Power Limited	Holds a joint venture in Tsavo Power Company.
Kannapolis Energy Partners, LLC	Owner and operator of steam and electric generation facilities in Kannapolis, North Carolina.
KEFI-Exchange Inc.	Established for the purposes of designing, developing, implementing and operating an emissions reduction commodity registry and electronic trading exchange.
KO Transmission Company	Engaged in the transportation of natural gas in interstate commerce between Kentucky and Ohio.
Lansing Grand River Utilities, LLC	Provides energy-related services to SUEZWMNA/DEGS of Lansing, LLC.
Lattice Communications, LLC	Buys and develops communications towers in the Midwest to target the growing wireless telecommunications industry.
LH1, LLC	Formed for the purpose of being the project company that will own a facility capable of producing synthetic fuel, qualifying for tax credits under IRS 29(c). The Company will produce synthetic fuel from coal by applying a latex or asphalt binder in order to induce a chemical change, with such change being a requirement for tax credit eligibility. The facility is located at a Mirant generating station in Newburg, Maryland.

EXHIBIT B

Annual Reporting of
Duke Energy Kentucky, Inc.

<u>Company Name</u>	<u>Nature of Business</u>
Lizacorp S.A.	Ecuadorean entity in process of dissolution.
Louisiana Energy Services, L.P.	A limited partnership formed to design, license, construct, own and operate a centrifuge uranium enrichment plant to be located in the U.S., and sell and provide enrichment services and products on a profitable basis therefrom.
MCP, LLC	Holding Company
Miami Power Corporation	Owns an electric transmission line in Indiana.
Midlands Hydrocarbons (Bangladesh) Limited	Stated for dissolution. Formed to hold Cinergy's interest in the Semutang Gas Field, along with development rights for a power project.
Morris Gasco, L.L.C.	Owns and operates landfill gas collection systems and related assets.
MP Supply, Inc.	Electrical equipment supply business.
National Methanol Company (IBN SINA)	A JV with SABIC for the operation of a methanol production plant in Saudi Arabia. 50% held by SABIC and 50% held by CTE Petrochemical Company (Duke's Partnership with Celanese).
NorthSouth Insurance Company Limited	Insurance
NuStart Energy Development, LLC	Submit proposal to DOE to demonstrate the Combined Operating License process for a new plant. Being formed with five other utilities.
Oak Mountain Products, LLC	Project company that owns a facility capable of producing synthetic fuel. from coal by applying a latex or asphalt binder in order to induce a chemical change.
Ohio River Valley Propane, LLC	Engaged in the business of marketing propane in the United States and owning and operating a propane storage cavern.
Ohio Valley Electric Corporation	Formed for the purpose of providing the large electric power requirement projected for a major DOE uranium enrichment complex. OVEC has in turn a subsidiary called Indiana Kentucky Electric Corporation which provides similar services.
Oklahoma Arcadian Utilities, LLC	Owns an electric generating facility and sells electricity to a government facility that makes weapons. It also provides the large electric power requirement for a major Department of Energy uranium enrichment complex.
	Constructs, owns, operates and maintains energy-related facilities located at a General Motor vehicle assembly plant in Oklahoma City, Oklahoma.

<u>Company Name</u>	<u>Nature of Business</u>
Owings Mills Energy Equipment Leasing LLC	Leases, sells or finances energy-related equipment.
P.I.D.C. Aguaytia, L.L.C.	Bermuda company with ownership interest in the Aguaytia project in Peru
Pan Service Company	Corporate staff operations; General Partner (1%) in PanEnergy Services Limited Partnership.
PanEnergy Corp	Parent Company
Peru Energy Holdings, LLC	Delaware holding company which holds 99% in Gas Integral SRL (Peru) with regard to the Aguaytia asset in Peru.
Piedmont Venture Partners Limited Partnership	Venture capital partnership
Power Construction Services Pty Ltd.	Inactive. Set up as a contracting entity for work in Australia. Currently inactive - per Skip Weiss.
Q-Comm Corporation	Full-service telecommunications provider, which is currently putting in place fiber optic cable, switching equipment, back office support and sales/marketing plan.
Reliant Services, LLC	Performs underground utility-related facilities locating, meter reading and construction services.
Seahorse do Brasil Servicos Maritimos Ltda.	Inactive. Has been dormant for many years. Dissolution under review.
Shreveport Red River Utilities, LLC	Constructs, owns, operates and maintains energy-related facilities located at a General Motor vehicle assembly plant in Shreveport, Louisiana.
South Construction Company, Inc.	Holds legal title to real estate and interests in real estate which are either not used and useful in the conduct of PSI's business or which has some defect in title which is unacceptable to PSI.
South Houston Green Power, L.P.	Formed for the purpose of selling steam and electricity to BP at its Texas City and Chocolate Bayou facilities. In addition, it will also operate and maintain existing facilities and construct, own and operate new cogeneration facilities at the locatns.
Southeastern Energy Services, Inc.	services
Southern Power Company	Inactive

<u>Company Name</u>	<u>Nature of Business</u>
Spruce Mountain Investments, LLC	Holding company - Owns all the membership interests in Spruce Mountain Products, LLC, a coal-based synthetic fuel productivity facility.
Spruce Mountain Products, LLC	A coal-based synthetic fuel production facility.
St. Paul Cogeneration, LLC	Develops, constructs, operates and maintains a qualifying facility (QF) in downtown St. Paul, Minnesota.
SUEZ-DEGS of Ashtabula, LLC	Develops, constructs, operates and maintains a qualifying facility (QF) located in Ashtabula, Ohio and provides other energy-related products and services.
SUEZ-DEGS of Lansing, LLC	Provides management services for Trigen/Cinergy-USFOS of Lansing LLC.
SUEZ-DEGS of Orlando, LLC	Develops, constructs, operates and maintains a district cooling business in Orlando, Florida.
SUEZ-DEGS of Owings Mills, LLC	Develops, constructs, operates and maintains a cogeneration facility located at the Sweetheart Cup Corporation in Owings Mills, Maryland.
SUEZ-DEGS of Rochester, LLC	Provides energy-related services to Kodak Park in Rochester, New York.
SUEZ-DEGS of Silver Grove, LLC	Provides energy-related services to the Lafarge gypsum manufacturing plant in Silver Grove, Kentucky. These services include the design, installation and operation of a combined heat and power system.
SUEZ-DEGS of Tuscola, LLC	Develops, constructs, operates and maintains a qualifying facility (QF) in Tuscola, Illinois and provides other energy-related products and services.
SUEZ-DEGS, LLC	Engages in the preliminary development of cogeneration and/or thermal energy facilities. Specific projects are developed and held by special purpose affiliates.
SUEZ/VWNA/DEGS of Lansing, LLC	Develops, constructs and operates certain energy facilities located at a General Motors facility in Lansing, Michigan.
SYNCAP II, LLC	Formed to commercialize new technologies for converting high-sulfur coal to low-sulfur coal.
TBP Properties, LLC	Hold land for future project use
TEC Aguaytia, Ltd.	Bermuda holding entity with indirect ownership interest in the Aguaytia project in Peru.

<u>Company Name</u>	<u>Nature of Business</u>
Termoselva S. R. L.	Peruvian limited liability company that owns and operates facility generating electricity in the Peruvian amazon basin.
Texas Eastern (Bermuda) Ltd.	Bermuda holding company with invesments in international ventures.
Texas Eastern Arabian Ltd.	Bermuda company with indirect ownership interest in National Methanol Company.
The Duke Energy Foundation	To receive, administer, and make donation of funds for educational, scientific, and charitable purposes.
The Maple Gas Development Corporation	Duke's interest this company swapped for increased interest in the Aguatia project in Peru.
TRES Timber, LLC	Hold land for future project use
Tri-State Improvement Company	Acquiring and holding property in Ohio, Kentucky, and Indiana for substations, electric and gas rights of way, office space, and other uses in connection with the utility business of The Cincinnati Gas & Electric Company and its utility subsidiaries.
Tsavo Power Company Limited	Power plant at the Port of Mombasa, Kenya's main seaport. The facility runs on heavy fuel oil. Power is sold to Kenya Power and Lighting Corporation through a Purchased Power Agreement.
UK Electric Power Limited	An electricity supplier, specializing in diverse industrial and commercial customers, which offers a range of services to cover its customers' energy requirements.
Upstate Land Co. LLC	Hold land
Wateree Power Company	Currently Inactive.
Western Carolina Power Company	Currently Inactive.

Exhibit C

A copy of each service agreement existing on the effective date of KRS 278.2201 through 278.2219 and remaining in effect shall be filed as an attachment to the annual report required by this subsection. After the initial filing, an affected utility shall file only new or amended service agreements with the annual report.

See attached Operating Companies Service Agreement, which was amended as of April 3, 2006.

OPERATING COMPANIES SERVICE AGREEMENT

This Operating Companies Service Agreement (this "Agreement") is made and entered into as of April 3, 2006 (the "Effective Date") by and among Duke Power Company LLC, a North Carolina limited liability company ("Duke Power"), The Cincinnati Gas & Electric Company, an Ohio corporation ("CG&E"), PSI Energy, Inc., an Indiana corporation ("PSI"), The Union Light, Heat and Power Company, a Kentucky corporation ("ULH&P"), and Miami Power Corporation, an Indiana corporation ("Miami;" and collectively with Duke Power, CG&E, PSI and ULH&P, the "Operating Companies" and, individually, an "Operating Company").

