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Attorneys at Law

David S. Samford
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(859) 368-7740

March 22, 2013

Via Hand-Delivery

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: In the Matter of the Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc.; Case No. 2011-124

Dear Mr. Derouen:

Enclosed for filing please find the following executed affiliate agreements:

1. Intercompany Asset Transfer Agreement;
2. Operating Companies Service Agreement;
3. Service Company Utility Service Agreement;
4. Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax Liabilities and Benefits (Tax Sharing Document); and
5. Utility Money Pool Agreement.

The original agreements were filed with the Commission in the captioned matter on May 10, 2011. On August 2, 2011, Duke Energy Kentucky was ordered to file executed copies of the agreements upon the addition of the Progress Energy entities.

Although the merger itself was consummated in July 2012, these agreements were only recently finalized and executed. These executed affiliate agreements reflect the addition of Progress Energy companies (and final names of such companies) as parties and reflect additional clarifications and conditions required as part of the merger approval and settlement in North Carolina. The changes to the agreements are non-material to the overall terms of the agreements and do not adversely impact Duke Energy Kentucky. For convenience, the Company has attached copies of the agreements in both redlined and final executed form.

2365 Harrodsburg Road, Suite B-130 | Lexington, Kentucky 40504

Please file these documents in the record and return a copy to me. Feel free to contact me should you have any questions.

Sincerely,

David S. Samford

Enclosures

cc: Dennis G. Howard II

OPERATING COMPANIES SERVICE AGREEMENT

This Operating Companies Service Agreement (this "Agreement"), dated July 2, 2012 (the "Effective Date"), by and among Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE-Carolinas"), Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PE-Carolinas"), a North Carolina corporation, and Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"). DE-Carolinas, DE-Ohio, DE-Indiana, DE-Kentucky, Miami, PE-Carolinas and PE-Florida are referred to collectively as the "Operating Companies" and, individually, an "Operating Company" supersedes and replaces in its entirety the Operating Company Service Agreement dated May 18, 2010.

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 <u>Provision of Services</u>.

(a) Except as hereinafter provided with respect to DE Carolinas and PE Carolinas providing services for each other, upon receipt by a party hereto (in such capacity, a "Service Provider") of a written request in substantially the same 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) "Services" may also include the use of assets, equipment and facilities, provided the Client Company compensates the Service Provider for such use in accordance with Article 3.

(d) 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 Cost thereof, except to the extent otherwise required by Section 482 of the Internal Revenue Code; provided, however, that with respect to Services relating to wholesale merchant or electric generation functions, applicable only to the non-regulated generating assets owned by DE Ohio and only during its ownership of said assets, such Services provided by DE Carolinas, PE Carolinas, PE Florida, DE Indiana, or DE Kentucky to DE Ohio shall be priced at the greater of Cost or market, and such Services provided by the non-regulated generating assets owned by DE Ohio and only during its ownership of said assets to DE Carolinas, PE Carolinas, PE Florida DE Indiana, or DE Kentucky shall be priced at no more than market. Any other Services provided by DE Carolinas, PE Carolinas PE Florida, DE Indiana or DE Kentucky to regulated DE Ohio or by regulated DE Ohio to DE Carolinas, PE Carolinas, PE Florida, DE Indiana, or DE Kentucky shall be provided at Cost. "Costs" means the sum of (i) direct costs, (ii) indirect costs and (iii) costs of capital. 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. For avoidance of doubt, the Service Provider and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 3.2 Exception. In the event any Services to be rendered under this Agreement are to be provided to or from DE-Carolinas and PE-Carolinas in accordance with DE-Carolinas' and PE-Carolinas' North Carolina Code of Conduct at anything other than fully embedded cost as described above, then prior to entering into the transaction, DE-Indiana, DE-Kentucky, PE Florida or DE-Ohio, 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 DE-Indiana, DE-Kentucky PE-Florida or DE-Ohio, 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 DE-Carolinas and PE-Carolinas Conditions. In addition to the terms and conditions set forth herein, with respect to DE-Carolinas and PE-Carolinas, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, except with respect to the pricing of Services as set forth herein, DE-Carolinas' and PE-Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued, in Docket No. E-7, Sub 986 and E-2, Sub 998, as such Regulatory Conditions and Code of Conduct may be amended from time to time. In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.

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 Carolinas, LLC

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

Duke Energy Ohio, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Indiana, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Kentucky, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

Miami Power Corporation

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

Florida Power Corporation d/b/a Progress Energy
Florida, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

Exhibit A

Folder Name: efr148v1-000142
Status: New

eForms

Service Request for Affiliates

* Red Asterisk indicates required fields

Service Provider

* Service Provider — Selec
* Legal Approval Representative — Selec

Proposed Service

* Description of Proposed Service

Please Provide Basis for Estimated Costs, include # of employees requested and amount of time requested

* Estimated Costs (Numbers only, no commas or decimals) $0
* Scheduled Start Date
* Scheduled Completio Date

Client Company

* Client Company — Selec

Accounting Codes (FMIS/BOMS) of the Client Company Receiving the Service

*** Process/Work Code(s) OR Project & Activities (FMIS only) OR GL Account must be entered

n/a / Corp. Number

* Operating Unit / Line of Business
* Resp. Center / Center
* Process / Work Code(s)
* Project
* Activity
* GL Account

Confirmation of Service Provider Utility Responsibilities by Service Provider Approver

* Check this box to confirm that this Service Request will not result in impairment of Service Provider's utility responsibilities or operations.

Miscellaneous Comments

Comments

Comments Log

Exhibit A

Attachments

Help

Filename | Size

Approver Selection

The approvers should be appropriate according to the Delegation of Authority (DOA) matrix.

Route To:	Name		Phone	Status
* Client Company		Select		
* Service Provider		Select		
* Legal				

Submitter Details

Created by	Pahutski, Michael J	Created on	3/9/2006 11:09:03 AM
* Phone	(513) 419-1803		
Last Modified by		Last Modified	

Exhibit B

DE-CAROLINAS AND PE-CAROLINAS CONDITIONS

1. In connection with the North Carolina Utilities Commission ("NCUC") approval of the Merger in NCUC Docket No. E-7, Sub 986, and E-2, Sub 998, the NCUC adopted certain Regulatory Conditions ("Regulatory Conditions") and a revised Code of Conduct governing transactions between DE-Carolinas, PE-Carolinas and their affiliates ("Code of Conduct"). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DE-Carolinas and PE-Carolinas:

(a) DE-Carolinas's and PE-Carolinas' participation in this Agreement is voluntary. Neither DE-Carolinas nor PE-Carolinas is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE-Carolinas and PE-Carolinas may elect to discontinue its participation in this Agreement at its election after giving notice under Section 6.2 of the Agreement.

(b) Neither DE-Carolinas nor PE-Carolinas 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) Neither DE-Carolinas nor PE-Carolinas may 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 to the extent that requesting FERC review and authorization pursuant to 1275(b) of Subtitle F in Title XII of PUHCA 2005, as provided in Regulatory Condition 21, may be determined to have preemptive effect under the law, neither DE-Carolinas nor PE-Carolinas will assert in any forum – whether judicial, etc. or support any other entity's assertions, etc. - that the NCUC's authority to assign, allocate, impute, 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. <u>Transfers by DE-Carolinas or PE-Carolinas</u>. With respect to the transfer by DE-Carolinas or PE-Carolinas under this Agreement of the control of, operational responsibility for, or ownership of any DE-Carolinas or PE-Carolinas 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) neither DE-Carolinas nor PE-Carolinas may 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) neither DE-Carolinas nor PE-Carolinas 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. <u>Access to DE-Carolinas or PE-Carolinas Information</u>. Any Operating Company providing Services to DE-Carolinas or PE-Carolinas pursuant to this Agreement, including any loaned employees under Section 1.2 of the Agreement, shall be permitted to have access to DE-Carolinas and PE-Carolinas 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.

4. Procedure for Services Provided By DE Carolinas to PE Carolinas and PE Carolinas to DE Carolinas. DE Carolinas and PE Carolinas shall provide to each other, upon the terms and conditions set forth in this agreement, such of the services listed in the Operating Companies Service Agreement List on file with the North Carolina Utilities Commission, at such times, for such periods and in such manner as DE Carolinas or PE Carolinas may from time to time request of each other and which DE Carolinas or PE Carolinas concludes it is equipped to perform for each other. DE Carolinas and PE Carolinas may perform these services for each other as described in this paragraph without the requirement of a written request in substantially the form attached to this agreement as Exhibit A.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Revised, Proposed Operating Companies Service Agreement in Docket No. E-7, Sub 986A and Docket No. E-2, Sub 998A, has been served by electronic mail (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 21st day of June, 2012.

Kendrick, C. Fentress
Associate General Counsel
Duke Energy Carolinas, LLC
3700 Glenwood Ave, Suite 330
Raleigh, NC 27612
Kendrick.fentress@duke-energy.com
919.784.8454

OPERATING COMPANIES
SERVICE AGREEMENT

This Operating Companies Service Agreement (this "Agreement"), dated ~~July 2, 2012~~ ____________ (the "Effective Date"), by and among Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE-Carolinas"), Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PE-~~Carolinas~~North Carolina"), a North Carolina corporation, and Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"). DE-Carolinas, DE-Ohio, DE-Indiana, DE-Kentucky, Miami, PE-~~Carolinas~~North Carolina and PE-Florida are referred to collectively as the "Operating Companies" and, individually, an "Operating Company" supersedes and replaces in its entirety the Operating Company Service Agreement dated May 18, 2010.

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) ~~Except as hereinafter provided with respect to DE Carolinas and PE Carolinas providing services for each other, upon~~Upon receipt by a party hereto (in such capacity, a "Service Provider") of a written request in substantially the ~~same~~ 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) "Services" may also include the use of assets, equipment and facilities, provided the Client Company compensates the Service Provider for such use in accordance with Article 3.

