



DUKE ENERGY CORPORATION
139 East Fourth Street
P. O. Box 960
Cincinnati, OH 45201-0960

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APR 21 2006

PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT MAIL

April 20, 2006

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

Re: Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition corp., Cinergy Corp., The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control
Case No. 2005-00228

Dear Ms. O'Donnell:

Enclosed please find an original and ten copies of Duke Energy Kentucky's Notice of Filing of Revised Affiliate Agreements in the above-referenced case.

Please stamp and return the two cover pages of the filing in the enclosed envelope.

If you have any questions, please call me at (513) 287-3601.

Sincerely,

John J. Finnigan, Jr.
Senior Counsel

JJF/sew

cc: Hon. Dennis G. Howard, II
Hon. Elizabeth E. Blackford
Hon. David E. Spenard
Hon. Michael L. Kurtz

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APR 21 2006

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Joint Application of Duke Energy Corporation,)	
Duke Energy Holding Corp., Deer Acquisition)	
Corp., Cougar Acquisition Corp., Cinergy Corp.,)	Case No. 2005-00228
The Cincinnati Gas & Electric Company, and)	
The Union Light, Heat and Power Company for)	
Approval of a Transfer and Acquisition)	
of Control)	

**DUKE ENERGY KENTUCKY'S
NOTICE OF FILING
OF REVISED AFFILIATE AGREEMENTS**

At pages 8-9 of its November 29, 2005 Order, the Commission required The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky ("Duke Energy Kentucky") to file revised versions of the affiliate agreements within 20 days after such revisions are finalized. Pursuant to this Order, Duke Energy Kentucky reports that the affiliate agreements were changed during the merger approval proceedings in the other states where Duke Energy Corporation's ("Duke Energy") regulated utility subsidiaries operate. The changes became finalized when the affiliate agreements became effective as of the April 3, 2006 merger closing. The changes are minor and result from either: (1) making minor clarifications to the original agreements; (2) supplying details not available when the original agreements were prepared; or (3) changes requested by customer

representatives in the other merger cases, which enhance customer protections for all of the operating companies' customers.

Some of the agreements are still being executed. Duke Energy Kentucky provides with this filing: (a) a redlined version of changes to each affiliate agreement, as compared to the version filed with the Commission with Duke Energy Kentucky's application and testimony on August 1, 2005; (b) a list of the changes to each affiliate agreement, as compared to the version of the affiliate agreement originally filed with the Commission on August 1, 2005, with a narrative explanation for each change; and (c) a fully executed copy of each affiliate agreement or, in the alternative, a partially executed copy of the affiliate agreement (the signature pages for all agreements will be provided after the agreements are fully executed).

REVISED AFFILIATE AGREEMENTS

1. Service Company Utility Service Agreement – describes the terms for Duke Energy Shared Services, Inc. to provide administrative, management and support services to Duke Energy Kentucky and Duke Energy's other subsidiaries.

A. Redlined Version of Changes to Service Company Utility Service Agreement – provided at Attachment 1(A).

B. List of Changes to Service Company Utility Service Agreement and Narrative Explanation for Each Change – provided at Attachment 1(B).

C. Clean Copy of the Service Company Utility Service Agreement – provided at Attachment 1(C).

2. Operating Company/Nonutility Companies Service Agreement – describes the terms for services to be provided between Duke Energy Kentucky and certain nonutility affiliates.

A. Redlined Version of Changes to Operating Company/Nonutility Companies Service Agreement – provided at Attachment 2(A).

B. List of Changes to Operating Company/Nonutility Companies Service Agreement and Narrative Explanation for Each Change – provided at Attachment 2(B).

C. Executed Copy of the Operating Company/Nonutility Companies Service Agreement – provided at Attachment 2(C).

3. Operating Companies Service Agreement – describes the terms for services to be provided between Duke Energy Kentucky and its utility affiliates.

A. Redlined Version of Changes to Operating Companies Service Agreement – provided at Attachment 3(A).

B. List of Changes to Operating Companies Service Agreement and Narrative Explanation for Each Change – provided at Attachment 3(B).

C. Executed Copy of the Operating Companies Service Agreement – provided at Attachment 3(C).

4. Utility Money Pool Agreement – describes the terms for short-term loans between Duke Energy Kentucky and the participating companies (except the agreement

does not allow Duke Energy Kentucky to loan funds to Cinergy Corp. or to Duke Energy).

A. Redlined Version of Changes to Utility Money Pool Agreement – provided at Attachment 4(A).

B. List of Changes to Utility Money Pool Agreement and Narrative Explanation for Each Change – provided at Attachment 4(B).

C. Executed Copy of the Utility Money Pool Agreement – provided at Attachment 4(C).

5. Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax Liability and Benefits (“Tax Sharing Agreement”) – describes the terms for filing consolidated income tax returns and allocating consolidated income tax liabilities and benefits among the parties.

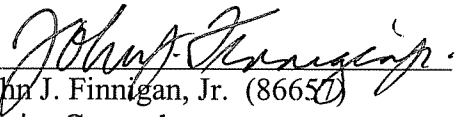
A. Redlined Version of Changes to Tax Sharing Agreement – provided at Attachment 5(A).

B. List of Changes to Tax Sharing Agreement and Narrative Explanation for Each Change – provided at Attachment 5(B).

C. Clean Copy of the Tax Sharing Agreement – provided at Attachment 5(C).

Respectfully submitted,

DUKE ENERGY KENTUCKY



John J. Finnigan, Jr. (86651)

Senior Counsel

P. O. Box 960

Room 2500, Atrium II

139 East Fourth Street

Cincinnati, Ohio 45201-0960

Phone: (513) 287-3601

Fax: (513) 287-3810

CERTIFICATE OF SERVICE

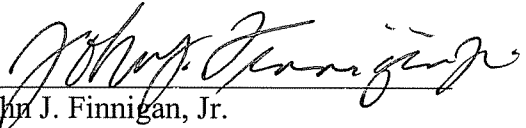
I certify that a copy of the foregoing Duke Energy Kentucky's Notice of Filing and Motion for Approval of Revised Affiliate Agreements was served on the following parties by ordinary United States mail, postage prepaid, this 20TH day of April, 2006:

Hon. Dennis G. Howard, II
Acting Director
Office of Rate Intervention
Hon. Elizabeth E. Blackford
Hon. David E. Spenard
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Ky 40601

ATTORNEYS FOR GREGORY D. STUMBO
ATTORNEY GENERAL

Hon. Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 2110
Cincinnati, Ohio 45202

ATTORNEY FOR THE KROGER CO.



John J. Finnigan, Jr.

Attachment 1(A)
Redlined Version of Changes to Service Company Utility Service Agreement

**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;

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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.

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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

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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.

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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,

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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

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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.

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IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date and year first above written.

DUKE ENERGY SHARED SERVICES, LLC.
(formerly Cinergy Services, Inc.)

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

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Title:

DUKE ENERGY BUSINESS SERVICES, LLC

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE POWER COMPANY LLC

By: _____
Lynn J. Good
Vice President and Treasurer

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Title:

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____
Lynn J. Good
Vice President and Treasurer

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PSI ENERGY, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

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THE UNION LIGHT, HEAT AND POWER
COMPANY

By: _____
Lynn J. Good,
Vice President and Treasurer

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MIAMI POWER CORPORATION

By: _____
Lynn J. Good,
Vice President and Treasurer

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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

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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

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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

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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

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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

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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.

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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

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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.

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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.

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- (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.

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- (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.

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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.

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- (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

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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.

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- (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

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(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.

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(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.

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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

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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

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(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.

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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.

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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.

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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.

Attachment 1(B)
List of Changes to Service Company Utility Service Agreement
and Narrative Explanation for Each Change

<u>Page</u>	<u>Description of Change</u>
1	<ul style="list-style-type: none"> correct date and company names added Added Duke Energy Business Services, LLC, another subsidiary services company, as a party..
7	<ul style="list-style-type: none"> new section 5.7 added, with reference to new Appendix B.
App. A, pp. 3-8	<ul style="list-style-type: none"> “the...applicable” added in several places, to clarify that the applicable operating company’s financial or statistical data will be used to calculate these cost allocation ratios.
App. A, p. 9	<ul style="list-style-type: none"> “or...as appropriate” added to the description of different cost allocation methods, to clarify that the method actually used will be the method deemed most appropriate for the type of cost being allocated.
App. A, p. 13	<ul style="list-style-type: none"> “Coordinates system” changed to “Coordinate...systems” – grammatical change.
App. A, p. 15	<ul style="list-style-type: none"> Public Affairs Function changed to add a description of the governance, policy and management/support activities for this function.
App. A, p. 15	<ul style="list-style-type: none"> allocation ratios for Public Affairs Function’s governance, policy and management/support activities will be the weighted average of the gross margin ratio, the labor dollar ratio and the PP&E ratio. The allocation ratio for the remaining Public Affairs Function activities will be based on a weighted average of the number of customers ratio and the number of employees ratio – change needed to avoid under-allocating costs to non-utility companies.
App. A, p. 16	<ul style="list-style-type: none"> Terminology for “Environmental Affairs” Function changed to “Environmental, Health and Safety” to align with Duke Energy’s terminology for this function. Also added a description of the governance, policy and management/support activities for this function.
App. A, p. 17	<ul style="list-style-type: none"> allocation ratios for Environmental, Health and Safety Function’s governance, policy and management/support activities will be the weighted average of the gross margin ratio, the labor dollar ratio and the PP&E ratio. The allocation ratio for the remaining Environmental Health and Safety Function activities will be based on the sales ratio – change needed to avoid under-allocating costs to non-utility companies.
App. B	<ul style="list-style-type: none"> lists additional terms from the North Carolina Regulatory Conditions approved in connection with the merger that must be included in every Duke Power affiliate contract going forward.