WITNESSETH:

WHEREAS, Duke Energy Corporation ("Duke Energy") is a Delaware corporation;

WHEREAS, each Operating Company is a subsidiary of Duke Energy and a public utility company;

WHEREAS, in the ordinary course of their businesses, Operating Companies maintain organizations of employees with technical expertise in matters affecting public utility companies and related businesses and own or acquire related equipment, facilities, properties and other resources; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the parties' utility responsibilities or primary business operations, as the case may be, the parties hereto are willing, upon request from time to time, to perform such services, and in connection therewith to make available such equipment, facilities, properties and other resources, as they shall request from each other;

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

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

(a) Upon receipt by a party hereto (in such capacity, a "Service Provider") of a written request in substantially the form attached hereto as Exhibit A (a "Service Request") from another party hereto (in such capacity, a "Client Company") for the provision to such Client Company of such services as are specified therein, including if applicable use of any related equipment, facilities, properties or other resources (collectively, "Services"), the Service Provider, if in its sole discretion it has available the personnel or other resources needed to perform the Service Request without impairment of its utility responsibilities or business operations, as the case may be, shall furnish such Services to the Client Company at such times, for such periods and in such manner as the Client Company shall have so requested and otherwise in accordance with the provisions hereof.

(b) For purposes of this Agreement, "Services" may include, but shall not be limited to, services in such areas as engineering and construction; operations and maintenance; installation services; equipment testing; generation technical support; environmental, health and safety; and procurement services.

(c) For the avoidance of doubt, affiliate transactions involving sales or other transfers of assets, goods, energy commodities (including electricity, natural gas, coal and other combustible fuels) or thermal energy products are outside the scope of this Agreement.

Section 1.2 Loaned Employees.

(a) If specifically requested in connection with the provision of Services, Service Provider shall loan one or more of its employees to such Client Company, provided that such loan shall not, in the sole discretion of Service Provider, interfere with or impair Service Provider's utility responsibilities or business operations, as the case may be. After the commencement thereof, any such loaned employees may be withdrawn by Service Provider from tasks duly assigned by Client Company, prior to completion thereof as contemplated in the associated Service Request, only with the consent of Client Company (which shall not be unreasonably withheld or delayed), except in the event of a demonstrable emergency requiring the use of any such employees in another capacity for Service Provider.

(b) While performing work on behalf of Client Company, any such loaned employees shall be under its supervision and control, and Client Company shall be responsible for their actions to the same extent as though such persons were its employees (it being understood that such persons shall nevertheless remain employees of Service Provider and nothing herein shall be construed as creating an employer-employee relationship between any Client Company and any loaned employees). Accordingly, for the duration of any such loan, Service Provider shall continue to provide its loaned employees with the same payroll, pension, savings, tax withholding, unemployment, bookkeeping and other personnel support services then being provided by Service Provider to its other employees.

ARTICLE 2. SERVICE REQUESTS

Section 2.1 Procedure. All Services (including any loans of employees) (i) shall be performed in accordance with Service Requests issued by or on behalf of Client Company and accepted by Service Provider and (ii) shall be assigned to applicable activities, processes, projects, responsibility centers or on other appropriate bases to enable specific work to be properly assigned. Service Requests shall be as specific as practicable in defining the Services requested. Client Company shall have the right from time to time to amend or rescind any Service Request, *provided* that (a) Service Provider consents to any amendment that results in a material change in the scope of Services to be provided, (b) the costs associated with an amended or rescinded Service Request shall include the costs incurred by Service Provider as a result of such amendment or rescission, and (c) no amendment or rescission of a Service Request shall release Client Company from any liability for costs already incurred or contracted for by Service Provider pursuant to the original Service Request, regardless of whether any labor or the furnishing of any property or other resources has been commenced or completed.

ARTICLE 3. COMPENSATION FOR SERVICES

Section 3.1 Cost of Services. As compensation for any Services rendered to it pursuant to this Agreement, Client Company shall pay to Service Provider the fully embedded cost thereof (i.e., the sum of (i) direct costs, (ii) indirect costs and (iii) costs of capital), except to the extent otherwise required by Section 482 of the Internal Revenue Code; provided, however, that Services provided to or by Duke Power shall be priced in accordance with Duke Power's North Carolina Code of Conduct approved by the North Carolina Utilities Commission. As soon as practicable after the close of each month, Service Provider shall render to each Client Company a statement reflecting the billing information necessary to identify the costs charged for that month. By the last day of each month, Client Company shall remit to Service Provider all charges billed to it.

Section 3.2 Exception. In the event any Services to be rendered under this Agreement are to be provided to or from Duke Power in accordance with Duke Power's North Carolina Code of Conduct at anything other than fully embedded cost as described above, then prior to entering into the transaction, PSI, ULH&P, or CG&E, whichever is applicable, shall provide 30 days written notice to the respective state commission staffs and state consumer representatives explaining the proposed transaction, including the benefits of the transaction. If no objection is received within 30 days, then the transaction may proceed. If one or more third parties object to the transaction in writing within 30 days, then PSI, ULH&P or CG&E, whichever is applicable, must seek specific state commission approval of the transaction prior to entering into the transaction.

ARTICLE 4. LIMITATION OF LIABILITY; INDEMNIFICATION

Section 4.1 Limitation of Liability/Services. In performing Services pursuant to Section 1.1 hereof, Service Provider will exercise due care to assure that the Services are performed in a workmanlike manner in accordance with the specifications set forth in the applicable Service Request and consistent with any applicable legal standards. The sole and exclusive responsibility of Service Provider for any deficiency therein shall be promptly to correct or repair such deficiency or to re-perform such Services, in either case at no additional cost to Client Company, so that the Services fully conform to the standards described in the first sentence of this Section 4.1. No Service Provider makes any other warranty with respect to the provision of Services, and each Client Company agrees to accept any Services without further warranty of any nature.

Section 4.2 Limitation of Liability/Loaned Employees. In furnishing Services under Section 1.2 hereof (i.e., involving loaned employees), neither the Service Provider, nor any officer, director, employee or agent thereof, shall have any responsibility whatever to any Client Company receiving such Services, and Client Company specifically releases Service Provider and such persons, on account of any claims, liabilities, injuries, damages or other consequences arising in connection with the provision of such Services under any theory of liability, whether in contract, tort (including negligence or strict liability) or otherwise, it being understood and agreed that any such loaned employees are made available without warranty as to their suitability or expertise.

Section 4.3 Disclaimer. WITH RESPECT TO ANY SERVICES PROVIDED UNDER THIS AGREEMENT, THE SERVICE PROVIDER THEREOF MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 4.1, AND THE PARTIES HERETO HEREBY AGREE THAT NO OTHER WARRANTY, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), SHALL BE APPLICABLE TO THE PROVISION OF ANY SUCH SERVICES. THE PARTIES FURTHER AGREE THAT THE REMEDIES STATED HEREIN ARE EXCLUSIVE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

Section 4.4 Indemnification.

(a) Subject to subparagraph (b) of this Section 4.4, Service Provider shall release, defend, indemnify and hold harmless each Client Company, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees), whether or not involving a third-party claim, incurred or sustained by or against any such Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services.

(b) Notwithstanding any other provision hereof, Service Provider's total liability hereunder with respect to any specific Services shall be limited to the amount actually paid to Service Provider for its performance of the specific Services for which the liability arises, and under no circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

Section 4.5 Procedure for Indemnification. Within 15 business days after receipt by any Client Company of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a "Proceeding") with respect to which it is eligible for indemnification hereunder, such Client Company shall notify Service Provider thereof in writing (it being understood that failure so to notify Service Provider shall not relieve the latter of its indemnification obligation, unless Service Provider establishes that defense thereof has been prejudiced by such failure). Thereafter, Service Provider shall be entitled to participate in such Proceeding and, at its election upon notice to such Client Company and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Client Company, Service Provider shall not enter into any settlement of any third-party claim that would lead to liability or create any financial or other obligation on the part of such Client Company for which it such Client Company is not entitled to indemnification hereunder. If such Client Company has given timely notice to Service Provider of the commencement of such Proceeding, but Service Provider has not, within 15 business days after receipt of such notice, given notice to Client Company of its election to assume the defense thereof,

Service Provider shall be bound by any determination made in such Proceeding or any compromise or settlement made by Client Company. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Client Company to Service Provider.

ARTICLE 5. MISCELLANEOUS

Section 5.1 Amendments. Any amendments to this Agreement shall be in writing executed by each of the parties hereto. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any affected state public utility commission for its review or otherwise, each Operating Company shall comply in all respects with any such requirements.

Section 5.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect as to each party until terminated by any party, as to itself only, upon not less than 30 days prior written notice to the other parties hereto. Any such termination of parties shall not be deemed an amendment hereto. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of all of the parties hereto.

Section 5.3 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto. Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 5.4 Severability. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 5.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.6 Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of New York, without regard to conflicts of laws principles.

Section 5.7 Captions, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, "hereof," "hereunder," "herein," "hereto," and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 5.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

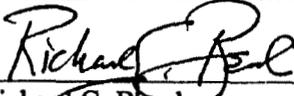
Section 5.9 Duke Power Conditions. In addition to the terms and conditions set forth herein, Duke Power's participation in this Agreement is subject to the provisions set forth in Exhibit B.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an appropriate officer thereunto duly authorized.

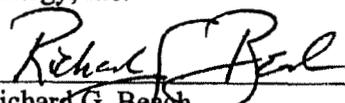
Duke Power Company LLC

By: _____
Richard G. Beach
Assistant Secretary

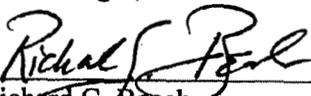
The Cincinnati Gas & Electric Company

By: 
Richard G. Beach
Assistant Secretary

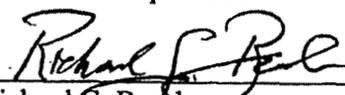
PSI Energy, Inc.