(d) 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 Cost thereof, except to the extent otherwise required by Section 482 of the Internal Revenue Code; provided, however, that Services provided to or by DE-Carolinas shall be priced in accordance with DE-Carolinas's North Carolina Code of Conduct approved by the North Carolina Utilities Commission; and further provided that with respect to Services relating to wholesale merchant or electric generation functions~~, applicable only to the non-regulated generating assets owned by DE Ohio and only during its ownership of said assets~~, such Services provided by DE Carolinas, ~~PE Carolinas, PE Florida,~~ DE Indiana, or DE Kentucky to DE Ohio shall be priced at the greater of Cost or market, and such Services provided ~~by the non-regulated generating assets owned~~ by DE Ohio ~~and only during its ownership of said assets~~ to DE Carolinas, ~~PE Carolinas, PE Florida~~ DE Indiana, or DE Kentucky shall be priced at no more than market. ~~Any other Services provided by DE Carolinas, PE Carolinas PE Florida, DE Indiana or DE Kentucky to regulated DE Ohio or by regulated DE Ohio to DE Carolinas, PE Carolinas, PE Florida, DE Indiana, or DE Kentucky shall be provided at Cost.~~ "Costs" means the sum of (i) direct costs, (ii) indirect costs and (iii) costs of capital. 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. For avoidance of doubt, the Service Provider and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 3.2 Exception. In the event any Services to be rendered under this Agreement are to be provided to or from DE-Carolinas ~~and PE-Carolinas~~ in accordance with DE-Carolinas' ~~and PE-Carolinas'~~s North Carolina Code of Conduct at anything other than fully embedded cost as described above, then prior to entering into the transaction, DE-Indiana, DE-Kentucky~~, PE Florida~~ or DE-Ohio, 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 DE-Indiana, DE-Kentucky ~~PE Florida~~ or DE-Ohio, 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 DE-~~Carolinas and PE~~-Carolinas Conditions. In addition to the terms and conditions set forth herein, with respect to DE-Carolinas~~ and PE-Carolinas~~, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, except with respect to the pricing of Services as set forth herein, DE-~~Carolinas' and PE~~-Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued~~,~~ March 24, 2006, in Docket No. E-7, Sub ~~986 and E-2, Sub 998,~~795, as such Regulatory Conditions and Code of Conduct may be amended from time to time. ~~In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.~~

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 Carolinas, LLC

By: ______________________________
~~Nancy M. Wright~~Richard G. Beach
Assistant Secretary

Duke Energy Ohio, Inc.

By: ______________________________
~~Nancy M. Wright~~
Richard G. Beach
Assistant ~~Corporate~~ Secretary

Duke Energy Indiana, Inc.

By: ______________________________
~~Nancy M. Wright~~Richard G. Beach
Assistant ~~Corporate~~ Secretary

Duke Energy Kentucky, Inc.

By: ______________________________
~~Nancy M. Wright~~
Richard G. Beach
Assistant ~~Corporate~~ Secretary

Miami Power Corporation

By: ______________________________
~~Nancy M. Wright~~

Richard G. Beach
Assistant ~~Corporate~~ Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.
By: ______________________
~~Nancy M. Wright~~ ______________________

~~Assistant Secretary~~

Florida Power Corporation d/b/a Progress Energy Florida, Inc.
By: ____________________________

~~Nancy M. Wright~~
~~Assistant Secretary~~

Exhibit A

Folder Name efr148v1.000142
Status New

eForms

Service Request for Affiliates

* Red Asterisk indicates required fields

Service Provider

* Service Provider [ ] Selec
* Legal Approval Representative [ ] Selec

Proposed Service

* Description of Proposed Service

Please Provide Basis for Estimated Costs, include # of employees requested and amount of time requested

* Estimated Costs (Numbers only, no commas or decimals) $0
* Scheduled Start Date
* Scheduled Completio Date

Client Company

* Client Company [ ] Selec

Accounting Codes (FMIS/BDMS) of the Client Company Receiving the Service

* ** Process/Work Code(s) OR Project & Activities (FMIS only) OR GL Account must be entered

n/a / Corp. Number
* Operating Unit / Line of Business
* Resp. Center / Center
* Process / Work Code(s)
* Project
* Activity
* GL Account

Confirmation of Service Provider Utility Responsibilities by Service Provider Approver

* [ ] Check this box to confirm that this Service Request will not result in impairment of Service Provider's utility responsibilities or operations.

Miscellaneous Comments

Comments

Comments Log

Exhibit A

Attachments

Help

Filename	Size

Approver Selection

The approvers should be appropriate according to the Delegation of Authority (DOA) matrix

Route To:	Name		Phone	Status
* Client Company		Select		
* Service Provider		Select		
* Legal				

Submitter Details

Created by	Pahutski, Michael J	Created on	3/9/2008 11:09:03 AM
* Phone	(513) 419-1803		
Last Modified by		Last Modified	

Exhibit B

DE-~~CAROLINAS AND PE~~-CAROLINAS CONDITIONS

1. In connection with the North Carolina Utilities Commission ("NCUC") approval of the Merger in NCUC Docket No. E-7, Sub ~~986, and E-2, Sub 998,~~795, the NCUC adopted certain Regulatory Conditions ("Regulatory Conditions") and a revised Code of Conduct governing transactions between DE-Carolinas~~, PE-Carolinas~~ and ~~their~~its affiliates ("Code of Conduct"). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DE-Carolinas ~~and PE-Carolinas~~:

(a) DE-Carolinas's ~~and PE-Carolinas'~~ participation in this Agreement is voluntary. ~~Neither~~ DE-Carolinas ~~nor PE-Carolinas~~ is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE-Carolinas ~~and PE-Carolinas~~ may elect to discontinue its participation in this Agreement at its election after giving notice under Section 6.2 of the Agreement.

(b) ~~Neither DE-Carolinas nor PE~~DE-Carolinas 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) ~~Neither~~ DE-Carolinas ~~nor PE-Carolinas~~ 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 to the extent that requesting FERC review and authorization pursuant to 1275(b) of Subtitle F in Title XII of PUHCA 2005, as provided in Regulatory Condition 21, may be determined to have preemptive effect under the law, ~~neither~~ DE-Carolinas ~~nor PE-Carolinas~~ will not assert in any forum ~~— whether judicial, etc. or support any other entity's assertions, etc. —~~ that the NCUC's authority to assign, allocate, ~~impute,~~ 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 DE-Carolinas ~~or PE-Carolinas~~. With respect to the transfer by DE-Carolinas ~~or PE-Carolinas~~ under this Agreement of the control of, operational responsibility for, or ownership of any DE-~~Carolinas or PE~~-Carolinas 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) ~~neither~~ DE-Carolinas ~~nor PE-Carolinas~~ 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) ~~neither~~ DE-~~Carolinas nor PE~~-Carolinas 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 DE-Carolinas ~~or PE-Carolinas~~ Information. Any Operating Company providing Services to DE-~~Carolinas or PE~~-Carolinas pursuant to this Agreement, including any loaned employees under Section 1.2 of the Agreement, shall be permitted to have access to DE-~~Carolinas and PE~~-Carolinas 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.

~~4. Procedure for Services Provided By DE Carolinas to PE Carolinas and PE Carolinas to DE Carolinas. DE Carolinas and PE Carolinas shall provide to each other, upon the terms and conditions set forth in this agreement, such of the services listed in the Operating Companies Service Agreement List on file with the North Carolina Utilities Commission, at such times, for such periods and in such manner as DE Carolinas or PE Carolinas may from time to time request of each other and which DE Carolinas or PE Carolinas concludes it is equipped to perform for each other. DE Carolinas and PE Carolinas may perform these services for each other as described in this paragraph without the requirement of a written request in substantially the form attached to this agreement as Exhibit A.~~

Exhibit A

~~CERTIFICATE OF SERVICE~~

~~I certify that a copy of Duke Energy Carolinas, LLC's Revised, Proposed Operating Companies Service Agreement in Docket No. E-7, Sub 986A and Docket No. E-2, Sub 998A, has been served by electronic mail (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.~~

~~This the 21st day of June, 2012.~~

~~Kendrick, C. Fentress~~
~~Associate General Counsel~~
~~Duke Energy Carolinas, LLC~~
~~3700 Glenwood Ave, Suite 330~~
~~Raleigh, NC 27612~~
~~Kendrick.fentress@duke-energy.com~~
~~919.784.8454~~

INTERCOMPANY ASSET TRANSFER AGREEMENT

This **Intercompany Asset Transfer Agreement** (this "Agreement") is made and entered into as of July 2, 2012 (the "Effective Date") by and among Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE Carolinas"), Duke Energy Ohio, Inc., an Ohio corporation ("DE Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE Indiana"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-Carolinas"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation, and Duke Energy Kentucky, Inc., a Kentucky corporation ("DE Kentucky") (collectively the "Operating Companies" and, individually, an "Operating Company"). This Agreement supersedes and replaces in its entirety the Intercompany Asset Transfer Agreement dated December 22, 2008.