Attachment 1(C)
Executed Copy of the Service Company Utility Service Agreement

**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.


IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date and year first above written.

DUKE ENERGY SHARED SERVICES, LLC.
(formerly Cinergy Services, Inc.)

By: 
Lynn J. Good
Executive Vice President and Chief Financial Officer

DUKE ENERGY BUSINESS SERVICES, LLC

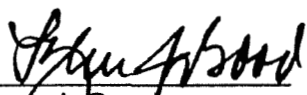
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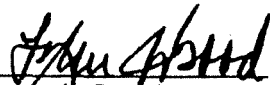
THE CINCINNATI GAS & ELECTRIC COMPANY

By: 
Lynn J. Good
Vice President and Treasurer

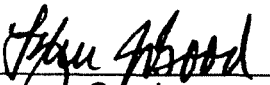
PSI ENERGY, INC.

By: 
Lynn J. Good
Vice President and Treasurer

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.

Attachment 2(A)
Redlined Version of Changes to
Operating Company/Nonutility Companies
Service Agreement

**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").

Deleted:

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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ATTACHMENT - BFB-2
Page 2 of 33

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

Deleted: The Union Light, Heat and Power Company

Formatted: Indent: Left: 0.38", Hanging: 0.38", Space After: 0 pt

Deleted: Name: _____
Title: _____

CINERGY CORP.

By: _____
Steven K. Young
Chief Financial Officer and Controller

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

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ATTACHMENT - BFB-2
Page 2 of 33

CINCAP IV, LLC

By:

Richard G. Beach
Assistant Secretary

CINCAP V, LLC

By:

Richard G. Beach
Assistant Secretary

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

CINERGY SOLUTIONS - DEMAND, INC.
(formerly Vestar)

By:

George Dwight, II
Assistant Secretary

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Deleted: [

Deleted: Applicable Non-Regulated Affiliates]

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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: _____

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ATTACHMENT - BFB-2
Page 2 of 33

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: _____

Richard G. Beach
Assistant Secretary

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

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF BOCA RATON, LLC

By: _____

Richard G. Beach
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: _____

Richard G. Beach
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: _____

Richard G. Beach
Assistant Secretary

BSPE GENERAL, LLC

By: _____

Richard G. Beach
Assistant Secretary

BSPE HOLDINGS, LLC

By: _____

Richard G. Beach
Assistant Secretary

BSPE LIMITED, LLC

By: _____

Richard G. Beach
Assistant Secretary

BROWNSVILLE POWER I, LLC

By: _____

Richard G. Beach
Assistant Secretary

CSGP OF SOUTHEAST TEXAS, LLC

By: _____

Richard G. Beach
Assistant Secretary

CALEDONIA POWER I, LLC

By: _____

Richard G. Beach
Assistant Secretary

OWINGS MILLS ENERGY EQUIPMENT LEASING, LLC

By: _____

Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

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: _____
Richard G. Beach
Assistant Secretary

CSGP GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CANADA, INC.

By: _____

Richard G. Beach
Assistant Secretary

CINERGY GLOBAL TRADING LIMITED

By: _____

Richard G. Beach
Assistant Secretary

CINERGY ORIGATION & 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: _____

Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER LIMITED, INC.

By: _____

Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER GENERAL, INC.

By: _____

Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER, L.P.

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: _____

Richard G. Beach

Assistant Secretary

CINFUEL RESOURCES, INC.

By: _____

Richard G. Beach

Assistant Secretary

LHI, LLC

By: _____

Richard G. Beach

Assistant Secretary

OAK MOUNTAIN PRODUCTS, LLC

By: _____

Richard G. Beach

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: _____
Richard G. Beach
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: _____

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: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF SOUTH CHARLESTON, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS – UTILITY, INC.

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS O&M, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS – DEMAND, LTD.
(formerly Vestar, Ltd.)

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 Cinergy Solutions, Inc. its managing member)

By: _____
Richard G. Beach
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
Authorized Representative

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

KyPSC Case No. 2005-00228
Attachment 2 (A)
Page 24 of 29

DUKE CAPITAL LLC

By: _____
Sherwood L. Love
Assistant Secretary and Assistant Treasurer

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 Irvin
President

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: _____
Robert Irvin
President

DUKE VENTURES, LLC

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

CRESCENT RESOURCES, LLC

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

KyPSC Case No. 2005-00228
Attachment 2 (A)
Page 26 of 29

DUKENET COMMUNICATIONS, LLC

By: _____
W. B. Davis
President

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

DETMIMANAGEMENT, 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

KyPSC Case No. 2005-00228
Attachment 2 (A)
Page 28 of 29

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

Exhibit A

FORM OF SERVICE REQUEST

KyPSC Case No. 2005-00228
Attachment 2 (A)
Page 29 of 29

<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:

Attachment 2(B)
List of Changes to
Operating Company/Nonutility Companies
Service Agreement
and Narrative Explanation for Each Change

<u>Page</u>	<u>Description of Change</u>
1	<ul style="list-style-type: none">• correct date added.
7-28	<ul style="list-style-type: none">• company names added.

Attachment 2(C)
Clean Copy of the
Operating Company/Nonutility Companies
Service Agreement

OPERATING COMPANY/NONUTILITY COMPANIES SERVICE AGREEMENT

This Operating Company/Nonutility Companies Service Agreement (this "Agreement") is made and entered into as of April 1, 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").

W I T N E S S E T H:

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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: _____
Steven K. Young
Chief Financial Officer and Controller

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: _____
Richard G. Beach
Assistant Secretary

CINCAP V, LLC
By: _____
Richard G. Beach
Assistant Secretary

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

CINERGY SOLUTIONS – DEMAND, INC.
(formerly Vestar)
By: _____
George Dwight, II
Assistant Secretary

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: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF BOCA RATON, LLC

By: _____
Richard G. Beach
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: _____
Richard G. Beach
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: _____
Richard G. Beach
Assistant Secretary

BSPE GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

BSPE HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

BSPE LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

BROWNSVILLE POWER I, LLC

By: _____
Richard G. Beach
Assistant Secretary

CSGP OF SOUTHEAST TEXAS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CALEDONIA POWER I, LLC

By: _____
Richard G. Beach
Assistant Secretary

OWINGS MILLS ENERGY EQUIPMENT LEASING, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN - CENERGY 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: _____
Richard G. Beach
Assistant Secretary

CSGP GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CANADA, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL TRADING LIMITED

By: _____
Richard G. Beach
Assistant 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: _____
Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER LIMITED, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER GENERAL, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER, L.P.

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: _____
Richard G. Beach
Assistant Secretary

CINFUEL RESOURCES, INC.

By: _____
Richard G. Beach
Assistant Secretary

LH1, LLC

By: _____
Richard G. Beach
Assistant Secretary

OAK MOUNTAIN PRODUCTS, LLC

By: _____
Richard G. Beach
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: _____
Richard G. Beach
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: _____
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: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF SOUTH CHARLESTON, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS – UTILITY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS O&M, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS – DEMAND, LTD.
(formerly Vestar, Ltd.)

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 Cinergy Solutions, Inc. its managing member)

By: _____

Richard G. Beach
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
Authorized Representative

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: _____
Sherwood L. Love
Assistant Secretary and Assistant Treasurer

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 Irvin
President

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: _____
Robert Irvin
President

DUKE VENTURES, LLC

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

CRESCENT RESOURCES, LLC

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

DUKENET COMMUNICATIONS, LLC

By: _____
W. B. Davis
President

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

DETFMI 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

Exhibit A

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:

Attachment 3(A)
Redlined Version of Changes to Operating Companies Service Agreement

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**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").

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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.

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(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.

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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.

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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,

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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.

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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

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Title:

The Cincinnati Gas & Electric Company

By: _____
Richard G. Beach
Assistant Secretary

Deleted: Name:
Title:

PSI Energy, Inc.

By: _____
Richard G. Beach
Assistant Secretary

Deleted: Name:
Title:

The Union Light, Heat and Power Company

By: _____
Richard G. Beach
Assistant Secretary

Deleted: Name:
Title:

Miami Power Corporation

By: _____
Richard G. Beach
Assistant Secretary

Deleted: Name:
Title:

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:

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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.

Attachment 3(B)
List of Changes to Operating Companies Service Agreement
and Narrative Explanation for Each Change

<u>Page</u>	<u>Description of Change</u>
1	<ul style="list-style-type: none"> • correct date added.
3	<ul style="list-style-type: none"> • section 3.1 modified to reflect the Duke Power's services shall be priced in accordance with the code of conduct approved by the North Carolina Utilities Commission.
3	<ul style="list-style-type: none"> • section 3.2 added to state that, if any service is provided under the agreement to or from Duke Power in accordance with Duke Power's code of conduct and is rendered at anything other than fully embedded cost, the other operating company providing or receiving the service shall provide 30 days' written notice to the applicable state commission and state consumer representatives, describing the transaction and proposed benefits. If any objections are raised, the operating company shall seek specific state commission approval for the transaction prior to entering into the transaction. This provision added to ensure that operating company transactions are priced fairly.
6	<ul style="list-style-type: none"> • name of assistant secretary added.
App. B	<ul style="list-style-type: none"> • lists additional terms from the North Carolina Regulatory Conditions approved in connection with the merger that must be included in every Duke Power affiliate contract going forward.

Attachment 3(C)
Executed Copy of the Operating Companies Service Agreement

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.

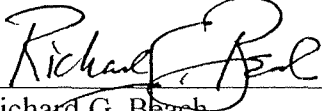
Section 5.9 Duke Power Conditions. In addition to the terms and conditions set forth herein, Duke Power's participation in this Agreement is subject to the provisions set forth in Exhibit B.