By: 
Richard G. Beach
Assistant Secretary

The Union Light, Heat and Power Company

By: 
Richard G. Beach
Assistant Secretary

Miami Power Corporation

By: 
Richard G. Beach
Assistant Secretary

FORM OF SERVICE REQUEST

<u>Client Company:</u>	<u>Approved By:</u> Name: Title:
<u>Proposed Service Provider/ Description of Proposed Services:</u>	
<u>Estimated Costs:</u>	
<u>Scheduled Start Date:</u>	<u>Scheduled Completion Date:</u>
<u>Service Provider:</u>	<u>Approved By:</u> Name: Title:

DUKE POWER CONDITIONS

1. In connection with the North Carolina Utilities Commission (“NCUC”) approval the Merger in NCUC Docket No. E-7, Sub 795, the NCUC adopted certain Regulatory Conditions (“Regulatory Conditions”) and a revised Code of Conduct governing transactions between Duke Power and its affiliates (“Code of Conduct”). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to Duke Power:

(a) Duke Power’s participation in this Agreement is voluntary. Duke Power is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and Duke Power may elect to discontinue its participation in this Agreement at its election after giving notice under Section 6.2 of the Agreement.

(b) Duke Power may not make or incur a charge under this Agreement except in accordance with North Carolina law and the rules, regulations and orders of the NCUC promulgated thereunder.

(c) Duke Power may not seek to reflect in rates any (i) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (ii) revenue level earned under this Agreement less than the amount imputed by the NCUC; and

(d) Except as provided in Regulatory Condition No. 21 with respect to a proceeding under Section 1275(b) of Subtitle F in Title XII of the Energy Policy Act of 2005, Duke Power will not assert in any forum that the NCUC’s authority to assign, allocate, make pro-forma adjustments to or disallow revenues and costs for retail ratemaking and regulatory accounting and reporting purposes is preempted and will bear the full risk of any preemptive effects of federal law with respect to this Agreement.

2. Transfers by Duke Power. With respect to the transfer by Duke Power under this Agreement of the control of, operational responsibility for, or ownership of any Duke Power assets used for the generation, transmission or distribution of electric power to its North Carolina retail customers with a gross book value in excess of ten million dollars, the following shall apply: (a) Duke Power may not commit to or carry out the transfer except in accordance with all applicable law, and the rules, regulations and orders of the NCUC promulgated thereunder; and (b) Duke Power may not include in its North Carolina cost of service or rates the value of the transfer, whether or not subject to federal law, except as allowed by the NCUC in accordance with North Carolina law.

3. Access to Duke Power Information. Any Operating Company providing Services to Duke Power pursuant to this Agreement, including any loaned employees under Section 1.2 of the Agreement, shall be permitted to have access to Duke Power Customer Information and Confidential Systems Operation Information, as those terms are defined in the Code of Conduct, to the extent necessary for the performance of such Services; provided that such Operating Company shall take reasonable steps to protect the confidentiality of such Information.

Exhibit D

A copy of each service agreement existing on the effective date of KRS 278.2201 through 278.2219 and remaining in effect shall be filed as an attachment to the annual report required by this subsection. After the initial filing, an affected utility shall file only new or amended service agreements with the annual report

See attached Service Company/Utility Service Agreement, which was amended as of April 3, 2006.

**SERVICE COMPANY
UTILITY SERVICE AGREEMENT**

This Service Company Utility Service Agreement (this "Service Agreement") is made and entered into as of April 3, 2006 (the "Effective Date") by and among Duke Power Company LLC ("Duke Power"), a North Carolina limited liability company, The Cincinnati Gas & Electric Company, an Ohio corporation ("CG&E"), PSI Energy, Inc., an Indiana corporation ("PSI"), The Union Light, Heat and Power Company, a Kentucky corporation ("ULH&P"), Miami Power Corporation, an Indiana corporation ("Miami"), and Duke Energy Business Services, LLC, a Delaware limited liability company and Duke Energy Shared Services, Inc., a Delaware corporation (and successor to Cinergy Services, Inc.) (collectively, "the Service Company"). Duke Power, CG&E, PSI, ULH&P and Miami are sometimes hereinafter referred to individually as a "Client Company" and collectively as the "Client Companies."

WITNESSETH

WHEREAS, on May 8, 2005, Duke Energy Corporation, a North Carolina corporation ("Old Duke"), and Cinergy Corp., a Delaware corporation ("Cinergy"), and certain other signatories thereto entered into an Agreement and Plan of Merger dated as of such date ("Merger Agreement"), providing for the merger of Old Duke and Cinergy ("Merger"), subject to the terms and upon satisfaction of the conditions set forth in the Merger Agreement, including receipt of all required regulatory approvals;

WHEREAS, the Merger Agreement contemplated that upon consummation of the Merger the holding company established under Delaware law to assist in effecting the Merger would become the ultimate parent company for the combined companies and would be renamed Duke Energy Corporation ("Duke Energy"), with Old Duke converted to a North Carolina limited liability company and renamed Duke Power Company, LLC;

WHEREAS, on the Effective Date, the Merger has been consummated;

WHEREAS, each of the Client Companies and the Service Company is a subsidiary of Duke Energy;

WHEREAS, on the Effective Date, the Service Company and the Client Companies have entered into this Service Agreement whereby the Service Company agrees to provide and the Client Companies agree to accept and pay for various services as provided herein at cost, except to the extent otherwise required by Section 482 of the Internal Revenue Code; and

WHEREAS, economies and efficiencies benefiting the Client Companies will result from the performance by the Service Company of services as herein provided;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

ARTICLE I – SERVICES

Section 1.1 The Service Company shall furnish to the Client Companies, upon the terms and conditions hereinafter set forth, such of the services described in Appendix A hereto, at such times, for such periods and in such manner as the Client Companies may from time to time request and which the Service Company concludes it is equipped to perform. The Service Company shall also provide Client Companies with such special services, in addition to those services described in Appendix A hereto, as may be requested by a Client Company and which the Service Company concludes it is equipped to perform. In supplying such services, the Service Company may arrange, where it deems appropriate, for the services of such experts, consultants, advisers and other

persons with necessary qualifications as are required for or pertinent to the rendition of such services.

Section 1.2 Each of the Client Companies shall take from the Service Company such of the services described in Section 1.1 and such additional general or special services, whether or not now contemplated, as are requested from time to time by the Client Companies and which the Service Company concludes it is equipped to perform.

Section 1.3 The services described herein shall be directly assigned, distributed or allocated by activity, process, project, responsibility center, work order or other appropriate basis. A Client Company shall have the right from time to time to amend, alter or rescind any activity, process, project, responsibility center or work order, provided that (i) any such amendment or alteration which results in a material change in the scope of the services to be performed or equipment to be provided is agreed to by the Service Company, (ii) the cost for the services covered by the activity, process, project, responsibility center or work order shall include any expense incurred by the Service Company as a direct result of such amendment, alteration or rescission of the activity, process, project, responsibility center or work order, and (iii) no amendment, alteration or rescission of an activity, process, project, responsibility center or work order shall release a Client Company from liability for all costs already incurred by or contracted for by the Service Company pursuant to the activity, process, project, responsibility center or work order, regardless of whether the services associated with such costs have been completed.

Section 1.4 The Service Company shall maintain a staff trained and experienced in the design, construction, operation, maintenance and management of public utility properties.

ARTICLE II - COMPENSATION

Section 2.1 Except to the extent otherwise required by Section 482 of the Internal Revenue Code, as compensation for the services to be rendered hereunder, each of the Client Companies shall pay to the Service Company all costs which reasonably can be identified and related to particular services performed by the Service Company for or on its behalf. Where more than one Client Company is involved in or has received benefits from a service performed, costs will be directly assigned, distributed or allocated, as set forth in Appendix A hereto, between or among such companies on a basis reasonably related to the service performed to the extent reasonably practicable.

Section 2.2 The method of assignment, distribution or allocation of costs described in Appendix A shall be subject to review annually, or more frequently if appropriate. Such method of assignment, distribution or allocation of costs may be modified or changed by the Service Company without the necessity of an amendment to this Service Agreement, provided that in each instance, all services rendered hereunder shall be at actual cost thereof, fairly and equitably assigned, distributed or allocated, except to the extent otherwise required by Section 482 of the Internal Revenue Code. The Service Company shall promptly advise the Client Companies and the North Carolina Utilities Commission ("NCUC"), the Public Service Commission of South Carolina ("PSCSC"), the Indiana Utility Regulatory Commission ("IURC"), The Public Utilities Commission of Ohio ("PUCO"), the Kentucky Public Service Commission ("KPSC;" and together with the NCUC, the PSCSC, the IURC and the PUCO, the "Affected State Commissions") from time to time of any material changes in such method of assignment, distribution or allocation.

Section 2.3 The Service Company shall render a monthly statement to each Client Company which shall reflect the billing information necessary to identify the costs charged for that month. By the last day of each month, each Client Company shall remit to the Service Company all charges billed to it.

Section 2.4 Subject to Section 482 of the Internal Revenue Code, it is the intent of this Service Agreement that the payment for services rendered by the Service Company to the Client Companies shall cover all the costs of its doing business (less the cost of services provided to affiliated companies not a party to this Service Agreement and to other non-affiliated companies, and credits for any miscellaneous income items), including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, property insurance, injuries and damages, employee pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization and compensation for use of capital. Without limitation of the foregoing, "cost," as used in this Agreement, means fully embedded cost, namely, the sum of (1) direct costs, (2) indirect costs and (3) costs of capital.

ARTICLE III - TERM

Section 3.1 This Service Agreement is entered into as of the Effective Date and shall continue in force with respect to a Client Company until terminated by the Service Company and Client Company with respect to such Client Company (provided that no such termination with respect to less than all of the Client Companies shall thereby affect the term of this Agreement or any of the provisions hereof) or until terminated by unanimous agreement of all the parties then signatory to this Agreement.

ARTICLE IV – ACCOUNTS AND RECORDS

Section 4.1 The Service Company shall utilize the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Section 4.2 The Service Company shall permit each Affected State Commission and applicable statutory utility consumer representative(s), together with other interested parties as required under applicable law, access to its

accounts and records, including the basis and computation of allocations, necessary for each Affected State Commission to review a Client Company's operating results.