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, the Operating Companies maintain inventory and other assets for the operation and maintenance of their respective electric utility, and with respect to DE Ohio and DE Kentucky, gas utility, businesses; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the Operating Companies' utility responsibilities, each Operating Company is willing, upon request from time to time, to transfer Assets, as defined herein, to each other Operating Company, as each 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. TRANSFER OF ASSETS

Section 1.1 Transfer. Upon request from one party ("Recipient"), the other party ("Transferor") shall transfer to the Recipient those Assets requested by Recipient, provided that (i) Transferor believes, in its reasonable judgment, that such transfer will not jeopardize Transferor's ability to render electric utility service to its customers consistent with Good Utility Practice; (ii) the Cost of any shipment of transmission- or generation-related item(s) does not exceed $10,000,000; (iii) DE Carolinas and PE Carolinas shall not transfer any Asset hereunder in contravention of S.C. Code Ann. § 58-27-1300; (iii) DE Kentucky shall not transfer any Asset hereunder in contravention of KRS 278.218; (iv) DE Carolinas and PE Carolinas shall not transact with DE Ohio's generation operation under this Agreement and shall not transact with DE Kentucky or DE Indiana for purposes of circumventing or avoiding this prohibition; and (v) DE Carolinas and PE Carolinas shall not transfer or take receipt of any transmission transformers or other equipment under this Agreement other than transmission-related equipment that may be used on/with transformers within a range of voltages or regardless of voltage. "Assets" means parts inventory, capital spares, equipment and other goods except for the following: coal; natural gas; fuel oil used for electric power generation; emission allowances; electric power; and environmental control reagents. "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the United States during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, method, or acts generally accepted in the region.

Section 1.2 Compensation. Except to the extent otherwise required by Section 482 of the Internal Revenue Code or analogous state tax law, Recipient shall compensate Transferor for any Assets transferred hereunder at Cost; provided however that any transfers of electric generation-related Assets between DE Ohio, on the one hand, and DE Indiana, or DE Kentucky on the other hand, will be priced in accordance with Federal Energy Regulatory Commission's ("FERC") affiliate transaction pricing requirements. Accordingly, generation-related Assets transferred from DE Indiana or DE Kentucky to DE Ohio shall be priced at the greater of Cost or market, and generation-related Assets transferred from DE Ohio to DE Indiana or DE Kentucky shall be priced at no more than market. "Cost" means (i) for items of inventory accounted for in the FERC Uniform System of Accounts account 154 ("Inventory Items"), the average unit price of such Inventory Items as recorded on the books of the Transferor, plus stores, freight, handling, and other applicable costs, and (ii) for assets other than Inventory Items, net book value.

Alternatively, to the extent that an Asset may be transferred under this Agreement, the Transferor and Recipient may agree that the Asset transferred to the Recipient be replaced in kind. In this event, Transferor and Recipient shall agree to the timing of such replacement, and other necessary terms and conditions, and such in-kind replacement shall be deemed a transferred Asset for all purposes hereunder.

Section 1.3 Payment. Each Operating Company shall reasonably cooperate with each other Operating Company to record billings and payments required hereunder in their common accounting systems.

Section 1.4 Delivery; Title and Risk of Loss. The parties shall cooperate in providing transportation equipment necessary to deliver the Assets to the Recipient. Assets will be delivered FOB transportation equipment at the Transferor's location where such Assets reside ("Shipping Point"). All costs of transportation, including the cost of transporting in-kind replacement Assets to Transferor, shall be borne by the Recipient. Title to and risk of loss of the transferred Assets shall pass from the Transferor to the Recipient at the Shipping Point.

ARTICLE 2. WARRANTIES

Section 2.1 Warranties. Each Operating Company, as Transferor, warrants that it will have good and marketable title to the Assets transferred hereunder. Further, each Operating Company, as Transferor, warrants that it shall obtain release of any liens or other encumbrances on the transferred Assets within a reasonable time. ALL ASSETS TRANSFERRED HEREUNDER ARE BEING SOLD "AS IS, WHERE IS" AND WITHOUT ANY WARRANTY AS TO ITS CONDITION, INCLUDING WITHOUT ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 2.2 Disclaimer. WITH RESPECT TO ANY ASSETS TRANSFERRED HEREUNDER, EACH OPERATING COMPANY AS TRANSFEROR MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 2.1, 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 SUCH ASSETS. 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.

ARTICLE 3. INDEMNIFICATION

Section 3.1 Indemnification; Limitation of Liability.

(a) Subject to subparagraph (b) of this Section 3.1, each party (the "Indemnifying Party") shall release, defend, indemnify and hold harmless the other party (the "Indemnified Party"), 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 Indemnified Party arising, directly or indirectly, from or in connection with Indemnifying Party's negligence or willful misconduct in the performance of its obligations hereunder.

(b) Notwithstanding any other provision hereof, each party's total liability hereunder with respect to any Assets shall be limited to the amount actually paid to Transferor for such Assets for which the liability arises, and under no circumstances shall Transferor 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 3.2 Procedure for Indemnification. Within 15 business days after receipt by an Indemnified Party 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, the Indemnified Party shall notify the Indemnifying Party thereof in writing (it being understood that failure so to notify the Indemnifying Party shall not relieve the latter of its indemnification obligation, unless the Indemnifying Party establishes that defense thereof has been prejudiced by such failure). Thereafter, the Indemnifying Party shall be entitled to participate in such Proceeding and, at its election upon notice to such Indemnified Party and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Indemnified Party, Indemnifying Party 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 Indemnified Party for which such Indemnified Party is not entitled to indemnification hereunder. If such Indemnified Party has given timely notice to Indemnifying Party of the commencement of such Proceeding, but Indemnifying Party has not, within 15 business days after receipt of such notice, given notice to Indemnified Party of its election to assume the defense thereof, Indemnifying Party shall be bound by any determination made in such Proceeding or any compromise or settlement made by Indemnified Party. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Indemnified Party to Indemnifying Party.

ARTICLE 4. MISCELLANEOUS

Section 4.1 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 4.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by either party upon not less than 30 days prior written notice to the other party. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of the parties hereto.

Section 4.3 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 4.4 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 4.5 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 party hereto without the prior written consent of the other party. 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 4.6 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 4.7 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 4.8 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 4.9 DE Carolinas Conditions and PE Carolinas. In addition to the terms and conditions set forth herein, with respect to DE Carolinas and PE Carolinas, the provisions set out in Exhibit A are hereby incorporated herein by reference. In addition, except with respect to the pricing of Asset transfers as set forth herein, DE Carolinas' and PE Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued ______, ____, in Docket No. E-7, Sub 986 and E-2, Sub 998 ("Merger Order"), as such Regulatory Conditions and Code of Conduct may be amended from time to time. In accordance with Regulatory Condition 9 as approved in the Merger Order, nothing in this Agreement shall be construed or interpreted so as to commit DE Carolinas or PE Carolinas, or to involve DE Carolinas or PE Carolinas in, joint planning, coordination, or operation of generation, transmission, or distribution facilities with one or more affiliates nor shall it be interpreted as otherwise altering DE Carolinas' or PE Carolinas' obligations with respect to the Regulatory Conditions approved in the Merger Order. In the event of a conflict between the provisions of this Agreement and the Regulatory Conditions and Code, the Regulatory Conditions and Code shall govern, except as altered by the Commission by Order for this Agreement.

Section 4.10 DE Indiana Conditions. DE Indiana agrees and acknowledges that in accordance with its Affiliate Standards, Section II O (i) it will make Assets available to non-affiliated wholesale power marketers under the same terms, conditions and prices, and at the same time, as it makes Assets available to a DE Ohio's wholesale power marketing function, and (ii) it will process all requests for Assets from DE Ohio's wholesale power marketing function and non-affiliated wholesale power marketers on a non-discriminatory basis.

Section 4.11 Regulatory Approvals. This Agreement is expressly contingent on the receipt of all regulatory approvals or waivers deemed necessary by the parties.

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 Carolinas, LLC

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

Duke Energy Indiana, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Ohio, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Kentucky, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

Florida Power Corporation d/b/a Progress Energy Florida, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

EXHIBIT A

DE CAROLINAS and PE CAROLINAS CONDITIONS

In connection with the North Carolina Utilities Commission ("NCUC") approval of the Merger in NCUC Docket No. E-7, Sub 986 and Docket No. E-2, Sub 998, the NCUC imposed certain Regulatory Conditions ("Regulatory Conditions") and adopted a revised Code of Conduct governing transactions between DE Carolinas and its affiliates ("Code of Conduct"). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DE Carolinas and PE Carolinas and considered to be incorporated into the Intercompany Asset Transfer Agreement:

(1) DE Carolinas' and PE Carolinas' participation in this Agreement is voluntary. Neither DE Carolinas or PE Carolinas is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE Carolinas or PE Carolinas may elect to discontinue its participation in this Agreement at its election after giving notice under Section 4.2 of the Agreement.

(2) Neither DE Carolinas nor PE Carolinas may 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.

(3) Neither DE Carolinas nor PE Carolinas 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

(4) DE Carolinas and PE Carolinas 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.

(5) DE Carolinas and PE Carolinas shall retain appropriate documentation verifying compliance with the terms hereof for Public Staff and NCUC review.

(6) DE Carolinas and PE Carolinas shall submit to the NCUC for approval any changes in the terms and conditions of this Agreement having or likely to have a material effect on DE Carolinas or PE Carolinas.

(7) DE Carolinas and PE Carolinas acknowledge and agree that for ratemaking purposes, NCUC approval of DE Carolinas' and PE Carolinas' participation in this Agreement does not constitute approval of the amount of compensation paid with respect to transactions pursuant to the Agreement, and that the authority granted by the NCUC is without prejudice to the right of any party to take issue with any provision of the Agreement or with any transaction pursuant thereto in a future proceeding.

INTERCOMPANY ASSET TRANSFER AGREEMENT

This **Intercompany Asset Transfer Agreement** (this "Agreement") is made and entered into as of ~~July 2, 2012~~______________ (the "Effective Date") by and among Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE Carolinas"), Duke Energy Ohio, Inc., an Ohio corporation ("DE Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE Indiana"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation~~ ("PE Carolinas")~~, Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation, and Duke Energy Kentucky, Inc., a Kentucky corporation ("DE Kentucky") (collectively the "Operating Companies" and, individually, an "Operating Company"). This Agreement supersedes and replaces in its entirety the Intercompany Asset Transfer Agreement dated December 22, 2008.