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

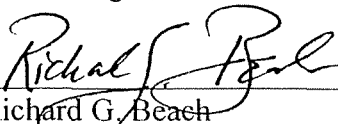
The Cincinnati Gas & Electric Company

By: 
Richard G. Beach
Assistant Secretary

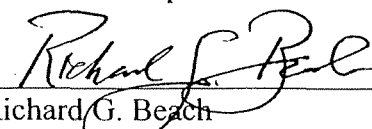
PSI Energy, Inc.

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 of 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.

Attachment 4(A)
Redlined Version of Changes to Utility Money Pool Agreement

Deleted: ULH&P Case No. 2005-00228
ATTACHMENT WLA-2
PAGE 1 of 9

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UTILITY MONEY POOL AGREEMENT

This UTILITY MONEY POOL AGREEMENT (this "Agreement") is made and entered into as of April 3, 2006, ("Effective Date") by and among Duke Energy Corporation, a Delaware corporation ("Duke Energy"), Cinergy Corp., a Delaware corporation ("Cinergy"), Duke Power Company LLC, a North Carolina limited liability company ("Duke Power"), PSI Energy, Inc., an Indiana corporation ("PSI"), The Cincinnati Gas & Electric Company, an Ohio corporation ("CG&E"), The Union Light, Heat and Power Company, a Kentucky corporation ("ULH&P"), Miami Power Corporation, an Indiana corporation ("Miami"), KO Transmission Company, a Kentucky corporation ("KO"), 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, "Duke Services"), (each a "party" and collectively, the "parties").

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Deleted: Energy Shared Services, LLC, a Delaware limited liability company [(and successor to Cinergy Services, Inc.)] ("Duke Services"), Duke

Deleted: Tri-State Improvement Company, an Ohio corporation ("Tri-State"), and

Recitals

Each of Duke Power, PSI, CG&E, ULH&P and Miami is a public utility company and a subsidiary company of Duke Energy. Duke Services is a subsidiary service company of Duke Energy. KO is a nonutility company and a subsidiary company of CG&E.

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The parties from time to time have need to borrow funds on a short-term basis. Some of the parties from time to time have funds available to loan on a short-term basis. The parties desire to establish a cash management program (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements.

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the parties hereto agree as follows:

ARTICLE I
CONTRIBUTIONS AND BORROWINGS

Section 1.1 Contributions to Utility Money Pool. Each party will determine each day, on the basis of cash flow projections and other relevant factors, in such party's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such party's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such party's sole discretion. Each party may withdraw any of its funds at any time upon notice to Duke Services as administrative agent of the Utility Money Pool.

Section 1.2 Rights to Borrow. Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the parties, with the exception of Duke Energy and Cinergy, will be met by funds in the Utility Money Pool to the extent such funds are available. Each party (other than Duke Energy and Cinergy) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein. Each party (other than Duke Energy and Cinergy) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the parties; provided, however, that the aggregate amount of all loans requested by any party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of regulatory authorities, resolutions of such party's shareholders and Board of Directors, such party's governing corporate documents, and agreements binding upon such party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, Duke Energy and Cinergy.

Section 1.3 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the parties from time to time: (i) surplus funds in the treasuries of parties other than Duke Energy and Cinergy, (ii) surplus funds in the treasuries of Duke Energy and Cinergy, and (iii) proceeds from borrowings by parties, including the sale of commercial paper by Duke Energy, Cinergy, Duke Power, CG&E, PSI and ULH&P ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as Duke Services, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the parties providing funds to the Utility Money Pool.

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(b) Borrowing parties will borrow pro rata from each lending party in the proportion that the total amount loaned by such lending party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Duke Energy and Cinergy and other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.4 Authorization. (a) Each loan shall be authorized by the lending party's chief financial officer or treasurer, or by a designee thereof.

(b) All borrowings from the Utility Money Pool shall be authorized by the borrowing party's chief financial officer or treasurer, or by a designee thereof. No party shall be required to effect a borrowing through the Utility Money Pool if such party determines that it can (and is authorized to) effect such borrowing at lower cost from

other sources, including but not limited to directly from banks or through the sale of its own commercial paper.

Section 1.5 Interest. Each party receiving a loan shall accrue interest monthly on the unpaid principal amount of such loan to the Utility Money Pool from the date of such loan until such principal amount shall be paid in full.

(a) If only Internal Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such Internal Funds shall be the CD yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate (or, if no such Composite Rate is established for that day, then the applicable rate shall be the Composite Rate for the next preceding day for which such Composite Rate was established).

(b) If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds shall be equal to the lending party's cost for such External Funds (or, if more than one party had made available External Funds on such day, the applicable interest rate shall be a composite rate, equal to the weighted average of the cost incurred by the respective parties for such External Funds).

(c) In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds shall be a composite rate, equal to the weighted average of the (i) cost of all Internal Funds contributed by parties (as determined pursuant to Section 1.5(a) above) and (ii) the cost of all such External Funds (as determined pursuant to Section 1.5(b) above); provided, that in circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Section 1.6 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by parties lending External Funds to the Utility Money Pool shall initially be paid by the party maintaining such line. A portion of such costs shall be retroactively allocated every month to the parties borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.7 Repayment. Each party receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 365 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.8 Form of Loans to Parties. Loans to the parties through the Utility Money Pool will be made pursuant to open-account advances, repayable upon demand

and in any event not later than one year after the date of the advance; provided, that each lending party shall at all times be entitled to receive upon demand one or more promissory notes evidencing any and all loans by such lender. Any such note shall: (a) be dated as of the date of the initial borrowing, (b) mature on demand or on a date agreed by the parties to the transaction, but in any event not later than one year after the date of the applicable borrowing, and (c) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II OPERATION OF UTILITY MONEY POOL

Section 2.1 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by Duke Services under the authority of the appropriate officers of the parties. Duke Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the parties. Duke Services will administer the Utility Money Pool on an at-cost basis. Separate records shall be kept by Duke Services for the money pool established by this agreement and any other money pool administered by Duke Services.

Section 2.2 Investment of Surplus Funds in the Utility Money Pool. Funds not required to meet Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar certificates of deposit or time deposits; and (viii) such other investments as the parties mutually determine .

Section 2.3 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the parties in accordance with the proportion each party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.4 Event of Default. If any party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be

instituted by or against any party seeking to adjudicate it a bankrupt or insolvent, then the other parties may declare the unpaid principal amount of any loans to such party, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable.

ARTICLE III
MISCELLANEOUS

Section 3.1 Amendments. No amendment to this Agreement shall be effective unless set forth in writing and executed by 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 public utility commission for its review or otherwise, the parties shall comply in all respects with any such requirements.

Section 3.2 Legal Responsibility. Nothing herein contained shall render any party liable for the obligations of any other party hereunder and the rights, obligations and liabilities of the parties are several in accordance with their respective obligations, and not joint.

Section 3.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 3.4 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by the parties. This Agreement may be terminated and thereafter will be of no further force and effect upon the mutual consent in writing of all of the parties.

Section 3.5 Entire Agreement. This Agreement contains the entire agreement between and among the parties 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 without limitation that certain Utility Money Pool Agreement between and among Cinergy, CG&E, PSI, ULH&P, Miami, KO and Tri-State Improvement Company and certain other subsidiaries of Cinergy dated as of September 14, 1995). 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 3.6 Severability; Regulatory Requirements. If any provision of this Agreement shall be determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby. Without limiting the generality of the foregoing, the transactions contemplated under this Agreement shall in all cases, and notwithstanding anything herein to the contrary, be subject to any limitations or restrictions contained in any applicable orders or authorizations, statutory provisions, rules or regulations, or agreements, whether now in existence or hereinafter promulgated, of those regulatory or governmental agencies, including without limitation any affected

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state public utility commission or the Federal Energy Regulatory Commission, having jurisdiction over any of the parties. To the extent, if any, that at any time any provision of this Agreement conflicts with any such limitation or restriction of any such regulatory agencies, such limitation shall control.

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ATTACHMENT WLA-2
PAGE 2 of 9

Section 3.7 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.

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KyPSC Case No. 2005-00228
Attachment 4 (A)
Page 6 of 8

Section 3.8 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 3.9 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, the undersigned companies have duly caused this Utility Money Pool Agreement to be executed on their behalf on the Effective Date above by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

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Title:

CINERGY CORP.

By: _____
Steven K. Young
Chief Financial Officer and Controller

Deleted: Name:
Title:

DUKE ENERGY BUSINESS SERVICES, LLC

Deleted: SHARED

By: _____
Sherwood L. Love
Assistant Treasurer

Deleted: Name:
Title:

DUKE ENERGY SHARED SERVICES, INC.
(formerly Cinergy Services, Inc.)

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

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DUKE POWER COMPANY LLC

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Title:

DUKE POWER COMPANY, LLC

By: _____
Lynn J. Good
Vice President and Treasurer

PSI ENERGY, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

Deleted: Name:
Title:

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____
Lynn J. Good
Vice President and Treasurer

Deleted: Name:
Title:

THE UNION LIGHT, HEAT AND POWER COMPANY

By: _____
Lynn J. Good
Vice President and Treasurer

Deleted: Name:
Title:

MIAMI POWER CORPORATION

By: _____
Lynn J. Good
Vice President and Treasurer

Deleted: Name:
Title:

KO TRANSMISSION COMPANY

By: _____
Lynn J. Good
Vice President and Treasurer

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TRI-STATE IMPROVEMENT

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Title:

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Attachment 4(B)
List of Changes to Utility Money Pool Agreement
and Narrative Explanation for Each Change

<u>Page</u>	<u>Description of Change</u>
1	<ul style="list-style-type: none"> • correct date added.
1	<ul style="list-style-type: none"> • Duke Energy Business Services, LLC added (this company is a service company subsidiary of Duke Energy Corporation, and performs services for Duke Energy Carolinas, among other companies).
1	<ul style="list-style-type: none"> • Tri-State Improvement Company deleted at request of North Carolina Public Staff and by Indiana Utility Regulatory Commission order.
2	<ul style="list-style-type: none"> • “bank borrowings” changed to “borrowings...including” to clarify that the agreement applies to any type of borrowings by the parties.
2-3	<ul style="list-style-type: none"> • added phrase “from other sources, including but not limited to” to clarify that the agreement applies to any type of borrowings by the parties.
5	<ul style="list-style-type: none"> • correct company name added.
7-8	<ul style="list-style-type: none"> • company names and officers added.