ARTICLE V – MISCELLANEOUS

Section 5.1 Counterparts. This Service 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 party and delivered to the other parties.

Section 5.2 Entire Agreement; No Third Party Beneficiaries. This Service Agreement (including Appendix A and any other appendices or other exhibits or schedules hereto) (i) constitutes the entire agreement, and supersedes any prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement (including without limitation that certain Utility Service Agreement, originally dated as of March 2, 1994, as heretofore amended, by and among certain subsidiaries of Cinergy including CG&E, PSI, ULH&P, Miami and Cinergy's service company subsidiary) and (ii) is not intended to confer upon any person other than the parties hereto any rights or remedies.

Section 5.3 Governing Law. This Service Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict of laws.

Section 5.4 Assignment. Neither this Service Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect

whatsoever. Subject to the preceding two sentences, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.5 Amendments. This Service Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any Affected State Commission for its review or otherwise, each Client Company shall comply in all respects with any such requirements.

Section 5.6 Interpretation. When a reference is made in this Service Agreement to an Article, Section or Appendix or other Exhibit, such reference shall be to an Article or Section of, or an Appendix or other Exhibit to, this Service Agreement unless otherwise indicated. The headings contained in this Service Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Service Agreement. Whenever the words "include", "includes" or "including" are used in this Service Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Service Agreement shall refer to this Service Agreement as a whole and not to any particular provision of this Service Agreement. The definitions contained in this Service Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. References to a person are also to its permitted successors and assigns.

Section 5.7 Duke Power Conditions. In addition to the terms and conditions set forth herein, Duke Power's participation in this Service Agreement is subject to the provisions set forth in Appendix B.

THE UNION LIGHT, HEAT AND POWER
COMPANY

By: 
Lynn J. Good
Vice President and Treasurer

MIAMI POWER CORPORATION

By: 
Lynn J. Good
Vice President and Treasurer

**Description of Services and Determination
of Charges for Services**

I. The Service Company will maintain an accounting system for accumulating all costs on an activity, process, project, responsibility center, work order, or other appropriate basis. To the extent practicable, time records of hours worked by Service Company employees will be kept by activity, process, project, responsibility center or work order. Charges for salaries will be determined from such time records and will be computed on the basis of employees' labor costs, including the cost of fringe benefits, indirect labor costs and payroll taxes. Records of employee-related expenses and other indirect costs will be maintained for each functional group within the Service Company (hereinafter referred to as "Function"). Where identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs will be directly assigned to such activity, process, project, responsibility center or work order. Where not identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs within a Function will be distributed in relationship to the directly assigned costs of the Function. For purposes of this Appendix A, any costs not directly assigned or distributed by the Service Company will be allocated monthly.

II. Service Company costs accumulated for each activity, process, project, responsibility center or work order will be directly assigned, distributed, or allocated to the Client Companies or other Functions within the Service Company as follows:

1. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for a single Client Company or Function will be directly assigned and charged to such Client Company or Function.

2. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for two or more Client Companies or Functions will be distributed among and charged to such Client Companies or Functions. The appropriate method of distribution will be determined by the Service Company on a case-by-case basis consistent with the nature of the work performed and will be based on the application of one or more of the methods described in paragraphs IV and V of this

Appendix A. The distribution method will be provided to each such affected Client Company or Function.

3. Costs accumulated in an activity, process, project, responsibility center or work order for services of a general nature which are applicable to all Client Companies or Functions or to a class or classes of Client Companies or Functions will be allocated among and charged to such Client Companies or Functions by application of one or more of the methods described in paragraphs IV and V of this Appendix A.

III. For purposes of this Appendix A, the following definitions or methodologies shall be utilized:

1. Where applicable, the following will be utilized to convert gas sales to equivalent electric sales: 0.303048 cubic feet of gas sales equals 1 kilowatt-hour of electric sales (based on electricity at 3412 Btu/kWh and natural gas at 1034 Btu/cubic foot).

2. "Domestic utility" refers to a utility which operates in the contiguous United States of America.

3. "Gross margin" refers to revenues as defined by Generally Accepted Accounting Principles, less cost of sales, including but not limited to fuel, purchased power, emission allowances and other cost of sales.

4. The weights utilized in the weighted average ratios in paragraph V of this Appendix A shall represent the percentage relationship of the activities associated with the function for which costs are to be allocated. For example, if an expense item is to be allocated on the weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the Total Property, Plant and Equipment ("PP&E") Ratio, and the activity to be allocated is one-third gross margin related, one-third labor related and one-third PP&E related, 33 percent of the Gross Margin Ratio would be utilized, 33 percent of the Labor Dollars Ratio and 34 percent of the PP&E Ratio would be utilized. To illustrate this application, assuming that the Gross Margin Ratio were 53.75 percent for Company A and 46.25 percent for Company B, the Labor Dollars Ratio were 25 percent for Company A and 75 percent for Company B, and the Total PP&E Ratio were 60 percent for Company A and 40 percent for Company B, the following weighted average ratio would be computed:

Activity	Weight	Company A		Company B	
		Ratio	Weighted	Ratio	Weighted
Gross Margin Ratio	33%	53.75%	17.74%	46.25%	15.26%
Labor Dollars Ratio	33%	25.00%	8.25%	75.00%	24.75%
Total Property, Plant and Equipment Ratio	<u>34%</u>	60.00%	<u>20.40%</u>	40.00%	<u>13.60%</u>
	100%		46.39%		53.61%

IV. The following allocation methods will be applied, as specified in paragraph V of this Appendix A, to assign costs for services applicable to two or more clients and/or to allocate costs for services of a general nature.

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable), This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction-Expenditures Ratio

A ratio, based on the applicable projected construction expenditures, net of reimbursements, for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Circuit Miles of Electric Distribution Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric distribution lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy

Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

V. A description of each Function's activities, which may be modified from time to time by the Service Company, is set forth below in paragraph "a" under each Function. As described in paragraph II, "1" and "2" of this Appendix A, where identifiable, costs will be directly assigned or distributed to Client Companies or to other Functions of the Service Company. For costs accumulated in activities, processes, projects, responsibility centers, or work orders which are for services of a general nature that cannot be directly assigned or distributed, as described in paragraph II, "3" of this Appendix A, the method or methods of allocation are set forth below in paragraph "b" under each Function. For any of the functions set forth below other than Information Systems, Transportation, Human Resources or Facilities, costs of a general nature to be allocated pursuant to this

Amended and Restated Service Agreement shall exclude costs of a general nature which have been allocated to affiliated companies not a party to this Amended and Restated Service Agreement. Substitution or changes may be made in the methods of allocation hereinafter specified, as may be appropriate, and will be provided to state regulatory agencies and to each Client Company.

1. Information Systems

a. Description of Function

Provides communications and electronic data processing services. The activities of the Function include:

- (1) Development and support of mainframe computer software applications.
- (2) Procurement and support of personal computers and related network and software applications.
- (3) Development and support of distributed computer software applications (e.g., servers).
- (4) Installation and operation of communications systems.
- (5) Information systems management and support services.

b. Method of Allocation

- (1) Development and support of mainframe computer software applications - allocated between the Client Companies and other Functions of the Service Company based on the number of Central Processing Unit Seconds Ratio, or allocated among the Client Companies on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio as appropriate.
- (2) Procurement and support of personal computers and related network and software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Personal Computer Work Stations Ratio.
- (3) Development and support of distributed computer software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Information Systems Servers Ratio.

- (4) Installation and operation of communications systems - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.
- (5) Information systems management and support services – allocated to the Client Companies and to other Functions of the Service Company based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

2. Meters

- a. Description of Function
Procures, tests and maintains meters.
- b. Method of Allocation
Allocated to the Client Companies based on the Number of Customers Ratio.

3. Transportation

- a. Description of Function
 - (1) Procures and maintains vehicles and equipment.
 - (2) Procures and maintains aircraft and equipment.
- b. Method of Allocation
 - (1) The costs of maintaining vehicles and equipment are allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.
 - (2) The costs of maintaining aircraft and equipment are allocated to the Client Companies and to other Functions of the Service Company based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

4. Electric System Maintenance

- a. Description of Function
Coordinates maintenance and support of electric transmission and distribution systems.
- b. Method of Allocation

- (1) Services related to transmission system - allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.
- (2) Services related to distribution system - allocated to the Client Companies based on the Circuit Miles of Electric Distribution Lines Ratio.

5. Marketing and Customer Relations

a. Description of Function

Advises the Client Companies in relations with domestic utility customers.

The activities of the Function include:

- (1) Design and administration of sales and demand-side management programs.
- (2) Customer meter reading, billing and payment processing.
- (3) Customer services including the operation of call center.

b. Method of Allocation

- (1) Design and administration of sales and demand-side management programs - allocated to the Client Companies based on the Sales Ratio.
- (2) Customer billing and payment processing - allocated to the Client Companies based on the Number of Customers Ratio.
- (3) Customer Services - allocated to the Client Companies based on the Number of Customers Ratio.

6. Electric Transmission and Distribution Engineering and Construction

a. Description of Function

Designs and monitors construction of electric transmission and distribution lines and substations. Prepares cost and schedule estimates, visits construction sites to ensure that construction activities coincide with plans, and administers construction contracts.

b. Method of Allocation

- (1) Transmission engineering and construction allocated to the Client Companies based on the Electric Transmission Plant's Construction-Expenditures Ratio.

- (2) Distribution engineering and construction allocated to the Client Companies based on the Electric Distribution Plant's Construction-Expenditures Ratio.

7. Power Engineering and Construction

a. Description of Function

Designs, monitors and supports the construction of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units or improvements to existing electric generating units. Prepares cost and schedule estimates and visits construction sites to ensure that construction activities coincide with plans.

b. Method of Allocation

Allocated to the Client Companies based on the Electric Production Plant's Construction-Expenditures Ratio.