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, the Operating Companies maintain inventory and other assets for the operation and maintenance of their respective electric utility, and with respect to DE Ohio and DE Kentucky, gas utility, businesses; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the Operating Companies' utility responsibilities, each Operating Company is willing, upon request from time to time, to transfer Assets, as defined herein, to each other Operating Company, as each 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. TRANSFER OF ASSETS

Section 1.1 Transfer. Upon request from one party ("Recipient"), the other party ("Transferor") shall transfer to the Recipient those Assets requested by Recipient, provided that (i) Transferor believes, in its reasonable judgment, that such transfer will not jeopardize Transferor's ability to render electric utility service to its customers consistent with Good Utility Practice and, for DE Carolinas, such a transfer is consistent with the priority of service condition approved by the NCUC by Order dated October 30, 2006, in Docket No. E-7, Sub 810; (ii) the Cost of any shipment of transmission- or generation-related item(s) does not exceed $10,000,000; (iii) DE~~ Carolinas and PE~~ Carolinas shall not transfer any Asset hereunder in contravention of S.C. Code Ann. § 58-27-1300; (iii) DE Kentucky shall not transfer any Asset hereunder in contravention of KRS 278.218; (iv) DE~~ Carolinas and PE~~ Carolinas shall not transact with DE Ohio's generation operation under this Agreement and shall not transact with DE Kentucky or DE Indiana for purposes of circumventing or avoiding this prohibition; and (v) DE Carolinas~~ and PE Carolinas~~ shall not transfer or take receipt of any transmission transformers or other equipment under this Agreement other than transmission-related equipment that may be used on/with transformers within a range of voltages or regardless of voltage. "Assets" means parts inventory, capital spares, equipment and other goods except for the following: coal; natural gas; fuel oil used for electric power generation; emission allowances; electric power; and environmental control reagents. "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the United States during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, method, or acts generally accepted in the region~~.~~

Section 1.2 Compensation. Except to the extent otherwise required by Section 482 of the Internal Revenue Code or analogous state tax law, Recipient shall compensate Transferor for any Assets transferred hereunder at Cost; provided however that any transfers of electric generation-related Assets between DE Ohio, on the one hand, and DE Indiana, or DE Kentucky on the other hand, will be priced in accordance with Federal Energy Regulatory Commission's ("FERC") affiliate transaction pricing requirements. Accordingly, generation-related Assets transferred from DE Indiana or DE Kentucky to DE Ohio shall be priced at the greater of Cost or market, and generation-related Assets transferred from DE Ohio to DE Indiana or DE Kentucky shall be priced at no more than market. "Cost" means (i) for items of inventory accounted for in the FERC Uniform System of Accounts account 154 ("Inventory Items"), the average unit price of such Inventory Items as recorded on the books of the Transferor, plus stores, freight, handling, and other applicable costs, and (ii) for assets other than Inventory Items, net book value.

Alternatively, to the extent that an Asset may be transferred under this Agreement, the Transferor and Recipient may agree that the Asset transferred to the Recipient be replaced in kind. In this event, Transferor and Recipient shall agree to the timing of such replacement, and other necessary terms and conditions, and such in-kind replacement shall be deemed a transferred Asset for all purposes hereunder.

Section 1.3 Payment. Each Operating Company shall reasonably cooperate with each other Operating Company to record billings and payments required hereunder in their common accounting systems.

Section 1.4 Delivery; Title and Risk of Loss. The parties shall cooperate in providing transportation equipment necessary to deliver the Assets to the Recipient. Assets will be delivered FOB transportation equipment at the Transferor's location where such Assets reside ("Shipping Point"). All costs of transportation, including the cost of transporting in-kind replacement Assets to Transferor, shall be borne by the Recipient. Title to and risk of loss of the transferred Assets shall pass from the Transferor to the Recipient at the Shipping Point.

ARTICLE 2. WARRANTIES

Section 2.1 Warranties. Each Operating Company, as Transferor, warrants that it will have good and marketable title to the Assets transferred hereunder. Further, each Operating Company, as Transferor, warrants that it shall obtain release of any liens or other encumbrances on the transferred Assets within a reasonable time. ALL ASSETS TRANSFERRED HEREUNDER ARE BEING SOLD "AS IS, WHERE IS" AND WITHOUT ANY WARRANTY AS TO ITS CONDITION, INCLUDING WITHOUT ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 2.2 Disclaimer. WITH RESPECT TO ANY ASSETS TRANSFERRED HEREUNDER, EACH OPERATING COMPANY AS TRANSFEROR MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 2.1, 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 SUCH ASSETS. 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.

ARTICLE 3. INDEMNIFICATION

Section 3.1 Indemnification; Limitation of Liability.

(a) Subject to subparagraph (b) of this Section 3.1, each party (the "Indemnifying Party") shall release, defend, indemnify and hold harmless the other party (the "Indemnified Party"), 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 Indemnified Party arising, directly or indirectly, from or in connection with Indemnifying Party's negligence or willful misconduct in the performance of its obligations hereunder.

(b) Notwithstanding any other provision hereof, each party's total liability hereunder with respect to any Assets shall be limited to the amount actually paid to Transferor for such Assets for which the liability arises, and under no circumstances shall Transferor 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 3.2 Procedure for Indemnification. Within 15 business days after receipt by an Indemnified Party 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, the Indemnified Party shall notify the Indemnifying Party thereof in writing (it being understood that failure so to notify the Indemnifying Party shall not relieve the latter of its indemnification obligation, unless the Indemnifying Party establishes that defense thereof has been prejudiced by such failure). Thereafter, the Indemnifying Party shall be entitled to participate in such Proceeding and, at its election upon notice to such Indemnified Party and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Indemnified Party, Indemnifying Party 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 Indemnified Party for which such Indemnified Party is not entitled to indemnification hereunder. If such Indemnified Party has given timely notice to Indemnifying Party of the commencement of such Proceeding, but Indemnifying Party has not, within 15 business days after receipt of such notice, given notice to Indemnified Party of its election to assume the defense thereof, Indemnifying Party shall be bound by any determination made in such Proceeding or any compromise or settlement made by Indemnified Party. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Indemnified Party to Indemnifying Party.

ARTICLE 4. MISCELLANEOUS

Section 4.1 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 4.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by either party upon not less than 30 days prior written notice to the other party. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of the parties hereto.

Section 4.3 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 4.4 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 4.5 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 party hereto without the prior written consent of the other party. 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 4.6 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 4.7 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 4.8 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 4.9 DE Carolinas Conditions~~ and PE Carolinas~~. In addition to the terms and conditions set forth herein, with respect to DE Carolinas~~ and PE Carolinas~~, the provisions set out in Exhibit A are hereby incorporated herein by reference. In addition, except with respect to the pricing of Asset transfers as set forth herein, DE~~ Carolinas' and PE~~ Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued ~~————, ————,~~March 24, 2006, in Docket No. E-7, Sub ~~986 and E-2, Sub 998~~795 ("Merger Order"), as such Regulatory Conditions and Code of Conduct may be amended from time to time. In accordance with Regulatory Condition 9 as approved in the Merger Order, nothing in this Agreement shall be construed or interpreted so as to commit DE~~ Carolinas or PE~~ Carolinas, or to involve DE Carolinas~~ or PE Carolinas~~ in, joint planning, coordination, or operation of generation, transmission, or distribution facilities with one or more affiliates nor shall it be interpreted as otherwise altering DE~~ Carolinas' or PE~~ Carolinas' obligations with respect to the Regulatory Conditions approved in the Merger Order. In the event of a conflict between the provisions of this Agreement and the Regulatory Conditions and Code, the Regulatory Conditions and Code shall govern, except as altered by the Commission by Order for this Agreement.

Section 4.10 DE Indiana Conditions. DE Indiana agrees and acknowledges that in accordance with its Affiliate Standards, Section II O (i) it will make Assets available to non-affiliated wholesale power marketers under the same terms, conditions and prices, and at the same time, as it makes Assets available to a DE Ohio's wholesale power marketing function, and (ii) it will process all requests for Assets from DE Ohio's wholesale power marketing function and non-affiliated wholesale power marketers on a non-discriminatory basis.

Section 4.11 Regulatory Approvals. This Agreement is expressly contingent on the receipt of all regulatory approvals or waivers deemed necessary by the parties.

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 Carolinas, LLC.

By: __________________________
~~Nancy M. Wright~~Richard G. Beach
Assistant Secretary

Duke Energy Indiana, Inc.

By: __________________________
~~Nancy M. Wright~~Richard G. Beach
Assistant ~~Corporate~~ Secretary

Duke Energy Ohio, Inc.

By: __________________________
~~Nancy M. Wright~~Richard G. Beach
Assistant ~~Corporate~~ Secretary

Duke Energy Kentucky, Inc.

By: __________________________
~~Nancy M. Wright~~Richard G. Beach
Assistant ~~Corporate~~ Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.
By: __________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

Florida Power Corporation d/b/a Progress Energy Florida, Inc.
By: __________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

EXHIBIT A

DE ~~CAROLINAS and PE~~ CAROLINAS CONDITIONS

In connection with the North Carolina Utilities Commission ("NCUC") approval of the Merger in NCUC Docket No. E-7, Sub ~~986 and Docket No. E-2, Sub 998,~~ 795, the NCUC imposed certain Regulatory Conditions ("Regulatory Conditions") and adopted a revised Code of Conduct governing transactions between DE Carolinas and its affiliates ("Code of Conduct"). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DE ~~Carolinas and PE~~ Carolinas and considered to be incorporated into the Intercompany Asset Transfer Agreement filed in Docket No. E-7, Sub 844:

(1) DE Carolinas' ~~and PE Carolinas'~~ participation in this Agreement is voluntary. ~~Neither~~ DE Carolinas ~~or PE Carolinas~~ is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE Carolinas ~~or PE Carolinas~~ may elect to discontinue its participation in this Agreement at its election after giving notice under Section 4.2 of the Agreement.