Attachment 4(C)
Executed Copy of the Utility Money Pool Agreement

UTILITY MONEY POOL AGREEMENT

This UTILITY MONEY POOL AGREEMENT (this "Agreement") is made and entered into as of April 3, 2006 ("Effective Date") by and among Duke Energy Corporation, a Delaware corporation ("Duke Energy"), Cinergy Corp., a Delaware corporation ("Cinergy"), Duke Power Company LLC, a North Carolina limited liability company ("Duke Power"), PSI Energy, Inc., an Indiana corporation ("PSI"), The Cincinnati Gas & Electric Company, an Ohio corporation ("CG&E"), The Union Light, Heat and Power Company, a Kentucky corporation ("ULH&P"), Miami Power Corporation, an Indiana corporation ("Miami"), KO Transmission Company, a Kentucky corporation ("KO"), 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, "Duke Services"), (each a "party" and collectively, the "parties").

Recitals

Each of Duke Power, PSI, CG&E, ULH&P and Miami is a public utility company and a subsidiary company of Duke Energy. Duke Services is a subsidiary service company of Duke Energy. KO is a nonutility company and a subsidiary company of CG&E.

The parties from time to time have need to borrow funds on a short-term basis. Some of the parties from time to time have funds available to loan on a short-term basis. The parties desire to establish a cash management program (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements.

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the parties hereto agree as follows:

ARTICLE I CONTRIBUTIONS AND BORROWINGS

Section 1.1 Contributions to Utility Money Pool. Each party will determine each day, on the basis of cash flow projections and other relevant factors, in such party's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such party's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such party's sole discretion. Each party may withdraw any of its funds at any time upon notice to Duke Services as administrative agent of the Utility Money Pool.

Section 1.2 Rights to Borrow. Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the parties, with the exception of Duke Energy and Cinergy, will be met by funds in the Utility Money Pool to the extent such funds are available. Each party (other than Duke Energy and Cinergy) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein. Each party (other than Duke Energy and Cinergy) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the parties; provided, however, that the aggregate amount of all loans requested by any party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of regulatory authorities, resolutions of such party's shareholders and Board of Directors, such party's governing corporate documents, and agreements binding upon such party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, Duke Energy and Cinergy.

Section 1.3 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the parties from time to time: (i) surplus funds in the treasuries of parties other than Duke Energy and Cinergy, (ii) surplus funds in the treasuries of Duke Energy and Cinergy, and (iii) proceeds from borrowings by parties, including the sale of commercial paper by Duke Energy, Cinergy, Duke Power, CG&E, PSI and ULH&P ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as Duke Services, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the parties providing funds to the Utility Money Pool.

(b) Borrowing parties will borrow pro rata from each lending party in the proportion that the total amount loaned by such lending party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Duke Energy and Cinergy and other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.4 Authorization. (a) Each loan shall be authorized by the lending party's chief financial officer or treasurer, or by a designee thereof.

(b) All borrowings from the Utility Money Pool shall be authorized by the borrowing party's chief financial officer or treasurer, or by a designee thereof. No party shall be required to effect a borrowing through the Utility Money Pool if such party determines that it can (and is authorized to) effect such borrowing at lower cost from

other sources, including but not limited to directly from banks or through the sale of its own commercial paper.

Section 1.5 Interest. Each party receiving a loan shall accrue interest monthly on the unpaid principal amount of such loan to the Utility Money Pool from the date of such loan until such principal amount shall be paid in full.

(a) If only Internal Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such Internal Funds shall be the CD yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate (or, if no such Composite Rate is established for that day, then the applicable rate shall be the Composite Rate for the next preceding day for which such Composite Rate was established).

(b) If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds shall be equal to the lending party's cost for such External Funds (or, if more than one party had made available External Funds on such day, the applicable interest rate shall be a composite rate, equal to the weighted average of the cost incurred by the respective parties for such External Funds).

(c) In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds shall be a composite rate, equal to the weighted average of the (i) cost of all Internal Funds contributed by parties (as determined pursuant to Section 1.5(a) above) and (ii) the cost of all such External Funds (as determined pursuant to Section 1.5(b) above); provided, that in circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Section 1.6 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by parties lending External Funds to the Utility Money Pool shall initially be paid by the party maintaining such line. A portion of such costs shall be retroactively allocated every month to the parties borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.7 Repayment. Each party receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 365 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.8 Form of Loans to Parties. Loans to the parties through the Utility Money Pool will be made pursuant to open-account advances, repayable upon demand

and in any event not later than one year after the date of the advance; provided, that each lending party shall at all times be entitled to receive upon demand one or more promissory notes evidencing any and all loans by such lender. Any such note shall: (a) be dated as of the date of the initial borrowing, (b) mature on demand or on a date agreed by the parties to the transaction, but in any event not later than one year after the date of the applicable borrowing, and (c) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II
OPERATION OF UTILITY MONEY POOL

Section 2.1 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by Duke Services under the authority of the appropriate officers of the parties. Duke Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the parties. Duke Services will administer the Utility Money Pool on an at-cost basis. Separate records shall be kept by Duke Services for the money pool established by this agreement and any other money pool administered by Duke Services.

Section 2.2 Investment of Surplus Funds in the Utility Money Pool. Funds not required to meet Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar certificates of deposit or time deposits; and (viii) such other investments as the parties mutually determine .

Section 2.3 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the parties in accordance with the proportion each party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.4 Event of Default. If any party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be

instituted by or against any party seeking to adjudicate it a bankrupt or insolvent, then the other parties may declare the unpaid principal amount of any loans to such party, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable.

ARTICLE III MISCELLANEOUS

Section 3.1 Amendments. No amendment to this Agreement shall be effective unless set forth in writing and executed by 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 public utility commission for its review or otherwise, the parties shall comply in all respects with any such requirements.

Section 3.2 Legal Responsibility. Nothing herein contained shall render any party liable for the obligations of any other party hereunder and the rights, obligations and liabilities of the parties are several in accordance with their respective obligations, and not joint.

Section 3.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 3.4 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by the parties. This Agreement may be terminated and thereafter will be of no further force and effect upon the mutual consent in writing of all of the parties.

Section 3.5 Entire Agreement. This Agreement contains the entire agreement between and among the parties 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 without limitation that certain Utility Money Pool Agreement between and among Cinergy, CG&E, PSI, ULH&P, Miami, KO and Tri-State Improvement Company and certain other subsidiaries of Cinergy dated as of September 14, 1995). 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 3.6 Severability; Regulatory Requirements. If any provision of this Agreement shall be determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby. Without limiting the generality of the foregoing, the transactions contemplated under this Agreement shall in all cases, and notwithstanding anything herein to the contrary, be subject to any limitations or restrictions contained in any applicable orders or authorizations, statutory provisions, rules or regulations, or agreements, whether now in existence or hereinafter promulgated, of those regulatory or governmental agencies, including without limitation any affected

state public utility commission or the Federal Energy Regulatory Commission, having jurisdiction over any of the parties. To the extent, if any, that at any time any provision of this Agreement conflicts with any such limitation or restriction of any such regulatory agencies, such limitation shall control.

Section 3.7 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 3.8 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 3.9 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.

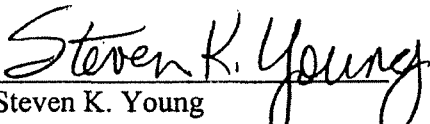
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IN WITNESS WHEREOF, the undersigned companies have duly caused this Utility Money Pool Agreement to be executed on their behalf on the Effective Date above by the undersigned thereunto duly authorized.


DUKE ENERGY CORPORATION

By: 
Sherwood L. Love
Assistant Treasurer


CINERGY CORP.

By: 
Steven K. Young
Chief Financial Officer and Controller

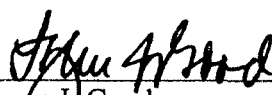
DUKE ENERGY BUSINESS SERVICES, LLC

By: 
Sherwood L. Love
Assistant Treasurer

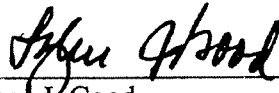
DUKE ENERGY SHARED SERVICES, INC.
(formerly Cinergy Services, Inc.)

By: 
Lynn J. Good
Executive Vice President and Chief Financial Officer


DUKE POWER COMPANY, LLC

By: 
Lynn J. Good
Vice President and Treasurer

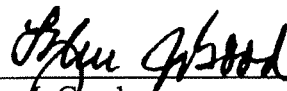
PSI ENERGY, INC.