8. Human Resources

a. Description of Function

Establishes and administers policies and supervises compliance with legal requirements in the areas of employment, compensation, benefits and employee health and safety. Processes payroll and employee benefit payments. Supervises contract negotiations and relations with labor unions.

b. Method of Allocation

Allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.

9. Materials Management

a. Description of Function

Provides services in connection with the procurement of materials and contract services, processes payments to vendors, and provides management of material and supplies inventories.

b. Method of Allocation

- (1) Procurement of materials and contract services and vendor payment processing - allocated to the Client Companies and to other Functions of the Service Company based on the Procurement Spending Ratio.
- (2) Management of materials and supplies inventory – allocated to the Client Companies on the Inventory Ratio.

10. Facilities

a. Description of Function

Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.

b. Method of Allocation

Allocated to the Client Companies and to other Functions of the Service Company based on the Square Footage Ratio.

11. Accounting

a. Description of Function

Maintains the books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, prepares tax filings and supervises compliance with the laws and regulations.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

12. Power Planning and Operations

a. Description of Function

Coordinate the planning, management and operation of Duke Energy Corporation's electric power systems. The activities of the Function include:

- (1) System Planning - planning of additions and retirements to Duke Energy Corporation's electric generation, transmission and distribution systems.

- (2) System Operations - coordination of the energy dispatch and operation of Duke Energy Corporation's electric generating units and transmission and distribution systems.
 - (3) Power Operations – provides management and support services for Duke Energy Corporation's electric generation system.
 - (4) Wholesale Power Operations – coordination of Duke Energy Corporation's wholesale power operations.
- b. Method of Allocation
- (1) System Planning
 - (a) Generation planning - allocated to the Client Companies based on the Electric Peak Load Ratio.
 - (b) Transmission planning – allocated to the Client Companies based on the Electric Peak Load Ratio.
 - (c) Distribution planning - allocated to the Client Companies based on a weighted average of the Circuit Miles of Electric Distribution Lines Ratio and the Electric Peak Load Ratio.
 - (2) System Operations –
 - (a) Generation Dispatch - allocated to the Client Companies based on the Sales Ratio.
 - (b) Transmission Operations - allocated to the Client Companies based on a weighted average of the Circuit Miles of Electric Transmission Lines Ratio and the Electric Peak Load Ratio.
 - (c) Distribution Operations - allocated to the Client Companies based on a weighted average of the Circuit Miles of Electric Distribution Lines Ratio and the Electric Peak Load Ratio.
 - (3) Power Operations – allocated to the Client Companies based on the Generating Unit MW Capability Ratio.
 - (4) Wholesale Power Operations – allocated to the Client Companies based on the Sales Ratio.

13. Public Affairs

- a. Description of Function

Prepares and disseminates information to employees, customers, government officials, communities and the media. Provides graphics, reproduction lithography, photography and video services.

b. Method of Allocation

(1) Services related to corporate governance, public policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

(2) Services related to utility specific activities - allocated to the Client Companies based on a weighted average of the Number of Customers Ratio and the Number of Employees Ratio.

14. Legal

a. Description of Function

Renders services relating to labor and employment law, litigation, contracts, rates and regulatory affairs, environmental matters, financing, financial reporting, real estate and other legal matters.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

15. Rates

a. Description of Function

Determines the Client Companies' revenue requirements and rates to electric and gas requirements customers. Administers interconnection and joint ownership agreements. Researches and forecasts customers' usage.

b. Method of Allocation

Allocated to the Client Companies based on the Sales Ratio.

16. Finance

a. Description of Function

Renders services to Client Companies with respect to investments, financing, cash management, risk management, claims and fire prevention. Prepares budgets, financial forecasts and economic analyses.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

17. Rights of Way

a. Description of Function

Purchases, surveys, records, and sells real estate interests for Client Companies.

b. Method of Allocation

- (1) Services related to electric distribution system - allocated to the Client Companies based on the Circuit Miles of Electric Distribution Lines Ratio.
- (2) Services related to electric generation system- allocated to the Client Companies based on the Electric Peak Load Ratio.
- (3) Services related to electric transmission system – allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.

18. Internal Auditing

a. Description of Function

Reviews internal controls and procedures to ensure that assets are safeguarded and that transactions are properly authorized and recorded.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

19. Environmental, Health and Safety

a. Description of Function

Establishes policies and procedures and governance framework for compliance with environmental, health and safety (“EHS”) issues, monitors

compliance with EHS requirements and provides EHS compliance support to the Client Companies' personnel.

b. Method of Allocation

(1) Services related to corporate governance, environmental policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

(2) Services related to utility specific activities – allocated to the Client Companies based on the Sales Ratio

20. Fuels

a. Description of Function

Procures coal, gas and oil for the Client Companies. Ensures compliance with price and quality provisions of fuel contracts and arranges for transportation of the fuel to the generating stations.

b. Method of Allocation

Allocated to the Client Companies based on the Sales Ratio.

21. Investor Relations

a. Description of Function

Provides communications to investors and the financial community, performs transfer agent and shareholder record keeping functions, administers stock plans and performs stock-related regulatory reporting.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

22. Planning

a. Description of Function

Facilitates preparation of strategic and operating plans, monitors trends and evaluates business opportunities.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

23. Executive

a. Description of Function

Provides general administrative and executive management services.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

DUKE POWER CONDITIONS

1. In connection with the NCUC approval the Merger in NCUC Docket No. E-7, Sub 795, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between Duke Power and its affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to Duke Power:

(a) Duke Power's participation in this Service Agreement is voluntary. Duke Power is not obligated to take or provide services or make any purchases or sales pursuant to this Service Agreement, and Duke Power may elect to discontinue its participation in this Service Agreement at its election after giving notice under Section 3.1 of the Service Agreement.

(b) Duke Power may not make or incur a charge under this Service Agreement except in accordance with North Carolina law and the rules, regulations and orders of the NCUC promulgated thereunder.

(c) Duke Power may not seek to reflect in rates any (i) costs incurred under this Service Agreement exceeding the amount allowed by the NCUC or (ii) revenue level earned under this Service Agreement less than the amount imputed by the NCUC; and

(d) Except as provided in Regulatory Condition No. 21 with respect to a proceeding under Section 1275(b) of Subtitle F in Title XII of the Energy Policy Act of 2005, Duke Power will not assert in any forum that the NCUC's authority to assign, allocate, make pro-forma adjustments to or disallow revenues and costs for retail ratemaking and regulatory accounting and reporting purposes is preempted and will bear the full risk of any preemptive effects of federal law with respect to this Service Agreement.

2. With respect to the transfer by Duke Power under this Service Agreement of the control of, operational responsibility for, or ownership of any Duke Power assets used for the generation, transmission or distribution of electric power to its North Carolina retail customers with a gross book value in excess of ten million dollars (\$10 million), the following shall apply:

(a) Duke Power may not commit to or carry out the transfer except in accordance with all applicable law, and the rules, regulations and orders of the NCUC promulgated thereunder; and

(b) Duke Power may not include in its North Carolina cost of service or rates the value of the transfer, whether or not subject to federal law, except as allowed by the NCUC in accordance with North Carolina law.

Exhibit E

A copy of each service agreement existing on the effective date of KRS 278.2201 through 278.2219 and remaining in effect shall be filed as an attachment to the annual report required by this subsection. After the initial filing, an affected utility shall file only new or amended service agreements with the annual report

See attached Operating Company/Nonutility Service Agreement, which was amended as of April 3, 2006.

**OPERATING COMPANY/NONUTILITY COMPANIES
SERVICE AGREEMENT**

This Operating Company/Nonutility Companies Service Agreement (this "Agreement") is made and entered into as of April 3, 2006 (the "Effective Date") by and among The Union Light, Heat and Power Company, a Kentucky corporation ("Operating Company"), and the respective associate nonutility companies listed on the signature pages hereto (each, a "Nonutility Company").

WITNESSETH:

WHEREAS, Duke Energy Corporation ("Duke") is a Delaware corporation;

WHEREAS, Operating Company is a subsidiary of Duke and a public utility company;

WHEREAS, each Nonutility Company is a subsidiary of Duke that is or was formed to engage in any one or more non-regulated businesses;

WHEREAS, in the ordinary course of their businesses, Operating Company and each Nonutility Company maintain organizations of employees with technical expertise in matters affecting public utility companies and related businesses and own or acquire related equipment, facilities, properties and other resources; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the parties' utility responsibilities or primary business operations, as the case may be, the parties hereto are willing, upon request from time to time, to perform such services, and in connection therewith to make available such equipment, facilities, properties and other resources, as they shall request from each other;

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

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

(a) Upon receipt by a party hereto (in such capacity, a "Service Provider") of a written request in substantially the form attached hereto as Exhibit A (a "Service Request") from another party hereto (in such capacity, a "Client Company") for the provision to such Client Company of such services as are specified therein, including if applicable use of any related equipment, facilities, properties or other resources (collectively, "Services"), the Service Provider, if in its sole discretion it has available the personnel or other resources needed to perform the Service Request without impairment of its utility responsibilities or business operations, as the case may be, shall furnish such Services to the Client Company at such times, for such periods and in such manner as the Client Company shall have so requested and otherwise in accordance with the provisions hereof.

(b) For purposes of this Agreement, "Services" may include, but shall not be limited to: (i) in the case of Services that may be provided by Operating Company hereunder, services in such areas as engineering and construction; operations and maintenance; installation services; equipment testing; generation technical support; environmental, health and safety; and procurement services;¹ and (ii) in the case of Services that may be provided by Nonutility Companies hereunder, services in such areas as information technology services; monitoring, surveying, inspecting, constructing, locating and marking of overhead and underground utility facilities; meter reading; materials management; vegetation management; and marketing and customer relations.