(2) ~~Neither DE Carolinas nor PE~~DE Carolinas 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.

(3) ~~Neither DE Carolinas nor PE~~DE Carolinas 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

(4) DE ~~Carolinas and PE~~ Carolinas 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.

(5) DE Carolinas' authority to engage in transfers pursuant to this Agreement at cost-based pricing as an exception to its Code of Conduct is limited to single Asset transfers where the Cost of such Asset does not exceed $100,000. The annual aggregate limit on (i) transfers of Assets hereunder at cost-based pricing as an exception to DE Carolinas' Code of Conduct; plus (ii) transactions/services rendered to and from DE Carolinas under Section III(D)(3)(d) of the Code of Conduct, shall be $8.5 million on a DE Carolinas total company basis. Any transfers of Assets above the single item/transaction limit shall be priced according to Sections III(D)(3)(a) and III(D)(3)(b) of DE Carolinas' Code of Conduct. Any proposed transfers over the aggregate annual limit are outside the scope of this Agreement and will be filed with the Commission pursuant to N.C. Gen. Stat. § 62-153.

(~~5~~6) DE ~~Carolinas and PE~~ Carolinas shall retain appropriate documentation verifying compliance with the terms hereof for Public Staff and NCUC review.

(~~6~~7) DE ~~Carolinas and PE~~ Carolinas shall submit to the NCUC for approval any changes in the terms and conditions of this Agreement having or likely to have a material effect on DE Carolinas ~~or PE Carolinas~~.

(8) DE Carolinas shall file a separate detailed report in this docket with respect to all transfers engaged in by Duke pursuant to the Agreement.

(~~7~~9) DE Carolinas ~~and PE Carolinas acknowledge and agree~~acknowledges and agrees that for ratemaking purposes, NCUC approval of DE ~~Carolinas' and PE~~ Carolinas' participation in this Agreement does not constitute approval of the amount of compensation paid with respect to transactions pursuant to the Agreement, and that the authority granted by the NCUC is without prejudice to the right of any party to take issue with any provision of the Agreement or with any transaction pursuant thereto in a future proceeding.

SERVICE COMPANY
UTILITY SERVICE AGREEMENT

This Service Company Utility Service Agreement (this "Agreement"), dated July 2, 2012 (the "Effective Date") is by and among Duke Energy Carolinas, LLC ("DE-Carolinas"), a North Carolina limited liability company, Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-Carolinas"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"), Progress Energy Service Company, LLC, a North Carolina limited liability company ("PESC"), and Duke Energy Business Services LLC, a Delaware limited liability company ("DEBS"), (DEBS and PESC are sometimes hereinafter referred to individually as a "Service Company" and collectively as the "Service Companies") (DE-Carolinas, DE-Ohio, DE-Indiana, DE-Kentucky, PE-Carolinas, PE-Florida, and Miami are sometimes hereinafter referred to individually as a "Client Company" and collectively as the "Client Companies"). This Agreement supersedes and replaces in its entirety the Second Amended and Restated Utility Service Agreement dated September 1, 2008.

WITNESSETH

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

WHEREAS, the Service Companies and the Client Companies have entered into this Agreement whereby the Service Companies 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 Companies of services as herein provided;

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

ARTICLE I – SERVICES

Section 1.1 The Service Companies 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 Companies shall also provide Client Companies with such special services, including without limitation cost management 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 Companies may (i) 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, and (ii) tender payments to third parties as agent for and on behalf of Client Companies, with such charges being passed through to the appropriate Client Companies.

Section 1.2 Each of the Client Companies shall take from the Service Companies 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 Companies 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 Companies without the necessity of an amendment to this 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 Companies 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. Such notice shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

Section 2.3 The Service Companies 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 each Service Company all charges billed to it. For avoidance of doubt, the Service Companies and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 2.4 Subject to Section 482 of the Internal Revenue Code, it is the intent of this Agreement that the payment for services rendered by the Service Companies 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 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 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 Companies 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 Companies shall utilize the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Section 4.2 The Service Companies 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 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 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; 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 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 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 5.5 Amendments. This 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 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 Agreement unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this 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 Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this 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 DE-Carolinas and PE Carolinas Conditions. In addition to the terms and conditions set forth herein, with respect to DE-Carolinas and PE Carolinas, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, DE-Carolinas' and PE-Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued, in NCUC Docket No. E-7, Sub 986 and Docket No. E-2, Sub 998. In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.

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 BUSINESS SERVICES LLC

By: ______________________
Nancy M. Wright
Assistant Secretary

DUKE ENERGY CAROLINAS, LLC

By: ______________________
Nancy M. Wright
Assistant Secretary

DUKE ENERGY OHIO, INC.

By: ______________________
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY INDIANA, INC.

By: ______________________
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY KENTUCKY, INC.

By: ______________________
Nancy M. Wright
Assistant Corporate Secretary

MIAMI POWER CORPORATION

By: ______________________
Nancy M. Wright
Assistant Corporate Secretary

CAROLINA POWER & LIGHT COMPANY d/b/a
PROGRESS ENERGY CAROLINAS, INC.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

FLORIDA POWER CORPORATION d/b/a
PROGRESS ENERGY FLORIDA, INC.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

PROGRESS ENERGY SERVICE COMPANY, LLC

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

APPENDIX A

Description of Services and Determination of Charges for Services

I. The Service Companies 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: 1 cubic foot of gas sales equals 0.303048 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. "Distribution" means electric distribution and local gas distribution as applicable.

5. "Distribution Lines" mean electric power lines at distribution voltages measured in circuit miles, and gas mains and lines, as applicable.

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:

		Company A		Company B	
Activity	Weight	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	34%	60.00%	20.40%	40.00%	13.60%
	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 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. Miles of Distribution Lines Ratio

In the case of electric Distribution, a ratio, based on the applicable installed circuit miles of domestic electric Distribution Lines, and in the case of gas Distribution, a ratio, based on the applicable installed miles of domestic gas Distribution Lines, in either case 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.

19. Number of Meters Ratio

A ratio, based on the number of electric and/or gas meters, as applicable, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. Separate ratios will be computed for appropriate meter classifications (e.g., type of metering technology). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. <u>O&M Expenditures Ratio</u>

A ratio, based on the operation and maintenance (O&M) expenditures for a prior twelve 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 O&M expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually.

V. A description of each Function's activities, which may be modified from time to time by the Service Companies, 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 Agreement shall exclude costs of a general nature which have been allocated to affiliated companies not a party to this 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. Any such substitution or changes shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

1. <u>Information Systems</u>

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. System Maintenance

   a. Description of Function

      Coordinates maintenance and support of electric transmission systems and Distribution systems.

   b. Method of Allocation

      (1) Services related to electric transmission systems - allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.

      (2) Services related to electric Distribution systems - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.

(3) Services related to gas Distribution systems – allocated to the Client Companies based on the Labor Dollars Ratio.

5. <u>Marketing and Customer Relations</u>

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. <u>Transmission and Distribution Engineering and Construction</u>

a. Description of Function

Designs and monitors construction of electric transmission and Distribution Lines and associated facilities. 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 Distribution plant's Construction-Expenditures Ratio.

7. Power Engineering and Construction

   a. Description of Function

      Designs, monitors and supports the construction and retirement of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units, improvements to existing electric generating units, and the retirement of existing electric generating equipment, including developing associated operating processes with operations personnel. Prepares cost and schedule estimates and visits construction sites to ensure that construction and retirement activities meet schedules and 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 and Gas Planning and Operations

a. Description of Function

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

(1) System Planning - planning of additions and retirements to the electric generation units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.

(2) System Operations - coordination of the dispatch and operation of the electric generating units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.

(3) Power Operations – provides management and support services for the electric generation units owned or operated by subsidiaries of Duke Energy Corporation.

(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) Electric Distribution planning - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.

(d) Gas Distribution planning – allocated to the Client Companies based on the Construction-Expenditures 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) Electric Distribution Operations - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.

(d) Gas Distribution Operations – allocated to the Client Companies based on the Construction-Expenditures 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 Distribution system - allocated to the Client Companies based on the Miles of 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.

APPENDIX B

DE-CAROLINAS CONDITIONS

1. In connection with the NCUC approval the Merger in NCUC Docket No. E-7, Sub 986 and Docket No. E-2, Sub 998, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between DE-Carolinas, PE-Carolinas and their affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to DE-Carolinas and PE Carolinas:

(a) DE-Carolinas' and PE-Carolinas' participation in this Agreement is voluntary. Neither DE-Carolinas nor PE-Carolinas is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE-Carolinas or PE-Carolinas may elect to discontinue its participation in this Agreement at its election after giving notice under Section 3.1 of the Agreement.

(b) Neither DE-Carolinas nor PE-Carolinas may 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) Neither DE-Carolinas nor PE-Carolinas may 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 to the extent that requesting FERC review and authorization pursuant to Section 1275(b) of Subtitle F in Title XII of PUHCA 2005, as provided in Regulatory Condition No. 21; may be determined to have preemptive effect under the law, DE-Carolinas nor PE-Carolinas will 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. With respect to the transfer by DE-Carolinas or PE-Carolinas under this Agreement of the control of, operational responsibility for, or ownership of any DE-Carolinas or PE-Carolinas 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) Neither DE-Carolinas nor PE-Carolinas 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) Neither DE-Carolinas nor PE-Carolinas 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.