By: 
Lynn J. Good
Vice President and Treasurer


THE CINCINNATI GAS & ELECTRIC COMPANY

By: 
Lynn J. Good
Vice President and Treasurer

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

KO TRANSMISSION COMPANY

By: 
Lynn J. Good
Vice President and Treasurer

Attachment 5(A)
Redlined Version of Changes to Tax Sharing Agreement

DUKE ENERGY CORPORATION AND CONSENTING MEMBERS OF ITS
CONSOLIDATED GROUP

AGREEMENT FOR FILING CONSOLIDATED
INCOME TAX RETURNS AND FOR
ALLOCATION OF CONSOLIDATED INCOME
TAX LIABILITIES AND BENEFITS

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KyPSC Case No. 2005-00228
Attachment 5 (A)
Page 1 of 22

Duke Energy Corporation, a Delaware corporation ("Duke Energy"), and its Members hereby agree as of April 3, 2006, to join annually in the filing of a consolidated Federal income tax return and to allocate the consolidated Federal income tax liabilities and benefits among the members of the consolidated group in accordance with the provisions of this Agreement.

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1. DEFINITIONS

"Associate company" is a consenting member of Duke Energy's consolidated group which agrees to be subject to this agreement.

"Consolidated tax" is the aggregate current Federal income tax liability for a tax year, being the tax shown on the consolidated Federal income tax return and any adjustments thereto, as described in section 5 hereof.

"Corporate taxable income" is the positive taxable income of an Associate company for a tax year, computed as though such company had filed a separate return on the same basis as used in the consolidated return, except that dividend income from associate companies shall be disregarded, and other intercompany transactions, eliminated in consolidation, shall be given appropriate effect.

"Corporate taxable loss" is the taxable loss of an Associate company for a tax year, computed as though such company had filed a separate return on the same basis as used in the consolidated return, except that dividend income from associate companies shall be disregarded, and other intercompany transactions, eliminated in consolidation, shall be given appropriate effect.

"Corporate tax credit" is a negative separate regular tax of an Associate company for a tax year, equal to the amount by which the consolidated regular tax is reduced by including the corporate taxable loss of such associate company in the consolidated tax return.

"Environmental Tax" The Superfund Amendments and Reauthorization Act of 1986 imposed a new Environmental Tax. The tax was imposed only for the years beginning after December 31, 1986 and before January 1, 1996. The environmental tax was equal to 0.12 percent (\$12 of tax per \$10,000 of alternative minimum taxable income ("AMTI")) of the excess of

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AMTI over \$2,000,000 and was imposed whether or not the taxpayer was subject to the alternative minimum tax. The Environmental Tax is included in this Agreement for the purposes of any refund on liability with respect to those years when it was in effect.

"Separate return tax" is the tax on the corporate taxable income or loss of an associate company as though such company were not a member of a consolidated group.

"Member" is an Associate company, including a Regulated Business as indicated in section 2 herein, which agrees to be subject to this agreement.

These definitions shall apply, as appropriate, in the context of the regular income tax and the Alternative Minimum Tax ("AMT") unless otherwise indicated in the Agreement.

2. REGULATED BUSINESSES OPERATING IN LLC OR LP FORM

For purposes of allocating the consolidated federal and state tax liabilities and tax benefits under this Agreement, each business operating as an LLC or LP that is subject to the rules and regulations of the Federal Energy Regulatory Commission or state utilities commissions (hereinafter, a "Regulated Business") shall be considered a member of the consolidated group, and shall be responsible for its allocable share of taxable income (or shall be entitled to a credit for its allocable share of tax loss), as set forth in Sections 3 through 6 hereof. For purposes of this Agreement, the determination of a Regulated Business's allocable share shall be made (i) as if such Regulated Business was a regarded entity for U.S. federal income tax purposes and (ii) utilizing the separate "corporate taxable income" method.

3. TAX ALLOCATION PROCEDURES

The consolidated tax shall be allocated among the members of the group utilizing the separate "corporate taxable income" method, in the following manner:

- a) Each Member, which has a corporate taxable loss, will be entitled to a corporate tax credit equal to the amount by which the consolidated regular income tax is reduced by including the corporate tax loss of such Member in the consolidated tax return. The Members having corporate taxable income will be allocated an amount of regular income tax liability equal to the sum of the consolidated regular tax liability and the corporate tax credits allocated to the Members having corporate tax losses based on the ratio that each such Member's corporate taxable income bears to the total corporate taxable income of all Members having corporate taxable income.

If the aggregate of the Members' corporate tax losses are not entirely utilized on the current year's consolidated return, the consolidated carryback or carryforward of such losses to the applicable taxable year(s) will be allocated to each Member having a corporate taxable loss in the ratio that such Member's separate corporate tax loss bears to the total corporate tax losses of all Members having corporate taxable losses.

- b) The consolidated Environmental Tax will be allocated among the Members of the group by applying the procedures set forth in subsection a) above, except that the basis for allocation will be Alternative Minimum Taxable Income ("AMTI") rather than regular corporate taxable income.
- c) The consolidated AMT will be allocated among the Members in accordance with the procedures and principles set forth in Proposed Treasury Regulation section 1.1502-55 in the form such Regulation existed on the date on which this Agreement was executed.
- d) Tax benefits such as general business credits, foreign tax benefits, or other tax credits shall be apportioned directly to those Members whose investments or contributions generated the credit or benefit.

If the credit or benefit cannot be entirely utilized to offset current consolidated tax, the consolidated credit carryback or carryforward shall be apportioned to those Members whose investments or contributions generated the credit or benefit in proportion to the relative amounts of credits or benefits generated by each Member.

- e) If the amount of consolidated tax allocated to any Member under this Agreement, as determined above, exceeds the separate return tax of such Member, such excess shall be reallocated among those Members whose allocated tax liability is less than the amount of their respective separate return tax liabilities. The reallocation shall be proportionate to the respective reductions in separate return tax liability of such Members. Any remaining unallocated tax liability shall be assigned to Duke Energy. The term "tax" and "tax liability" used in the subsection shall include regular tax, Environmental Tax and AMT.

4. TAX PAYMENTS AND COLLECTIONS FOR ALLOCATIONS

Duke Energy shall make any calculations on behalf of the Members necessary to comply with the estimated tax provisions of the Internal Revenue Code of 1986 as amended (the "Code"). Based on such calculations, Duke Energy shall charge or refund to the Members appropriate amounts at intervals consistent with the dates indicated by

Code section 6655. Duke Energy shall be responsible for paying to the Internal Revenue Service the consolidated current Federal income tax liability.

After filing the consolidated Federal income tax return and allocating the consolidated tax liability among the Members, Duke Energy shall charge or credit, as appropriate, the Members to reflect the difference between prior payments or credits and their current tax as allocated under this Agreement.

5. ALLOCATION OF STATE TAX LIABILITIES OR BENEFITS

State and local income tax liabilities will be allocated, where appropriate, among Members in accordance with principles similar to those employed in the Agreement for the allocation of consolidated Federal income tax liability.

6. TAX RETURN ADJUSTMENTS

In the event the consolidated tax return is subsequently adjusted by the Internal Revenue Service, state tax authorities, amended returns, claims for refund, or otherwise, such adjustments shall be reflected in the same manner as though they had formed part of the original consolidated return. Interest paid or received, and penalties imposed on account of any adjustment will be allocated to the responsible Member.

7. NEW MEMBERS

If, at any time, any other company becomes a Member of the Affiliated Group, the parties hereto agree that such new Member may become a party to this Agreement by executing a duplicate copy of this Agreement. Unless otherwise specified, such new Member shall have similar rights and obligations of all other Members under this Agreement.

8. MEMBERS LEAVING THE AFFILIATED GROUP

In the event that any Member of the Affiliated Group at any time leaves the Group and, under any applicable statutory provision or regulation, that Member is assigned and is deemed to take with it all or a portion of any of the tax attributes (including, but not limited to, net operating losses, credit carryforwards, and Minimum Tax Credit carryforwards) of the Affiliated Group, then, to the extent the amount of the attributes so assigned differs from the amount of such attributes previously allocated to such Member under this Agreement, the leaving Member shall appropriately settle with the Group. Such settlement shall consist of payment on a dollar-for-dollar basis for all differences in credits and, in the case of net operating loss differences, in an amount computed by reference to the highest marginal corporate tax rate. The settlement amounts shall be allocated among the

remaining Members of the Group in proportion to the relative level of attributes possessed by each Member and the attributes of each Member shall be adjusted accordingly.

9. SUCCESSORS, ASSIGNS

The provisions and terms of the Agreement shall be binding on and inure to the benefit of any successor or assignee by reason of merger, acquisition of assets, or otherwise, of any of the Members hereto.

10. AMENDMENTS AND TERMINATION

This Agreement may be amended at any time by the written agreement of the parties hereto at the date of such amendment and may be terminated at any time by the written consent of all such parties.

11. GOVERNING LAW

This Agreement is made under the law of the State of Delaware, which law shall be controlling in all matters relating to the interpretation, construction, or enforcement hereof.

12. EFFECTIVE DATE

This Agreement is effective for the allocation of the current Federal income tax liabilities of the Members for the consolidated tax year [2006] and all subsequent years until this Agreement is revised in writing.

The above procedure for apportioning the consolidated annual net current federal and state tax liabilities and tax benefits of Duke Energy and consenting members of its consolidated group have been agreed to by each of the below listed members of the consolidated group as evidenced by the signature of an officer of each company.

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Page 2 of 23
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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.

KyPSC Case No. 2005-00228
Attachment 5 (A)
Page 6 of 22

DUKE ENERGY CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

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CINERGY CORP.

By: _____
Steven K. Young
Chief Financial Officer and Controller

DUKE ENERGY SHARED SERVICES, INC.
(formerly Cinergy Services, Inc.)

By: _____
Lynn J. Good
Vice President and Treasurer

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By: _____
Name: _____
Title: _____
DUKE ENERGY SHARED SERVICES, LLC. ¶
By: _____
Name: _____
Title: _____
DUKE POWER COMPANY LLC ¶
By: _____
Name: _____
Title: _____

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THE CINCINNATI GAS & ELECTRIC CO.