(c) For the avoidance of doubt, affiliate transactions involving sales or other transfers of assets, goods, energy commodities (including electricity, natural gas, coal and other combustible fuels) or thermal energy products are outside the scope of this Agreement.

Section 1.2 Loaned Employees.

(a) If specifically requested in connection with the provision of Services, Service Provider shall loan one or more of its employees to such Client Company, provided that such loan shall not, in the sole discretion of Service Provider, interfere with or impair Service Provider's utility responsibilities or business operations, as the case may be. After the commencement thereof, any such loaned employees may be withdrawn by Service Provider from tasks duly assigned by Client Company, prior to completion thereof as contemplated in the associated Service Request, only with the consent of Client Company (which shall not be unreasonably withheld or delayed), except in the event of a demonstrable emergency requiring the use of any such employees in another capacity for Service Provider.

(b) While performing work on behalf of Client Company, any such loaned employees shall be under its supervision and control, and Client Company shall be responsible for their actions to the same extent as though such persons were its employees (it being understood that such persons shall nevertheless remain employees of Service Provider and nothing herein shall be construed as creating an employer-employee relationship between any Client Company and any loaned employees). Accordingly, for the duration of any such loan, Service Provider shall continue to provide its loaned employees with the same payroll, pension, savings, tax withholding, unemployment, bookkeeping and other personnel support services then being provided by Service Provider to its other employees.

ARTICLE 2. SERVICE REQUESTS

Section 2.1 Procedure. All Services (including any loans of employees) (i) shall be performed in accordance with Service Requests issued by or on behalf of Client Company and accepted by Service Provider and (ii) shall be assigned to applicable activities, processes, projects, responsibility centers or on other appropriate bases to enable specific work to be properly assigned. Service Requests shall be as specific as practicable in defining the Services requested. Client Company shall have the right from time to time to amend or rescind any Service Request, *provided* that (a) Service Provider consents to any amendment that results in a material change in the scope of

Services to be provided, (b) the costs associated with an amended or rescinded Service Request shall include the costs incurred by Service Provider as a result of such amendment or rescission, and (c) no amendment or rescission of a Service Request shall release Client Company from any liability for costs already incurred or contracted for by Service Provider pursuant to the original Service Request, regardless of whether any labor or the furnishing of any property or other resources has been commenced or completed.

ARTICLE 3. COMPENSATION FOR SERVICES

Section 3.1 Cost of Services. As compensation for any Services rendered to it pursuant to this Agreement, Client Company shall pay to Service Provider the fully embedded cost thereof (i.e., the sum of (i) direct costs, (ii) indirect costs and (iii) costs of capital), except to the extent otherwise required by Section 482 of the Internal Revenue Code. As soon as practicable after the close of each month, Service Provider shall render to each Client Company a statement reflecting the billing information necessary to identify the costs charged for that month. By the last day of each month, Client Company shall remit to Service Provider all charged billed to it.

ARTICLE 4. LIMITATION OF LIABILITY; INDEMNIFICATION

Section 4.1 Limitation of Liability/Services. In performing Services pursuant to Section 1.1 hereof, Service Provider will exercise due care to assure that the Services are performed in a workmanlike manner in accordance with the specifications set forth in the applicable Service Request and consistent with any applicable legal standards. The sole and exclusive responsibility of Service Provider for any deficiency therein shall be promptly to correct or repair such deficiency or to re-perform such Services, in either case at no additional cost to Client Company, so that the Services fully conform to the standards described in the first sentence of this Section 4.1. No Service Provider makes any other warranty with respect to the provision of Services, and each Client Company agrees to accept any Services without further warranty of any nature.

Section 4.2 Limitation of Liability/Loaned Employees. In furnishing Services under Section 1.2 hereof (i.e., involving loaned employees), neither the Service Provider, nor any officer, director, employee or agent thereof, shall have any responsibility whatever to any Client Company receiving such Services, and Client Company specifically releases Service Provider and such persons, on account of any claims, liabilities, injuries, damages or other consequences arising in connection with the provision of such Services under any theory of liability, whether in contract, tort (including negligence or strict liability) or otherwise, it being understood and agreed that any such loaned employees are made available without warranty as to their suitability or expertise.

Section 4.3 Disclaimer. WITH RESPECT TO ANY SERVICES PROVIDED UNDER THIS AGREEMENT, THE SERVICE PROVIDER THEREOF MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 4.1, AND THE PARTIES HERETO HEREBY AGREE THAT NO OTHER WARRANTY, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), SHALL BE APPLICABLE TO THE PROVISION OF ANY SUCH SERVICES. THE PARTIES FURTHER AGREE THAT

THE REMEDIES STATED HEREIN ARE EXCLUSIVE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

Section 4.4 Indemnification.

(a) Indemnification In Respect of Services Provided by Operating Company.

(i) In circumstances where Operating Company is a Service Provider: (x) subject to subparagraph (ii) of this Section 4.4(a), Service Provider shall release, defend, indemnify and hold harmless each Client Company, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees), whether or not involving a third-party claim (collectively, "Damages"), incurred or sustained by or against Service Provider or any such Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services, and (y) each Nonutility Company that is a Client Company with respect to such Services shall release, defend, indemnify and hold harmless Service Provider, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any Damages incurred or sustained by or against Service Provider or any such Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services, to the extent such Damages are not covered by Service Provider's indemnification obligation as provided in the preceding clause (x) or exceed the liability limits provided in subparagraph (ii) of this Section 4.4(a).

(ii) Notwithstanding any other provision hereof, in circumstances where Operating Company is a Service Provider: (x) Service Provider's total liability hereunder with respect to any specific Services shall be limited to the amount actually paid to Service Provider for its performance of the specific Services for which the liability arises, and (y) under no circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

(b) Indemnification In Respect of Services Provided by Any Nonutility Company.

(i) In circumstances where a Nonutility Company is a Service Provider (*i.e.*, where Operating Company is the Client Company): (x) subject to subparagraph (ii) of this Section 4.4(b), Service Provider shall release, defend, indemnify and hold harmless the Client Company, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any Damages incurred or sustained by or against Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services.

(ii) Notwithstanding any other provision hereof, in circumstances where a Nonutility Company is a Service Provider (*i.e.*, where Operating Company is the Client Company), under no

circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

Section 4.5 Procedure for Indemnification. Within 15 business days after receipt by any Client Company of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a "Proceeding") with respect to which it is eligible for indemnification hereunder, such Client Company shall notify Service Provider thereof in writing (it being understood that failure so to notify Service Provider shall not relieve the latter of its indemnification obligation, unless Service Provider establishes that defense thereof has been prejudiced by such failure). Thereafter, Service Provider shall be entitled to participate in such Proceeding and, at its election upon notice to such Client Company and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Client Company, Service Provider shall not enter into any settlement of any third-party claim that would lead to liability or create any financial or other obligation on the part of such Client Company for which it such Client Company is not entitled to indemnification hereunder. If such Client Company has given timely notice to Service Provider of the commencement of such Proceeding, but Service Provider has not, within 15 business days after receipt of such notice, given notice to Client Company of its election to assume the defense thereof, Service Provider shall be bound by any determination made in such Proceeding or any compromise or settlement made by Client Company. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Client Company to Service Provider.

ARTICLE 5. MISCELLANEOUS

Section 5.1 Amendments. Any amendments to this Agreement shall be in writing executed by each of the parties hereto. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with the Kentucky Public Service Commission for its review or otherwise, Operating Company shall comply in all respects with any such requirements.

Section 5.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect as to each party until terminated by any party, as to itself only, upon not less than 30 days prior written notice to the other parties hereto. Any such termination of parties shall not be deemed an amendment hereto. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of all of the parties hereto.

Section 5.3 Additional Parties. After the effective date of this Agreement, additional Nonutility Companies may become parties to this Agreement by executing appropriate signature pages, whereupon any such additional signatory shall be deemed a "party" hereto all purposes hereof and shall thereupon become bound by the terms and conditions of this Agreement as if an original party hereto. The addition of any such further signatories, in the absence of any changes to the terms of this Agreement, shall not be deemed an amendment hereto.

Section 5.4 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto (including that certain Services Agreement between Operating Company and certain nonutility subsidiaries of Cinergy Corp. dated May 14, 1999). Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 5.5 Severability. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 5.6 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.7 Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of Kentucky, without regard to conflicts of laws principles.

Section 5.8 Captions, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, "hereof," "hereunder," "herein," "hereto," and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 5.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an appropriate officer thereunto duly authorized.

THE UNION LIGHT, HEAT AND POWER COMPANY

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CORP.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY INVESTMENTS, INC.

By: _____
Jeff Gollomp
Vice President

KO TRANSMISSION COMPANY

By: _____
Richard G. Beach
Assistant Secretary

TRI-STATE IMPROVEMENT COMPANY

By: _____
Richard G. Beach
Assistant Secretary

SOUTH CONSTRUCTION COMPANY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CAPITAL & TRADING, INC.

By: _____

Jeff Gollomp
Vice President

CINCAP IV, LLC

(by Cinergy Capital & Trading, Inc. its Managing Member)

By: _____

Jeffrey A. Gollomp
Vice President

CINCAP V, LLC

(by Cinergy Capital & Trading, Inc. its Managing Member)

By: _____

Jeffrey A. Gollomp
Vice President

CINPOWER I, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY MARKETING & TRADING, LP
(formerly Cinergy Marketing & Trading, LLC)

By: _____

Jeff Gollomp
Vice President

DUKE ENERGY ENGINEERING, INC.
(formerly Cinergy Engineering, Inc.)

By: _____

Richard G. Beach
Assistant Secretary

DUKE ENERGY GENERATION SERVICES
HOLDING COMPANY, INC.
(formerly Cinergy Solutions Holding Company, Inc.)

By: _____
Jeff Gollomp
Vice President

TRIGEN-CINERGY SOLUTIONS LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF ORLANDO LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SUPPLY NETWORK, INC.