SERVICE COMPANY
UTILITY SERVICE AGREEMENT

This Service Company Utility Service Agreement (this ""Agreement")), dated ~~July 2, 2012~~____________ (the "Effective Date") is by and among Duke Energy Carolinas, LLC ("DE-Carolinas"), a North Carolina limited liability company, Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-Carolinas"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"), Progress Energy Service Company, LLC, a North Carolina limited liability company ("PESC"), and Duke Energy Business Services LLC, a Delaware limited liability company ("DEBS"), (DEBS and PESC are sometimes hereinafter referred to individually as a "Service Company" and collectively as the "Service Companies") (DE-Carolinas, DE-Ohio, DE-Indiana, DE-Kentucky, PE-Carolinas, PE-Florida, Progress Energy Service Company, and Miami are sometimes hereinafter referred to individually as a "Client Company" and collectively as the "Client Companies"). This Agreement supersedes and replaces in its entirety the Second Amended and Restated Utility Service Agreement dated September 1, 2008.

WITNESSETH

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

WHEREAS, the Service Companies and the Client Companies have entered into this Agreement whereby the Service Companies 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

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

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

ARTICLE I – SERVICES

Section 1.1 The Service Companies 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 Companies shall also provide Client Companies with such special services, including without limitation cost management 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 Companies may (i) 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, and (ii) tender payments to third parties as agent for and on behalf of Client Companies, with such charges being passed through to the appropriate Client Companies.

Section 1.2 Each of the Client Companies shall take from the Service Companies 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 Companies 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 Companies without the necessity of an amendment to this 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 Companies 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. Such notice shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

Section 2.3 The Service Companies 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 each Service Company all charges billed to it. For avoidance of doubt, the Service Companies and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 2.4 Subject to Section 482 of the Internal Revenue Code, it is the intent of this Agreement that the payment for services rendered by the

Service Companies 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 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 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 Companies 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 Companies shall utilize the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Section 4.2 The Service Companies 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 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 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; 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 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 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 5.5 Amendments. This 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 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 Agreement unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this 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 Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this 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 DE-~~Carolinas and PE-~~Carolinas Conditions. In addition to the terms and conditions set forth herein, with respect to DE-Carolinas~~ and PE Carolinas~~, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, DE-~~Carolinas' and PE~~-Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued~~,~~ March 24, 2006, in NCUC Docket No. E-7, Sub ~~986 and Docket No. E-2, Sub 998.~~795. In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.

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 BUSINESS SERVICES LLC

~~By:~~ ______________________
~~Nancy M. Wright~~
By: ______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY CAROLINAS, LLC

~~By:~~ ______________________
~~Nancy M. Wright~~
By: ______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY OHIO, INC.

~~By:~~ ______________________
~~Nancy M. Wright~~
By: ______________________
Richard G. Beach
Assistant ~~Corporate~~ Secretary

DUKE ENERGY INDIANA, INC.

~~By:~~ ______________________
~~Nancy M. Wright~~
By: ______________________
Richard G. Beach
Assistant ~~Corporate~~ Secretary

DUKE ENERGY KENTUCKY, INC.

~~By:~~ ______________________________

~~Nancy M. Wright~~

By: ___________________________

Richard G. Beach
Assistant ~~Corporate~~ Secretary

MIAMI POWER CORPORATION

~~By:~~ ______________________________

~~Nancy M. Wright~~

By ___________________________

Richard G. Beach
Assistant ~~Corporate~~ Secretary

CAROLINA POWER & LIGHT COMPANY d/b/a
PROGRESS ENERGY CAROLINAS, INC.

~~By:~~ _________________________

~~Nancy M. Wright~~

~~Assistant Secretary~~By _________________________

FLORIDA POWER CORPORATION d/b/a
PROGRESS ENERGY FLORIDA, INC.

By~~:~~ _________________________

~~Nancy M. Wright~~
~~Assistant Secretary~~

PROGRESS ENERGY SERVICE COMPANY, LLC

~~By:~~ _________________________

~~Nancy M. Wright~~

~~Assistant Secretary~~By _________________________

Description of Services and Determination
<u>of Charges for Services</u>

I. The Service Companies 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: 1 cubic foot of gas sales equals 0.303048 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. “Distribution” means electric distribution and local gas distribution as applicable.

5. “Distribution Lines” mean electric power lines at distribution voltages measured in circuit miles, and gas mains and lines, as applicable.

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:

		Company A		Company B	
Activity	Weight	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	34%	60.00%	20.40%	40.00%	13.60%
	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 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. Miles of Distribution Lines Ratio

In the case of electric Distribution, a ratio, based on the applicable installed circuit miles of domestic electric Distribution Lines, and in the case of gas Distribution, a ratio, based on the applicable installed miles of domestic gas Distribution Lines, in either case 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.

19. Number of Meters Ratio

A ratio, based on the number of electric and/or gas meters, as applicable, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. Separate ratios will be computed for appropriate meter classifications (e.g., type of metering technology). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. <u>O&M Expenditures Ratio</u>

A ratio, based on the operation and maintenance (O&M) expenditures for a prior twelve 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 O&M expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually.

V. A description of each Function's activities, which may be modified from time to time by the Service Companies, 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 Agreement shall exclude costs of a general nature which have been allocated to affiliated companies not a party to this 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. Any such substitution or changes shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

1. <u>Information Systems</u>

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. System Maintenance

   a. Description of Function

      Coordinates maintenance and support of electric transmission systems and Distribution systems.

   b. Method of Allocation

      (1) Services related to electric transmission systems - allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.

(2) Services related to electric Distribution systems - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.

(3) Services related to gas Distribution systems – allocated to the Client Companies based on the Labor Dollars 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. Transmission and Distribution Engineering and Construction

a. Description of Function

Designs and monitors construction of electric transmission and Distribution Lines and associated facilities. 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 Distribution plant's Construction-Expenditures Ratio.

7. Power Engineering and Construction

a. Description of Function

Designs, monitors and supports the construction and retirement of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units, improvements to existing electric generating units, and the retirement of existing electric generating equipment, including developing associated operating processes with operations personnel. Prepares cost and schedule estimates and visits construction sites to ensure that construction and retirement activities meet schedules and 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. <u>Facilities</u>

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. <u>Accounting</u>

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. <u>Power and Gas Planning and Operations</u>

a. Description of Function

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

(1) System Planning - planning of additions and retirements to the electric generation units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.

(2) System Operations - coordination of the dispatch and operation of the electric generating units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.

(3) Power Operations – provides management and support services for the electric generation units owned or operated by subsidiaries of Duke Energy Corporation.

(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) Electric Distribution planning - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.

(d) Gas Distribution planning – allocated to the Client Companies based on the Construction-Expenditures 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) Electric Distribution Operations - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.

(d) Gas Distribution Operations – allocated to the Client Companies based on the Construction-Expenditures 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 Distribution system - allocated to the Client Companies based on the Miles of 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.

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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.

DE-CAROLINAS CONDITIONS

1. In connection with the NCUC approval the Merger in NCUC Docket No. E-7, Sub ~~986 and Docket No. E-2, Sub 998,~~795, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between DE-Carolinas~~, PE-Carolinas~~ and ~~their~~its affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to DE-Carolinas~~ and PE-Carolinas~~:

(a) DE-Carolinas' ~~and PE-Carolinas'~~ participation in this Agreement is voluntary. ~~Neither~~ DE-Carolinas ~~nor PE-Carolinas~~ is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE-~~Carolinas or PE~~-Carolinas may elect to discontinue its participation in this Agreement at its election after giving notice under Section 3.1 of the Agreement.

(b) ~~Neither~~ DE-Carolinas ~~nor PE-Carolinas~~ 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) ~~Neither~~ DE-Carolinas ~~nor PE-Carolinas~~ 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 to the extent that requesting FERC review and authorization pursuant to Section 1275(b) of Subtitle F in Title XII of PUHCA 2005, as provided in Regulatory Condition No. ~~21;~~21, may be determined to have preemptive effect under the law, DE-Carolinas ~~nor PE-Carolinas~~ 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. With respect to the transfer by DE-Carolinas~~ or PE-Carolinas~~ under this Agreement of the control of, operational responsibility for, or ownership of any DE-~~Carolinas or PE~~-Carolinas 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) ~~Neither DE-Carolinas nor PE~~DE-Carolinas 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) ~~Neither DE-Carolinas nor PE~~DE-Carolinas 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.

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 July 2, 2012 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 ("Agreement"). This Agreement supersedes and replaces in its entirety the Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income and Tax Liabilities and Benefits dated October 1, 2008.

1. DEFINITIONS

"Affiliate" means a corporation, or a company that is treated as a corporation or a company wholly owned by an entity treated as a corporation that is disregarded for purposes of U.S. federal income taxation, other than the common parent which is a Member of the Affiliated Group.

"Affiliated Group" means a group of corporations, or companies that are treated as corporations or disregarded for purposes of U.S. federal income taxation, as defined in Internal Revenue Code ("IRC") section 1504 and the regulations enacted thereunder,

"Consolidated Group" means a group filing (or required to file) consolidated returns for the tax year.

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

"Corporate taxable income" is the positive taxable income of an Affiliate 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 Affiliates shall be disregarded, and other intercompany transactions, eliminated in consolidation, shall be given appropriate effect.

"Corporate taxable loss" is the taxable loss of an Affiliate for a tax year, computed as though such entity had filed a Separate return on the same basis as used in the consolidated return, except that dividend income from

Affiliates 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 Affiliate for a tax year, equal to the amount by which the consolidated regular tax is reduced by including the Corporate taxable loss of such Affiliate 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.

"Group" means a group of Affiliates as defined in IRC section 1504.