By: _____
Lynn J. Good
Vice President and Treasurer

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PSI ENERGY, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

Deleted: ¶
By: _____
Name: _____
Title: _____

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SOUTH CONSTRUCTION COMPANY, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

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By: _____
Name: _____
Title: _____
THE UNION, LIGHT, HEAT AND POWER ¶

THE UNION LIGHT, HEAT & POWER COMPANY

By: _____
Lynn J. Good
Vice President and Treasurer

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MIAMI POWER CORP.

By: _____
Lynn J. Good
Vice President and Treasurer

TRI-STATE IMPROVEMENT CO.

By: _____
Lynn J. Good
Vice President and Treasurer

KO TRANSMISSION CO.

By: _____
Lynn J. Good
Vice President and Treasurer

CINERGY INVESTMENTS, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

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

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY TECHNOLOGY, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY UK, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

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

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

KyPSC Case No. 2005-00228
Attachment 5 (A)
Page 8 of 22

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

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY-CADENCE, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY CAPITAL & TRADING, INC.

By: _____
Lon C. Mitchell
Vice President, Chief Financial Officer and Treasurer

CINERGY GLOBAL POWER, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY GLOBAL RESOURCES, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY SUPPLY NETWORK, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY SOLUTIONS -- DEMAND, INC.
(formerly Vestar, Inc.)

By: _____
Lynn J. Good
Treasurer

KyPSC Case No. 2005-00228
Attachment 5 (A)
Page 9 of 22

CINERGY-CENTRUS COMMUNICATIONS, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY-CENTRUS, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY GLOBAL HOLDINGS, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY GLOBAL ELY, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY SOLUTIONS OF TUSCOLA, INC.

By: _____
Lynn J. Good
Treasurer

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

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY ENERGY SOLUTIONS, INC.

By: _____
Lynn J. Good
Treasurer

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

By: _____
Lynn J. Good
Vice President and Treasurer

CINERGY POWER INVESTMENTS, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

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

By: _____
Lynn J. Good
Treasurer

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

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY TWO, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

CINERGY WHOLESALE ENERGY, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINTEC LLC
(formerly CinTech LLC)

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY RETAIL POWER LIMITED, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

KyPSC Case No. 2005-00228
Attachment 5 (A)
Page 11 of 22

CINERGY RETAIL POWER GENERAL, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY SOLUTIONS OF PHILADELPHIA, LLC

By: _____
Lynn J. Good
Vice President - Financial and Treasurer Comptroller

CINFUEL RESOURCES, INC.

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

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

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

By: _____
Lynn J. Good
Executive Vice President

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

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY MEXICO HOLDINGS, L.P.
(on behalf of Cinergy General Holdings, LLC, its general partner)

By: _____
Lynn J. Good
Executive Vice President

CINERGY SOLUTIONS UTILITY, INC.

By: _____
Lon C. Mitchell
Vice President, Chief Financial Officer, Comptroller, and
Assistant Treasurer

CINERGY RISK SOLUTIONS LTD

By: _____
Lynn J. Good
Executive Vice President

BISON INSURANCE COMPANY, LTD.

By: _____
Sherwood L. Love
Assistant Treasurer

CALDWELL POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

CATAWBA MANUFACTURING AND ELECTRIC POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

CHAMBERS COUNTY LAND COMPANY

By: _____
Sherwood L. Love
Assistant Treasurer

CLAIBORNE ENERGY SERVICES, INC.

By: _____
William R. McCollum, Jr.
President

CLEAN ENERGY GENCO, INC.

By: _____

Curtis H. Davis

Group Vice President

DE FOSSIL-HYDRO ENGINEERING, INC.

By: _____

Rance W. Hall

Treasurer

DE NUCLEAR ENGINEERING, INC.

By: _____

Rance W. Hall

Treasurer

DENA ASSET PARTNERS, LP

By: _____

Curtis H. Davis

Group Vice President

DENA TRADING PARTNERS, LP

By: _____

Curtis H. Davis

Group Vice President

DETMi MANAGEMENT, INC.

By: _____

Curtis H. Davis

Senior Vice President

DIXILYN-FIELD DRILLING COMPANY

By: _____

Frederick S. Bush

Vice President, Controller and Treasurer

DUKE COMMUNICATION SERVICES, INC.

By: _____

William L. Sheppard

President

DUKE ENERGY ADMINISTRATIVE SERVICES, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY ALLOWANCE MANAGEMENT, LLC

By: _____
Sherwood L. Love
Vice President

DUKE ENERGY CAPITAL OF TEXAS, INC.

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY DESIGN SUPPLIER, INC.

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY ENTERPRISES CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY FIELD SERVICES CANADA HOLDINGS, INC.

By: _____
Frederick S. Bush
Vice President

DUKE ENERGY FOSSIL-HYDRO CALIFORNIA, INC.

By: _____
Curtis H. Davis
President

DUKE ENERGY GAS TRANSMISSION RESOURCES, INC.

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

DUKE ENERGY GLOBAL MARKETS, INC.

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

DUKE ENERGY GROUP HOLDINGS, LLC

By: _____
Dwight E. Jeter
Assistant Treasurer

DUKE ENERGY GS FUNDING COMPANY

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

DUKE ENERGY INTERNATIONAL, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY LAVACA, INC.

By: _____
Curtis H. Davis
Senior Vice President

DUKE ENERGY LNG SALES, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY MARKETING AMERICA, LLC

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY MARKETING CANADA CORP.

By: _____
Curtis H. Davis
Senior Vice President

DUKE ENERGY MARKETING CORP.

By: _____
C. G. Harper
Vice President

DUKE ENERGY NATURAL GAS CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY NORTHEAST TRANSMISSION COMPANY

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

DUKE ENERGY POWER ASSETS HOLDING, INC.

By: _____
Dwight E. Jeter
Assistant Treasurer

DUKE ENERGY REGISTRATION SERVICES, INC.

By: _____
Susie C. Adams
Treasurer

DUKE ENERGY SERVICES, INC.

By: _____
C. N. Alexander
Group Vice President, Human Resources

DUKE ENERGY SOUTHEAST PIPELINE CORPORATION

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

DUKE ENERGY WESTHEIMER, LP

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

DUKE ENGINEERING & SERVICES (EUROPE) INC.

By: _____
Robert Irvin
President

KyPSC Case No. 2005-00228
Attachment 5 (A)
Page 17 of 22

DUKE JAVA, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE PROJECT SERVICES, INC.

By: _____
Robert Irvin
President

DUKE VENTURES, LLC

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

EASTOVER LAND COMPANY

By: _____
Sherwood L. Love
Treasurer

EASTOVER MINING COMPANY

By: _____
Sherwood L. Love
Treasurer

ENERGY PIPELINES INTERNATIONAL COMPANY

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

FORT DRUM COGENCO, INC.

By: _____
Curtis H. Davis
President

GREENVILLE GAS AND ELECTRIC LIGHT AND POWER COMPANY
By: _____
Ellen T. Ruff
Vice President

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

M & N MANAGEMENT COMPANY
By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

MOSS BLUFF HUB PARTNERS, L.P.
By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

MP SUPPLY, INC.
By: _____
Sherwood L. Love
Treasurer

NORTHSOUTH INSURANCE COMPANY LIMITED
By: _____
Sherwood L. Love
Assistant Treasurer

PAN SERVICE COMPANY
By: _____
Sherwood L. Love
Assistant Treasurer

PANENERGY COLORADO, INC.
By: _____
Sherwood L. Love
Assistant Treasurer

PANENERGY CORP.

By: _____
Sherwood L. Love
Assistant Treasurer

KyPSC Case No. 2005-00228
Attachment 5 (A)
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PANENERGY DEVELOPMENT COMPANY

By: _____
Frederick S. Bush
Controller and Treasurer

PANENERGY SERVICES LIMITED PARTNERSHIP

By: _____
Sherwood L. Love
Assistant Treasurer

PANHANDLE ACQUISITION THREE, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

PANHANDLE FOUR, INC.

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

PEC MIDWEST, INC.

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

PELMAR COMPANY

By: _____
Sherwood L. Love
Assistant Treasurer

SOUTHEASTERN ENERGY SERVICES, INC.

By: _____
Ronald G. Taylor
Vice President

SOUTHERN POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

KyPSC Case No. 2005-00228
Attachment 5 (A)
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TEPPCO HOLDINGS, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

TEXAS EASTERN COMMUNICATIONS, INC.

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

TEXAS EASTERN CROSS BAY COMPANY

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

TEXAS EASTERN CRYOGENICS, INC.

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

TEXAS EASTERN OIL COMPANY

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

TEXAS EASTERN SLURRY TRANSPORT COMPANY

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

TEXAS EASTERN TERMINAL COMPANY

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

TEXAS-LOUISIANA PIPELINE COMPANY

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

KyPSC Case No. 2005-00228
Attachment 5 (A)
Page 21 of 22

TRUNKLINE OIL PIPELINE COMPANY

By: _____
Frederick S. Bush
Controller

DUKE ENERGY VIRGINIA PIPELINE COMPANY

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

DUKE ENERGY EARLY GROVE COMPANY

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

WATEREE POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

WESTCOAST ENERGY ENTERPRISES (US), INC.