By: _____
Richard G. Beach
Assistant Secretary

RELIANT SERVICES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY TECHNOLOGY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF TUSCOLA, INC.

By: _____
George Dwight, II
Assistant Secretary

ENERGY Equipment Leasing LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF BOCA RATON, LLC
(formerly Trigen-Cinergy Solutions of Boca Raton, LLC)

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF CINCINNATI LLC
(formerly Trigen-Cinergy Solutions of Cincinnati LLC)

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ST. PAUL LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF TUSCOLA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY ENERGY SOLUTIONS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GASCO SOLUTIONS, LLC

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY ONE, INC.
(formerly Cinergy One, Inc.)

By: _____
Richard G. Beach
Assistant Secretary

CINERGY POWER GENERATION SERVICES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY POWER INVESTMENTS, INC.

By: _____
Jeffrey A. Gollomp
Vice President

DUKE ENERGY GENERATION SERVICES, INC.
(formerly Cinergy Solutions, Inc.)

By: _____
George Dwight, II
Assistant Secretary

CINERGY TECHNOLOGIES, INC.
(formerly Cinergy Ventures Holding Company, Inc.)

By: _____
Richard G. Beach
Assistant Secretary

CINERGY VENTURES II, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY WHOLESALE ENERGY, INC.

By: _____
Jeffrey A. Gollomp
Assistant Secretary

CINTEC LLC
(formerly CinTech LLC)

By: _____
Richard G. Beach
Assistant Secretary

CINTEC I LLC
(formerly CinTech I LLC)

By: _____
Richard G. Beach
Assistant Secretary

EVENT RESOURCES I LLC
(formerly Event Capital I LLC)

By: _____
Richard G. Beach
Assistant Secretary

LANSING GRAND RIVER UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

OKLAHOMA ARCADIAN UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

SHREVEPORT RED RIVER UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

SYNCAP II, LLC

By: _____
Richard G. Beach
Assistant Secretary

TCS-USFOS OF LANSING LLC

By: _____
Richard G. Beach
Assistant Secretary

BSPE, L.P.

By: _____
M. Stephen Harkness
Authorized Representative

BSPE GENERAL, LLC

By: _____
M. Stephen Harkness
Authorized Representative

BSPE HOLDINGS, LLC

By: _____
M. Stephen Harkness
Authorized Representative

BSPE LIMITED, LLC

By: _____
M. Stephen Harkness
Authorized Representative

BROWNSVILLE POWER I, LLC

By: _____
Jeffrey A. Gollomp
Vice President

CSGP OF SOUTHEAST TEXAS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CALEDONIA POWER I, LLC

By: _____
Jeffrey A. Gollomp
Vice President

OWINGS MILLS ENERGY EQUIPMENT LEASING, LLC

By: _____
Richard G. Beach
Assistant Secretary

SOUTH HOUSTON GREEN POWER, L.P.
(formerly Green Power, L.P.)

By: _____
M. Stephen Harkness
Authorized Representative

TRIGEN - CINERGY SOLUTIONS OF OWINGS MILLS LLC

By: _____
Richard G. Beach
Assistant Secretary

CST LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CST GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CSGP LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CSGP SERVICES, L.P.
(by CSGP General, LLC its General Partner)

By: _____
Richard G. Beach
Assistant Secretary

CSGP GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CANADA, INC.

By: _____
Jeffrey A. Gollomp
Vice President

CINERGY GLOBAL TRADING LIMITED

By: _____
Julia S. Janson
Secretary

CINERGY ORIGINATION & TRADE, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF PHILADELPHIA, LLC

By: _____
Richard G. Beach
Assistant Secretary

OHIO RIVER VALLEY PROPANE, LLC
(formerly Cinergy Propane, LLC)

By: _____
Jeffrey A. Gollomp
Vice President

CINERGY RETAIL POWER LIMITED, INC.

By: _____
Jeffrey A. Gollomp
Vice President

CINERGY RETAIL POWER GENERAL, INC.

By: _____
Jeffrey A. Gollomp
Vice President

CINERGY RETAIL POWER, L.P.
(by Cinergy Retail Power General, Inc. its Sole Member)

By: _____
Richard G. Beach
Assistant Secretary

DELTA TOWNSHIP UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY LIMITED HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GENERAL HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RECEIVABLES COMPANY LLC

By: _____
Kimberely K. Sipes
Treasurer

CINFUEL RESOURCES, INC.

By: _____
Jeffrey A. Gollomp
Vice President

LH1, LLC

By: _____
George Dwight, II
Assistant Secretary

OAK MOUNTAIN PRODUCTS, LLC

By: _____
George Dwight, II
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES
OF LANSING, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES OF SHREVEPORT, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES OF OKLAHOMA, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF NARROWS, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ROCK HILL, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ST. BERNARD, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By: _____

Jeffrey A. Gollomp
Assistant Secretary

DUKE ENERGY RETAIL SALES, LLC
(formerly Cinergy Retail Sales, LLC)

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF MONACA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINTEC II LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO HOLDINGS, L.P.
(by *Cinergy Mexico General, LLC its General Partner*)

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO MARKETING & TRADING, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF SAN DIEGO, INC.
(formerly Cinergy Solutions of San Diego, LLC)

By: _____

George Dwight, II
Assistant Secretary

CINERGY SOLUTIONS OF SOUTH CHARLESTON, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS – UTILITY, INC.

By: _____

George Dwight, II
Assistant Secretary

CINERGY SOLUTIONS O&M, LLC

By: _____

Richard G. Beach
Assistant Secretary

DELTA TOWNSHIP UTILITIES II, LLC

By: _____

Richard G. Beach
Assistant Secretary

PINE MOUNTAIN INVESTMENTS, LLC

By: _____
George Dwight, II
Assistant Secretary

PINE MOUNTAIN PRODUCTS, LLC

By: _____
George Dwight, II
Assistant Secretary

ENVIRONMENTAL WOOD SUPPLY, LLC

By: _____
G. Roger Daniel
Treasurer

CINERGY SOLUTIONS OPERATING SERVICES
OF DELTA TOWNSHIP, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY BROADBAND, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CADENCE, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS COMMUNICATIONS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY EPCOM COLLEGE PARK LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY E-SUPPLY NETWORK, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS PARTNERS, LLC
(by Duke Energy Generation Services, Inc. its Managing Member)

By: _____
George Dwight, II
Assistant Secretary

CINERGY TELECOMMUNICATIONS HOLDING CO., INC.
(formerly Cinergy Communications, Inc.)

By: _____
Richard G. Beach
Assistant Secretary

CINERGY TWO, INC.

By: _____
Richard G. Beach
Assistant Secretary

GREEN POWER G.P., LLC

By: _____
M. Stephen Harkness
Authorized Representative

GREEN POWER HOLDINGS, LLC

By: _____
M. Stephen Harkness
Authorized Representative

GREEN POWER LIMITED, LLC

By: _____
M. Stephen Harkness
Authorized Representative

ST. PAUL COGENERATION LLC

By: _____
M. Stephen Harkness
President

TRIGEN-CINERGY SOLUTIONS OF ASHTABULA LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF LANSING LLC

By: _____

Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF ROCHESTER LLC

By: _____

Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF SILVER GROVE LLC

By: _____

Richard G. Beach
Assistant Secretary

DUKE ENERGY CORPORATION

By: _____

Sherwood L. Love
Assistant Treasurer

DUKE CAPITAL LLC

By: _____

Richard G. Beach
Assistant Secretary

BISON INSURANCE COMPANY LIMITED

By: _____

Sherwood L. Love
Assistant Treasurer

DUKE ENERGY AMERICAS, LLC

By: _____
Curtis H. Davis
Group Vice President – Energy Generation

DUKE ENERGY GLOBAL MARKETS, INC.

By: _____
Curtis H. Davis
Group Vice President – Energy Generation

DUKE ENERGY ROYAL, LLC

By: _____
Robert T. Lucas III
Assistant Secretary

DUKE ENERGY INTERNATIONAL, LLC

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY NORTH AMERICA, LLC

By: _____
Sherwood L. Love
Vice President

DUKE ENERGY MARKETING AMERICA, LLC

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY CANADA CALL CO.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY CANADA EXCHANGE CO INC.

By: _____
Sherwood L. Love
Assistant Treasurer

WESTCOAST ENERGY INC.

By: _____
Sherwood L. Love
Assistant Treasurer

UNION GAS LIMITED

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE PROJECT SERVICES, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE VENTURES, LLC

By: _____
Robert T. Lucas III
Assistant Secretary

CRESCENT RESOURCES, LLC

By: _____
R. Wayne McGee
Senior Vice President and Treasurer

DUKENET COMMUNICATIONS, LLC

By: _____
Anders K. Torning
Assistant Secretary

PANENERGY CORP

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY SERVICES, INC.

By: _____
F. Wayne Wiesen
Vice President, General Counsel and Secretary

DUKE ENERGY NATURAL GAS CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DETFI MANAGEMENT, INC.

By: _____
Curtis H. Davis
Senior Vice President

DUKE ENERGY BUSINESS SERVICES LLC

By: _____

Sherwood L. Love
Assistant Treasurer

DUKE ENERGY TRADING AND MARKETING, L.L.C.

By: _____

John D. Thomas
Vice President and Chief Financial Officer

DUKE ENERGY FIELD SERVICES, LLC

By: _____

Patrick Welch
Vice President and Controller

DUKE ENERGY GAS TRANSMISSION, LLC

By: _____

Frederick S. Bush
Vice President, Controller and Treasurer

ALGONQUIN GAS TRANSMISSION, LLC

By: _____

Frederick S. Bush
Vice President, Controller and Treasurer

TEXAS EASTERN TRANSMISSION, LP

By: _____

Frederick S. Bush
Vice President, Controller and Treasurer

EAST TENNESSEE NATURAL GAS, LLC

By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

M&N MANAGEMENT COMPANY

By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

M&N OPERATING COMPANY, LLC

By: _____
Patrick T. Gibson
Vice President, Planning

MARKET HUB PARTNERS HOLDING, LLC

By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

EGAN HUB STORAGE, LLC

By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

MOSS BLUFF HUB PARTNERS, L.L.C.