"Separate return" is the tax liability calculated on the taxable income or loss of an Affiliate as though such entity were not a Member of a Consolidated Group.

"Member" is an Affiliate, including a Regulated Business as indicated in section 3 herein, which is part of the Affiliated Group as defined in IRC section 1504 that files consolidated tax returns and 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. FILING OF RETURNS

A U.S. consolidated federal income tax return shall be filed by Duke Energy as the common parent for the tax year ended December 31, 2008, and for each subsequent taxable period for which the Affiliated Group is required or permitted to do so. Each Member of the Affiliated Group consents to the filing by Duke Energy of consolidated federal income tax returns for all taxable periods in which it is eligible to be a member of the Affiliated Group. Duke Energy and each Member of the Affiliated Group agrees to execute and file such consents, elections and other documents, and to take such other action as may be necessary, required or appropriate for the proper filing of such returns. Duke Energy will timely pay the Affiliated Group's federal income tax liability for each taxable year.

3. 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 a 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 tax due on 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 4 through 7 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 taxable or regarded entity for U.S. federal income tax purposes and (ii) utilizing the separate "taxable income" method.

4. ALLOCATION PROCEDURES FOR CONSOLIDATED FEDERAL INCOME TAXES

For all taxable periods, Duke Energy shall calculate the consolidated federal income tax liability (including, if applicable, alternative minimum tax liability) of the Affiliated Group for the period. The Members agree that their respective shares of the Consolidated tax liability for each year shall be an amount equal to the amount determined under the income method in accordance with IRC 1552(a)(2)[1], with the absorption of tax benefits determined under the percentage method in accordance with Treas. Reg. section 1.1502-33(d)(3)[2], using 100% as the applicable percentage for allocation of any excess of a member's Separate return liability over that determined under the income method. To the extent that the Consolidated Group federal income tax liability is reduced by a loss or tax credit available to it as a result of the inclusion of a Member in the consolidated federal income tax return, Duke Energy shall make a payment or an inter-company account adjustment for the amount of the benefit to the Member as determined in accordance with this section.

To illustrate the above, the Consolidated tax liability shall be allocated among the Members of the Group utilizing the separate return "taxable income" allocation method attributable to each Member, in the following manner:

a) Each Member, which has a Corporate taxable loss, will be entitled to a Corporate payment or intercompany 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.

[1] Under IRC 1551(a)(2), tax liability is allocated to the several members of the group on the basis of the percentage of the total tax which the tax of such member if computed on a separate return would bear to the total amount of the taxes for all members of the group so computed.

[2] The percentage method under this regulation "allocates tax liability based on the absorption of tax attributes, without taking into account the ability of any member to subsequently absorb its own tax attributes. The allocation under this method is in addition to the allocation under section 1552."

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 taxable 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.

5. 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 and the Members agree to settle between them the difference, if any, between the allocable federal income tax liability as determined under this Agreement and the sum of all payments or inter-company adjustments previously made relating to that tax year no later than ninety (90) days after the filing of the consolidated Federal income tax return.

6. 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.

7. 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.

8. NEW MEMBERS

If, at any time, a corporation becomes a Member of the affiliated group, the parties hereto agree that such new Member shall 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, effective as of the day they become a member of the Affiliated Group that elects to file a consolidated return.

9. 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.

10. 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.

11. 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.

12. 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.

13. EFFECTIVE DATE

This Agreement is effective for the allocation of the current Federal income tax liabilities of the Members for the consolidated tax year 201_ 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 entity.

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: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY CORP.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY BUSINESS SERVICES LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY OHIO, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY INDIANA, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

SOUTH CONSTRUCTION COMPANY, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY KENTUCKY, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY CAROLINAS, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

MIAMI POWER CORPORATION

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

TRI-STATE IMPROVEMENT COMPANY

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

KO TRANSMISSION COMPANY

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CINERGY INVESTMENTS, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY TECHNOLOGY, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY COMMERCIAL ENTERPRISES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY GLOBAL POWER, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CINERGY GLOBAL RESOURCES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY COMMERCIAL ASSET MANAGEMENT, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE TECHNOLOGIES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY RETAIL SALES, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DE NUCLEAR ENGINEERING, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DETMI MANAGEMENT, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY MARKETING AMERICA, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY REGISTRATION SERVICES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY SERVICES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE VENTURES, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKENET VENTURECO, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

EASTOVER MINING COMPANY

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY CHINA CORP.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Corporate Services, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Energy, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Power Corporation d/b/a Progress Energy Florida, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CaroFund, Inc.
(by its parent, Carolina Power & Light Company)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Capitan Corporation
(by its parent, Carolina Power & Light Company)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Energy EnviroTree, Inc.
(by its parent, Carolina Power & Light Company)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Strategic Resource Solutions Corp.
(by its parent company Progress Energy, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Ventures Holdings, Inc.
(by its parent, Progress Energy, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Ventures, Inc.
(by its parent, Progress Energy, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Progress Corporation

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Progress Funding Corporation

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Capital Holdings, Inc.
(by its parent, Florida Progress Corporation)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH Tax Credit Fund III, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH Tax Credit Fund IV, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH Tax Credit Fund V, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Telecommunications Corporation
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Fuels Corporation

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Synfuel Holdings, Inc.
(by its parent, Progress Fuel Corporation)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE COMMUNICATIONS HOLDINGS, INC.

By: ______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY GENERATION SERVICES HOLDING COMPANY, INC.

By: ______________________
Richard G. Beach
Assistant Secretary

DUKE-CADENCE, INC.

By: ______________________
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS COMMUNICATIONS, INC.

By: ______________________
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS, INC.

By: ______________________
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL HOLDINGS, INC.

By: ______________________
Richard G. Beach
Secretary

DEGS OF TUSCOLA, INC

By: ______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY ONE, INC.

By: ______________________
Richard G. Beach
Assistant Secretary

DUKE–RELIANT RESOURCES, INC.

By:______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY GENERATION SERVICES, INC.

By:______________________
Richard G. Beach
Assistant Secretary

CINERGY WHOLESALE ENERGY, INC.

By:______________________
Richard G. Beach
Assistant Secretary

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By:______________________
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS - UTILITY, INC.

By:______________________
Richard G. Beach
Assistant Secretary

CALDWELL POWER COMPANY

By:______________________
Richard G. Beach
Assistant Secretary

CATAWBA MANUFACTURING AND ELECTRIC POWER COMPANY

By:______________________
Richard G. Beach
Assistant Secretary

CLAIBORNE ENERGY SERVICES, INC.

By:______________________
Richard G. Beach
Assistant Secretary

DIXILYN-FIELD DRILLING COMPANY

By: ______________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY MARKETING CORP.

By: ______________________________
Richard G. Beach
Assistant Secretary

EASTOVER LAND COMPANY

By: ______________________________
Richard G. Beach
Assistant Secretary

ENERGY PIPELINES INTERNATIONAL COMPANY

By: ______________________________
Richard G. Beach
Assistant Secretary

GREENVILLE GAS AND ELECTRIC LIGHT AND POWER COMPANY

By: ______________________________
Richard G. Beach
Assistant Secretary

SOUTHERN POWER COMPANY

By: ______________________________
Richard G. Beach
Assistant Secretary

WESTERN CAROLINA POWER COMPANY

By: ______________________________
Richard G. Beach
Assistant Secretary

WATEREE POWER COMPANY

By: ______________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY TRANSMISSION HOLDING COMPANY, LLC

By: ____________________
Richard G. Beach
Assistant Secretary

Catamount Energy Corporation

By: ____________________
Richard G. Beach
Assistant Secretary

Catamount Rumford Corporation

By: ____________________
Richard G. Beach
Assistant Secretary

Catamount Sweetwater Corporation

By: ____________________
Richard G. Beach
Assistant Secretary

CEC UK1 Holding Corp.

By: ____________________
Richard G. Beach
Assistant Secretary

CEC UK2 Holding Corp.

By: ____________________
Richard G. Beach
Assistant Secretary

Equinox Vermont Corporation

By: ____________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY GROUP HOLDINGS, LLC

By: ______________________
Donna T. Council
Assistant Treasurer

DUKE PROJECT SERVICES, INC.

By: ______________________
Donna T. Council
Assistant Treasurer

PANENERGY CORP

By: ______________________
Donna T. Council
Assistant Treasurer

CINERGY RETAIL POWER GENERAL, INC.

By: ______________________
Greer E. Mendelow
Assistant Secretary

BISON INSURANCE COMPANY LIMITED

By: ______________________
Swati V. Daji
President

NORTHSOUTH INSURANCE COMPANY LIMITED

By: ______________________
Swati V. Daji
President

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For purposes of allocating the consolidated federal and state tax liabilities and tax benefits under this Agreement, each business operating as a 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~~member of the Consolidated Group, and shall be responsible for ~~tax due on~~ 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 4 through 7 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 taxable or regarded entity for U.S. federal income tax purposes and (ii) utilizing the separate "taxable income" method.

4. ALLOCATION PROCEDURES FOR CONSOLIDATED FEDERAL INCOME TAXES

For all taxable periods, Duke Energy shall calculate the consolidated federal income tax liability (including, if applicable, alternative minimum tax liability) of the Affiliated Group for the period. The Members agree that their respective shares of the Consolidated tax liability for each year shall be an amount equal to the amount determined under the income method in accordance with IRC 1552(a)(2)[1], with the absorption of tax benefits determined under the percentage method in accordance with Treas. Reg. section 1.1502-33(d)(3)[2], using 100% as the applicable percentage for allocation of any excess of a member's Separate return liability over that determined under the income method. To the extent that the Consolidated Group federal income tax liability is reduced by a loss or tax credit available to it as a result of the inclusion of a Member in the consolidated federal income tax return, Duke Energy shall make a payment or an inter-company account adjustment for the amount of the benefit to the Member as determined in accordance with this section.