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

WESTERN CAROLINA POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

DUKE POWER COMPANY LLC

By: _____
Myron Caldwell
Chief Financial Officer

TEXAS EASTERN TRANSMISSION LP
By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

ALGONQUIN GAS TRANSMISSION LLC
By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

EAST TENNESSEE NATURAL GAS LLC
By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

SALTVILLE GAS STORAGE COMPANY LLC
By: _____
Frederick S. Bush
Vice President, Controller and Treasurer

Deleted: ¶
¶
By: _____
Name: ¶
Title: ¶
¶
MIAMI POWER CORPORATION¶
¶
By: _____
Name: ¶
Title: ¶
¶
[ADDITIONAL SUBSIDIARIES TO
BE ADDED AT CLOSING OF
MERGER]¶
Formatted: Widow/Orphan control,
Hyphenate, Tabs: 0.38", Left +
2.19", Left + Not at 0.42" + 1.08" +
3.33"

Attachment 5(B)
List of Changes to Tax Sharing Agreement
and Narrative Explanation for Each Change

<u>Page</u>	<u>Description of Change</u>
1	<ul style="list-style-type: none">• correct date added.
1-2	<ul style="list-style-type: none">• new definition added for “environmental tax” as a clarification.
6-22	<ul style="list-style-type: none">• company names and officer names added.

Attachment 5(C)
Clean Copy of the Tax Sharing Agreement

DUKE ENERGY CORPORATION AND CONSENTING MEMBERS OF ITS
CONSOLIDATED GROUP

AGREEMENT FOR FILING CONSOLIDATED
INCOME TAX RETURNS AND FOR
ALLOCATION OF CONSOLIDATED INCOME
TAX LIABILITIES AND BENEFITS

Duke Energy Corporation, a Delaware corporation ("Duke Energy"), and its Members hereby agree as of April 1, 2006 to join annually in the filing of a consolidated Federal income tax return and to allocate the consolidated Federal income tax liabilities and benefits among the members of the consolidated group in accordance with the provisions of this Agreement.

1. DEFINITIONS

"Associate company" is a consenting member of Duke Energy's consolidated group which agrees to be subject to this agreement.

"Consolidated tax" is the aggregate current Federal income tax liability for a tax year, being the tax shown on the consolidated Federal income tax return and any adjustments thereto, as described in section 5 hereof.

"Corporate taxable income" is the positive taxable income of an Associate company for a tax year, computed as though such company had filed a separate return on the same basis as used in the consolidated return, except that dividend income from associate companies shall be disregarded, and other intercompany transactions, eliminated in consolidation, shall be given appropriate effect.

"Corporate taxable loss" is the taxable loss of an Associate company for a tax year, computed as though such company had filed a separate return on the same basis as used in the consolidated return, except that dividend income from associate companies shall be disregarded, and other intercompany transactions, eliminated in consolidation, shall be given appropriate effect.

"Corporate tax credit" is a negative separate regular tax of an Associate company for a tax year, equal to the amount by which the consolidated regular tax is reduced by including the corporate taxable loss of such associate company in the consolidated tax return.

"Environmental Tax" The Superfund Amendments and Reauthorization Act of 1986 imposed a new Environmental Tax. The tax was imposed only for the years beginning after December 31, 1986 and before January 1, 1996. The environmental tax was equal to 0.12 percent (\$12 of tax per \$10,000 of alternative minimum taxable income ("AMTI")) of the excess of

AMTI over \$2,000,000 and was imposed whether or not the taxpayer was subject to the alternative minimum tax. The Environmental Tax is included in this Agreement for the purposes of any refund on liability with respect to those years when it was in effect.

"Separate return tax" is the tax on the corporate taxable income or loss of an associate company as though such company were not a member of a consolidated group.

"Member" is an Associate company, including a Regulated Business as indicated in section 2 herein, which agrees to be subject to this agreement.

These definitions shall apply, as appropriate, in the context of the regular income tax and the Alternative Minimum Tax ("AMT") unless otherwise indicated in the Agreement.

2. REGULATED BUSINESSES OPERATING IN LLC OR LP FORM

For purposes of allocating the consolidated federal and state tax liabilities and tax benefits under this Agreement, each business operating as an LLC or LP that is subject to the rules and regulations of the Federal Energy Regulatory Commission or state utilities commissions (hereinafter, a "Regulated Business") shall be considered a member of the consolidated group, and shall be responsible for its allocable share of taxable income (or shall be entitled to a credit for its allocable share of tax loss), as set forth in Sections 3 through 6 hereof. For purposes of this Agreement, the determination of a Regulated Business's allocable share shall be made (i) as if such Regulated Business was a regarded entity for U.S. federal income tax purposes and (ii) utilizing the separate "corporate taxable income" method.

3. TAX ALLOCATION PROCEDURES

The consolidated tax shall be allocated among the members of the group utilizing the separate "corporate taxable income" method, in the following manner:

- a) Each Member, which has a corporate taxable loss, will be entitled to a corporate tax credit equal to the amount by which the consolidated regular income tax is reduced by including the corporate tax loss of such Member in the consolidated tax return. The Members having corporate taxable income will be allocated an amount of regular income tax liability equal to the sum of the consolidated regular tax liability and the corporate tax credits allocated to the Members having corporate tax losses based on the ratio that each such Member's corporate taxable income bears to the total corporate taxable income of all Members having corporate taxable income.

If the aggregate of the Members' corporate tax losses are not entirely utilized on the current year's consolidated return, the consolidated carryback or carryforward of such losses to the applicable taxable year(s) will be allocated to each Member having a corporate taxable loss in the ratio that such Member's separate corporate tax loss bears to the total corporate tax losses of all Members having corporate taxable losses.

- b) The consolidated Environmental Tax will be allocated among the Members of the group by applying the procedures set forth in subsection a) above, except that the basis for allocation will be Alternative Minimum Taxable Income ("AMTI") rather than regular corporate taxable income.
- c) The consolidated AMT will be allocated among the Members in accordance with the procedures and principles set forth in Proposed Treasury Regulation section 1.1502-55 in the form such Regulation existed on the date on which this Agreement was executed.
- d) Tax benefits such as general business credits, foreign tax benefits, or other tax credits shall be apportioned directly to those Members whose investments or contributions generated the credit or benefit.

If the credit or benefit cannot be entirely utilized to offset current consolidated tax, the consolidated credit carryback or carryforward shall be apportioned to those Members whose investments or contributions generated the credit or benefit in proportion to the relative amounts of credits or benefits generated by each Member.

- e) If the amount of consolidated tax allocated to any Member under this Agreement, as determined above, exceeds the separate return tax of such Member, such excess shall be reallocated among those Members whose allocated tax liability is less than the amount of their respective separate return tax liabilities. The reallocation shall be proportionate to the respective reductions in separate return tax liability of such Members. Any remaining unallocated tax liability shall be assigned to Duke Energy. The term "tax" and "tax liability" used in the subsection shall include regular tax, Environmental Tax and AMT.

4. TAX PAYMENTS AND COLLECTIONS FOR ALLOCATIONS

Duke Energy shall make any calculations on behalf of the Members necessary to comply with the estimated tax provisions of the Internal Revenue Code of 1986 as amended (the "Code"). Based on such calculations, Duke Energy shall charge or refund to the Members appropriate amounts at intervals consistent with the dates indicated by

Code section 6655. Duke Energy shall be responsible for paying to the Internal Revenue Service the consolidated current Federal income tax liability.

After filing the consolidated Federal income tax return and allocating the consolidated tax liability among the Members, Duke Energy shall charge or credit, as appropriate, the Members to reflect the difference between prior payments or credits and their current tax as allocated under this Agreement.

5. ALLOCATION OF STATE TAX LIABILITIES OR BENEFITS

State and local income tax liabilities will be allocated, where appropriate, among Members in accordance with principles similar to those employed in the Agreement for the allocation of consolidated Federal income tax liability.

6. TAX RETURN ADJUSTMENTS

In the event the consolidated tax return is subsequently adjusted by the Internal Revenue Service, state tax authorities, amended returns, claims for refund, or otherwise, such adjustments shall be reflected in the same manner as though they had formed part of the original consolidated return. Interest paid or received, and penalties imposed on account of any adjustment will be allocated to the responsible Member.

7. NEW MEMBERS

If, at any time, any other company becomes a Member of the Affiliated Group, the parties hereto agree that such new Member may become a party to this Agreement by executing a duplicate copy of this Agreement. Unless otherwise specified, such new Member shall have similar rights and obligations of all other Members under this Agreement.

8. MEMBERS LEAVING THE AFFILIATED GROUP

In the event that any Member of the Affiliated Group at any time leaves the Group and, under any applicable statutory provision or regulation, that Member is assigned and is deemed to take with it all or a portion of any of the tax attributes (including, but not limited to, net operating losses, credit carryforwards, and Minimum Tax Credit carryforwards) of the Affiliated Group, then, to the extent the amount of the attributes so assigned differs from the amount of such attributes previously allocated to such Member under this Agreement, the leaving Member shall appropriately settle with the Group. Such settlement shall consist of payment on a dollar-for-dollar basis for all differences in credits and, in the case of net operating loss differences, in an amount computed by reference to the highest marginal corporate tax rate. The settlement amounts shall be allocated among the

remaining Members of the Group in proportion to the relative level of attributes possessed by each Member and the attributes of each Member shall be adjusted accordingly.

9. SUCCESSORS, ASSIGNS

The provisions and terms of the Agreement shall be binding on and inure to the benefit of any successor or assignee by reason of merger, acquisition of assets, or otherwise, of any of the Members hereto.

10. AMENDMENTS AND TERMINATION

This Agreement may be amended at any time by the written agreement of the parties hereto at the date of such amendment and may be terminated at any time by the written consent of all such parties.

11. GOVERNING LAW

This Agreement is made under the law of the State of Delaware, which law shall be controlling in all matters relating to the interpretation, construction, or enforcement hereof.