By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

DUKE ENERGY MERCHANTS, LLC

By: _____
C. G. Harper
President

DUKE ENERGY RECEIVABLES FINANCE COMPANY, LLC

By: _____
Sherwood L. Love
Assistant Treasurer

FORM OF SERVICE REQUEST

<u>Client Company:</u> 	<u>Approved By:</u> Name: Title:
<u>Proposed Service Provider/ Description of Proposed Services:</u> 	
<u>Estimated Costs:</u> 	
<u>Scheduled Start Date:</u> 	<u>Scheduled Completion Date:</u>
<u>Service Provider:</u> 	<u>Approved By:</u> Name: Title:

Exhibit F

Provide all updated information that is currently required to be filed periodically in closed Administrative Case No. 387. The information is to be filed in the annual report.

REQUEST:

3. Actual and weather-normalized monthly coincident peak demands for the just completed calendar year. Demands should be disaggregated into (a) native load demand (firm and non-firm) and (b) off-system demand (firm and non-firm).

RESPONSE:

Actual and weather-normalized monthly coincident peak native load demands for 2006 are provided in the table below. Duke Energy Kentucky does not have any off-system firm demands. The table does provide off-system non-firm demands. Weather normal values for the off-system demands are not available.

**Duke Energy Kentucky
Electric Energy Demands – Mw
2006**

	Native	Internal	Weather Normal	Off-System Non-Firm
January	581	581	684	0
February	592	592	633	0
March	607	607	636	35
April	511	511	563	82
May	777	777	732	0
June	827	827	808	0
July	841	841	886	0
August	871	883	893	162
September	617	647	752	0
October	644	675	626	0
November	574	602	631	0
December	679	712	770	70
Max	871	883	893	162

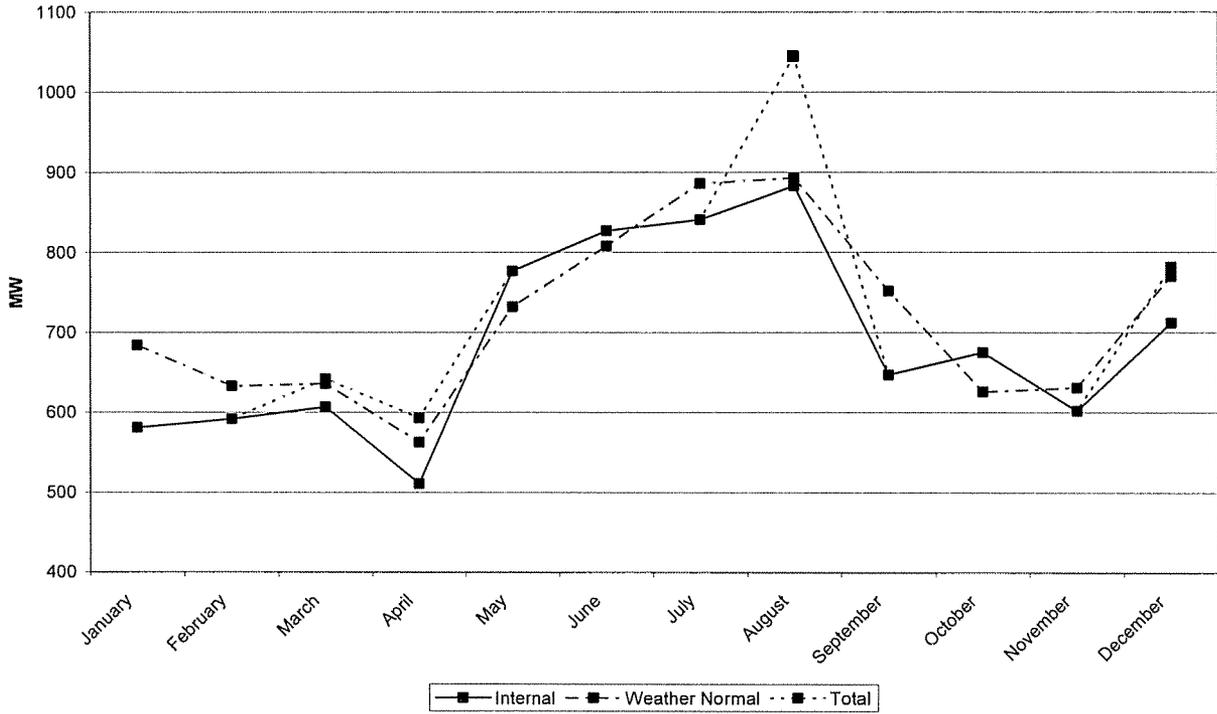
REQUEST:

- 4. Load shape curves that show actual peak demands and weather-normalized peak demands (native load demand and total demand) on a monthly basis for the just completed calendar year.

RESPONSE:

Total is the sum of Internal and Off-System non-firm.

Duke Energy Kentucky
Load Shape - 2006



REQUEST:

6. Based on the most recent demand forecast, the base case demand and energy forecasts and high case demand and energy forecasts and high case demand and energy forecasts for the current year and the following four years. The information should be disaggregated into (a) native load (firm and non-firm demand) and (b) off-system load (both firm and non-firm demand).

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

[REDACTED]

[REDACTED]

[REDACTED]

REQUEST:

7. The target reserve margin currently used for planning purposes, stated as a percentage of demand. If changed from what was in use in 2001, include a detailed explanation for the change.

RESPONSE:

Duke Energy Kentucky's reserve requirements will be impacted by *ReliabilityFirst*, the new reliability organization that was formed in June 2005 which encompasses the former ECAR, MAAC, and MAIN regions. *ReliabilityFirst* has adopted a Resource Planning Reserve Requirement Standard that the Loss of Load Expectation (LOLE) due to resource inadequacy cannot exceed one day in ten years (0.1 days per year). However, until analyses are performed by the Planned Reserve Sharing Group (PRSG) that Duke Energy Kentucky will join (which has not been determined yet¹, it is too soon to know exactly what the impact on Duke Energy Kentucky's required reserve criteria might be. It is anticipated that the planning year starting June 1, 2008, will be the first year in which this standard will be in effect.

Duke Energy Kentucky will keep this Commission informed once the result of these efforts becomes clearer.

¹ Duke Energy has been actively involved with trying to form the Midwest PRSG along with numerous other utilities within MISO.

REQUEST:

8. Projected reserve margins stated in megawatts and as a percentage of demand for the current year and the following 4 years. Identify projected deficits and current plans for addressing these. For each year identify the level of firm capacity purchases projected to meet native load demand.

RESPONSE:

With the recent transfer of East Bend, Miami Fort 6, and Woodsdale 1-6 from Duke Energy Ohio to Duke Energy Kentucky, the projected reserve margins for Duke Energy Kentucky are shown below:

Year	Projected Reserves (MW)	Projected Reserve Margin (%)	Firm Capacity Purchases Projected to Meet Demand (MW)
2007	197	22.4	0
2008	192	21.7	0
2009	187	21.1	0
2010	183	20.4	0
2011	176	19.6	0

REQUEST:

12. Identify all planned base load or peaking capacity additions to meet native load requirements over the next 10 years. Show the expected in-service date, size and site for all planned additions. Include additions planned by the utility, as well as those by affiliates, if constructed in Kentucky or intended to meet load in Kentucky.

RESPONSE:

No capacity additions are currently planned over the next 10 years.

REQUEST:

13. The following transmission energy data for the just completed calendar year and the forecast for the current year and the following four years:
- a. Total energy received from all interconnections and generation sources connected to the transmission system.
 - b. Total energy delivered to all interconnections on the transmission system.
 - c. Peak load capacity of the transmission system.
 - d. Peak demand for summer and winter seasons on the transmission system.

RESPONSE:

- a. All of the energy requirements of Duke Energy Kentucky are provided through the connections with the Duke Energy Ohio 69 and 138 kV system. See response to Question 6 that relates to the actual and forecasted values for energy.
- b. Since Duke Energy Kentucky does not have any generation connected to its transmission system and since the transmission system is planned, designed and operated to primarily serve the area load, and since the only two interconnections are operated normally open, there is no energy delivered from Duke Energy Kentucky to the interconnections.
- c. Neither Duke Energy nor the electric utility industry has defined a term "peak load capacity of the transmission system." There is no single number that defines the capacity of a transmission system due to the interconnected nature of the electric grid. Duke Energy Kentucky does perform assessments of its transmission system to ensure all firm loads can be served in a reliable manner. This ensures that the transmission system has the "capacity" required to reliably serve the load.
- d. See response to Item 6. Since Duke Energy Kentucky does not have any generation connected to its transmission system, the demand on the transmission system is equal to the Duke Energy Kentucky load requirements.

REQUEST:

14. Identify all planned transmission capacity additions for the next 10 years. Include the expected in-service date, size and site for all planned additions and identify the transmission need each addition is intended to address.

RESPONSE:

The following is a current list of planned Duke Energy Kentucky transmission projects.

Description & Location	In Service Date	Need
Install Blackwell Substation with 150 MVA 138-69 kV transformer, Grant County, Kentucky	6-01-07	To supply 69 kV system capacity for local load growth.
Extend and Loop 69 kV circuit 6761 through new Blackwell Substation, Grant County, Kentucky	6-01-07	Integrate new 138-69 kV capacity into local load 69 kV system, to supply local load growth.
Extend and Loop 69 kV circuit through new Dry Ridge Substation, Dry Ridge, Kentucky	6-01-07	For local load growth.