12. EFFECTIVE DATE

This Agreement is effective for the allocation of the current Federal income tax liabilities of the Members for the consolidated tax year [2006] and all subsequent years until this Agreement is revised in writing.

The above procedure for apportioning the consolidated annual net current federal and state tax liabilities and tax benefits of Duke Energy and consenting members of its consolidated group have been agreed to by each of the below listed members of the consolidated group as evidenced by the signature of an officer of each company.

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 ENERGY CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

CINERGY CORP.

By: _____
Steven K. Young
Chief Financial Officer and Controller

DUKE ENERGY SHARED SERVICES, INC.
(formerly Cinergy Services, Inc.)

By: _____
Lynn J. Good
Vice President and Treasurer

THE CINCINNATI GAS & ELECTRIC CO.

By: _____
Lynn J. Good
Vice President and Treasurer

PSI ENERGY, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

SOUTH CONSTRUCTION COMPANY, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

THE UNION LIGHT, HEAT & POWER COMPANY

By: _____
Lynn J. Good
Vice President and Treasurer

MIAMI POWER CORP.

By: _____
Lynn J. Good
Vice President and Treasurer

TRI-STATE IMPROVEMENT CO.

By: _____
Lynn J. Good
Vice President and Treasurer

KO TRANSMISSION CO.

By: _____
Lynn J. Good
Vice President and Treasurer

CINERGY INVESTMENTS, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

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

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY TECHNOLOGY, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY UK, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

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

By: _____

Lynn J. Good
Executive Vice President and Chief Financial Officer

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

By: _____

Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY-CADENCE, INC.

By: _____

Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY CAPITAL & TRADING, INC.

By: _____

Lon C. Mitchell
Vice President, Chief Financial Officer and Treasurer

CINERGY GLOBAL POWER, INC.

By: _____

Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY GLOBAL RESOURCES, INC.

By: _____

Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY SUPPLY NETWORK, INC.

By: _____

Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY SOLUTIONS – DEMAND, INC.
(formerly Vestar, Inc.)

By: _____
Lynn J. Good
Treasurer

CINERGY-CENTRUS COMMUNICATIONS, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY-CENTRUS, INC.

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY GLOBAL HOLDINGS, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY GLOBAL ELY, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY SOLUTIONS OF TUSCOLA, INC.

By: _____
Lynn J. Good
Treasurer

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

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY ENERGY SOLUTIONS, INC.

By: _____
Lynn J. Good
Treasurer

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

By: _____
Lynn J. Good
Vice President and Treasurer

CINERGY POWER INVESTMENTS, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

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

By: _____
Lynn J. Good
Treasurer

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

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY TWO, INC.

By: _____
Lynn J. Good
Vice President and Treasurer

CINERGY WHOLESALE ENERGY, INC.

By: _____
Lon C. Mitchell
Vice President and Chief Financial Officer

CINTEC LLC
(formerly *CinTech LLC*)

By: _____
Lynn J. Good
Executive Vice President and Chief Financial Officer

CINERGY RETAIL POWER LIMITED, INC.

By: _____

Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY RETAIL POWER GENERAL, INC.

By: _____

Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY SOLUTIONS OF PHILADELPHIA, LLC

By: _____

Lynn J. Good
Vice President - Financial and Treasurer Comptroller

CINFUEL RESOURCES, INC.

By: _____

F. Wayne Wiesen
Vice President, General Counsel and Secretary

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By: _____

Lon C. Mitchell
Vice President and Chief Financial Officer

DUKE ENERGY RETAIL SALES, LLC

(formerly Cinergy Retail Sales, LLC)

By: _____

Lynn J. Good
Executive Vice President

CINERGY SOLUTIONS OF SAN DIEGO, INC.

(formerly Cinergy Solutions of San Diego, LLC)

By: _____

Lon C. Mitchell
Vice President and Chief Financial Officer

CINERGY MEXICO HOLDINGS, L.P.
(on behalf of Cinergy General Holdings, LLC, its general partner)

By: _____
Lynn J. Good
Executive Vice President

CINERGY SOLUTIONS UTILITY, INC.

By: _____
Lon C. Mitchell
Vice President, Chief Financial Officer, Comptroller, and
Assistant Treasurer

CINERGY RISK SOLUTIONS LTD

By: _____
Lynn J. Good
Executive Vice President

BISON INSURANCE COMPANY, LTD.

By: _____
Sherwood L. Love
Assistant Treasurer

CALDWELL POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

CATAWBA MANUFACTURING AND ELECTRIC POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

CHAMBERS COUNTY LAND COMPANY

By: _____
Sherwood L. Love
Assistant Treasurer

CLAIBORNE ENERGY SERVICES, INC.

By: _____
William R. McCollum, Jr.
President

CLEAN ENERGY GENCO, INC.

By: _____
Curtis H. Davis
Group Vice President

DE FOSSIL-HYDRO ENGINEERING, INC.

By: _____
Rance W. Hall
Treasurer

DE NUCLEAR ENGINEERING, INC.

By: _____
Rance W. Hall
Treasurer

DENA ASSET PARTNERS, LP

By: _____
Curtis H. Davis
Group Vice President

DENA TRADING PARTNERS, LP

By: _____
Curtis H. Davis
Group Vice President

DETFI MANAGEMENT, INC.

By: _____
Curtis H. Davis
Senior Vice President

DIXILYN-FIELD DRILLING COMPANY

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

DUKE COMMUNICATION SERVICES, INC.

By: _____
William L. Sheppard
President

DUKE ENERGY ADMINISTRATIVE SERVICES, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY ALLOWANCE MANAGEMENT, LLC

By: _____
Sherwood L. Love
Vice President

DUKE ENERGY CAPITAL OF TEXAS, INC.

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY DESIGN SUPPLIER, INC.

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY ENTERPRISES CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY FIELD SERVICES CANADA HOLDINGS, INC.

By: _____
Frederick S. Bush
Vice President

DUKE ENERGY FOSSIL-HYDRO CALIFORNIA, INC.

By: _____
Curtis H. Davis
President

DUKE ENERGY GAS TRANSMISSION RESOURCES, INC.

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

DUKE ENERGY GLOBAL MARKETS, INC.

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

DUKE ENERGY GROUP HOLDINGS, LLC

By: _____
Dwight E. Jeter
Assistant Treasurer

DUKE ENERGY GS FUNDING COMPANY

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

DUKE ENERGY INTERNATIONAL, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY LAVACA, INC.

By: _____
Curtis H. Davis
Senior Vice President

DUKE ENERGY LNG SALES, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY MARKETING AMERICA, LLC

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY MARKETING CANADA CORP.

By: _____
Curtis H. Davis
Senior Vice President

DUKE ENERGY MARKETING CORP.

By: _____
C. G. Harper
Vice President

DUKE ENERGY NATURAL GAS CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY NORTHEAST TRANSMISSION COMPANY

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

DUKE ENERGY POWER ASSETS HOLDING, INC.

By: _____
Dwight E. Jeter
Assistant Treasurer

DUKE ENERGY REGISTRATION SERVICES, INC.

By: _____
Susie C. Adams
Treasurer

DUKE ENERGY SERVICES, INC.

By: _____
C. N. Alexander
Group Vice President, Human Resources

DUKE ENERGY SOUTHEAST PIPELINE CORPORATION

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

DUKE ENERGY WESTHEIMER, LP

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

DUKE ENGINEERING & SERVICES (EUROPE) INC.

By: _____
Robert Irvin
President

DUKE JAVA, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE PROJECT SERVICES, INC.

By: _____
Robert Irvin
President

DUKE VENTURES, LLC

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

EASTOVER LAND COMPANY

By: _____
Sherwood L. Love
Treasurer

EASTOVER MINING COMPANY

By: _____
Sherwood L. Love
Treasurer

ENERGY PIPELINES INTERNATIONAL COMPANY

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

FORT DRUM COGENCO, INC.

By: _____
Curtis H. Davis
President

GREENVILLE GAS AND ELECTRIC LIGHT AND POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

HOUSTON CENTER CORPORATION

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

M & N MANAGEMENT COMPANY

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Sherwood L. Love
Assistant Treasurer

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Frederick S. Bush
Controller and Treasurer

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Sherwood L. Love
Assistant Treasurer

PANHANDLE FOUR, INC.

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Vice President, Controller and Treasurer

PEC MIDWEST, INC.

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

PELMAR COMPANY

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Sherwood L. Love
Assistant Treasurer

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By: _____
Ronald G. Taylor
Vice President

SOUTHERN POWER COMPANY

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Ellen T. Ruff
Vice President

TEPPCO HOLDINGS, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

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Vice President, Controller and Treasurer

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Vice President, Controller and Treasurer

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

TEXAS EASTERN OIL COMPANY

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Frederick S. Bush
Vice President, Controller and Treasurer

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

TEXAS EASTERN TERMINAL COMPANY

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Frederick S. Bush
Vice President, Controller and Treasurer

TEXAS-LOUISIANA PIPELINE COMPANY

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

TRUNKLINE OIL PIPELINE COMPANY

By: _____
Frederick S. Bush
Controller

DUKE ENERGY VIRGINIA PIPELINE COMPANY

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

DUKE ENERGY EARLY GROVE COMPANY

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

WATEREE POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

WESTCOAST ENERGY ENTERPRISES (US), INC.

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

WESTERN CAROLINA POWER COMPANY

By: _____
Ellen T. Ruff
Vice President

DUKE POWER COMPANY LLC

By: _____
Myron Caldwell
Chief Financial Officer

TEXAS EASTERN TRANSMISSION LP

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

ALGONQUIN GAS TRANSMISSION LLC

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

EAST TENNESSEE NATURAL GAS LLC

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

SALTVILLE GAS STORAGE COMPANY LLC

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