To illustrate the above, the Consolidated tax liability shall be allocated among the Members of the Group utilizing the separate return "taxable income" allocation method attributable to each Member, in the following manner:

a) Each Member, which has a Corporate taxable loss, will be entitled to a Corporate ~~payment or intercompany~~tax credit equal to the amount by which the consolidated regular income tax is reduced by including

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[1] Under IRC 1551(a)(2), tax liability is allocated to the several members of the group on the basis of the percentage of the total tax which the tax of such member if computed on a separate return would bear to the total amount of the taxes for all members of the group so computed.

[2] The percentage method under this regulation "allocates tax liability based on the absorption of tax attributes, without taking into account the ability of any member to subsequently absorb its own tax attributes. The allocation under this method is in addition to the allocation under section 1552."

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 taxable 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.

5. 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 and the Members agree to settle between them the difference, if any, between the allocable federal income tax liability as determined under this Agreement and the sum of all payments or inter-company adjustments previously made relating to that tax year ~~no later than ninety (90) days after the filing of the consolidated Federal income tax return.~~by means of actual payments, in the case of Regulated companies, or adjustments to their respective inter-company accounts.

6. 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.

7. 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.

8. NEW MEMBERS

If, at any time, a corporation becomes a Member of the affiliated group, the parties hereto agree that such new Member shall 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, effective as of the day they become a member of the Affiliated Group that elects to file a consolidated return.

9. 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.

10. 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.

11. 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.

12. 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.

13. EFFECTIVE DATE

This Agreement is effective for the allocation of the current Federal income tax liabilities of the Members for the consolidated tax year ~~201~~ 2011 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 entity.

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:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~CINERGY CORP.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~DUKE ENERGY BUSINESS SERVICES LLC~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DUKE ENERGY OHIO, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~DUKE ENERGY INDIANA, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~SOUTH CONSTRUCTION COMPANY, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DUKE ENERGY KENTUCKY, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~DUKE ENERGY CAROLINAS, LLC~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~MIAMI POWER CORPORATION~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~TRI-STATE IMPROVEMENT COMPANY~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~KO TRANSMISSION COMPANY~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~CINERGY INVESTMENTS, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~CINERGY TECHNOLOGY, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DUKE ENERGY COMMERCIAL ENTERPRISES, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~CINERGY GLOBAL POWER, INC.~~

~~By:~~ ______________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~CINERGY GLOBAL RESOURCES, INC.~~

~~By:~~________________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~DUKE ENERGY COMMERCIAL ASSET MANAGEMENT, INC.~~

~~By:~~________________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~DUKE TECHNOLOGIES, INC.~~

~~By:~~________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DUKE ENERGY RETAIL SALES, LLC~~

~~By:~~________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DE NUCLEAR ENGINEERING, INC.~~

~~By:~~____________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DETMI MANAGEMENT, INC.~~

~~By:~~____________________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~DUKE ENERGY MARKETING AMERICA, LLC~~

~~By:~~____________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DUKE ENERGY REGISTRATION SERVICES, INC.~~

~~By:~~____________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DUKE ENERGY SERVICES, INC.~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Corporate Secretary~~

~~DUKE VENTURES, LLC~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Secretary~~

~~DUKENET VENTURECO, INC.~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Corporate Secretary~~

~~EASTOVER MINING COMPANY~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Secretary~~

~~DUKE ENERGY CHINA CORP.~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Corporate Secretary~~

~~Duke Energy Corporate Services, Inc.~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Secretary~~

~~Progress Energy, Inc.~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Corporate Secretary~~

~~Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.~~

~~By:~~______________________________

~~Nancy M. Wright~~

~~Assistant Secretary~~

~~Florida Power Corporation d/b/a Progress Energy Florida, Inc.~~

~~By: ____________________~~
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~CaroFund, Inc.~~
~~*(by its parent, Carolina Power & Light Company)*~~

~~By: ____________________~~
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Capitan Corporation~~
~~*(by its parent, Carolina Power & Light Company)*~~

~~By: ____________________~~
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Progress Energy EnviroTree, Inc.~~
~~*(by its parent, Carolina Power & Light Company)*~~

~~By: ____________________~~
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Strategic Resource Solutions Corp.~~
~~*(by its parent company Progress Energy, Inc.)*~~

~~By: ____________________~~
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Progress Ventures Holdings, Inc.~~
~~*(by its parent, Progress Energy, Inc.)*~~

~~By: ____________________~~
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Progress Ventures, Inc.~~
~~*(by its parent, Progress Energy, Inc.)*~~

~~By: ____________________~~
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Florida Progress Corporation~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Florida Progress Funding Corporation~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Progress Capital Holdings, Inc.~~
~~*(by its parent, Florida Progress Corporation)*~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~PIH, Inc.~~
~~*(by its parent, Progress Capital Holdings, Inc.)*~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~PIH Tax Credit Fund III, Inc.~~
~~*(by its parent, Progress Capital Holdings, Inc.)*~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~PIH Tax Credit Fund IV, Inc.~~
~~*(by its parent, Progress Capital Holdings, Inc.)*~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~PIH Tax Credit Fund V, Inc.~~
~~*(by its parent, Progress Capital Holdings, Inc.)*~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Progress Telecommunications Corporation~~
~~*(by its parent, Progress Capital Holdings, Inc.)*~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Progress Fuels Corporation~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~Progress Synfuel Holdings, Inc.~~
~~*(by its parent, Progress Fuel Corporation)*~~

~~By:~~ ______________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

~~DUKE COMMUNICATIONS HOLDINGS, INC.~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE ENERGY GENERATION SERVICES HOLDING COMPANY, INC.~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE-CADENCE, INC.~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CINERGY-CENTRUS COMMUNICATIONS, INC.~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CINERGY-CENTRUS, INC.~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CINERGY GLOBAL HOLDINGS, INC.~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Secretary~~

~~DEGS OF TUSCOLA, INC~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE ENERGY ONE, INC.~~

~~By:~~ ______________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE–RELIANT RESOURCES, INC.~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE ENERGY GENERATION SERVICES, INC.~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CINERGY WHOLESALE ENERGY, INC.~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CINERGY CLIMATE CHANGE INVESTMENTS, LLC~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CINERGY SOLUTIONS – UTILITY, INC.~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CALDWELL POWER COMPANY~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CATAWBA MANUFACTURING AND ELECTRIC POWER COMPANY~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~CLAIBORNE ENERGY SERVICES, INC.~~

~~By:________________________~~
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DIXILYN-FIELD DRILLING COMPANY~~

~~By:~~ ______________________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE ENERGY MARKETING CORP.~~

~~By:~~ ______________________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~EASTOVER LAND COMPANY~~

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~~Assistant Secretary~~

~~ENERGY PIPELINES INTERNATIONAL COMPANY~~

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~~Assistant Secretary~~

~~WATEREE POWER COMPANY~~

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~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE ENERGY TRANSMISSION HOLDING COMPANY, LLC~~

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~~Richard G. Beach~~
~~Assistant Secretary~~

~~Catamount Energy Corporation~~

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~~Richard G. Beach~~
~~Assistant Secretary~~

~~Catamount Rumford Corporation~~

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~~Richard G. Beach~~
~~Assistant Secretary~~

~~Catamount Sweetwater Corporation~~

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~~CEC UK2 Holding Corp.~~

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~~Richard G. Beach~~
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~~Equinox Vermont Corporation~~

~~By:~~____________________________
~~Richard G. Beach~~
~~Assistant Secretary~~

~~DUKE ENERGY GROUP HOLDINGS, LLC~~

~~By:______________________~~
~~Donna T. Council~~
~~Assistant Treasurer~~

~~DUKE PROJECT SERVICES, INC.~~

~~By:______________________~~
~~Donna T. Council~~
~~Assistant Treasurer~~

~~PANENERGY CORP~~

~~By:______________________~~
~~Donna T. Council~~
~~Assistant Treasurer~~

~~CINERGY RETAIL POWER GENERAL, INC.~~

~~By:______________________~~
~~Greer E. Mendelow~~
~~Assistant Secretary~~

~~BISON INSURANCE COMPANY LIMITED~~

~~By:______________________~~
~~Swati V. Daji~~
~~President~~

~~NORTHSOUTH INSURANCE COMPANY LIMITED~~

~~By:______________________~~
~~Swati V. Daji~~
~~President~~

DUKE ENERGY CORPORATION

By:______________________
Richard G. Beach
Assistant Corporate Secretary

CINERGY CORP.

By: ________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY BUSINESS SERVICES LLC

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KO TRANSMISSION COMPANY

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Richard G. Beach
Assistant Secretary

DUKE COMMUNICATIONS HOLDINGS, INC.

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Richard G. Beach
Assistant Secretary

CINERGY TECHNOLOGY, INC.

By:
Richard G. Beach
Assistant Secretary

CINERGY UK, INC.

By: __________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY ENGINEERING, INC.

By: __________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY GENERATION SERVICES HOLDING COMPANY, INC.

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DUKE-CADENCE, INC.

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DUKE ENERGY COMMERCIAL ENTERPRISE, INC.

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CINERGY GLOBAL POWER, INC.

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Richard Beach
Assistant Secretary

CINERGY GLOBAL RESOURCES, INC.

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Assistant Secretary

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Richard G. Beach

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Richard G. Beach

Assistant Secretary

DUKETEC, LLC

By: ____________________

Richard G. Beach

Assistant Secretary

CINERGY RETAIL POWER LIMITED, INC.

By: ____________________

Richard G. Beach

Assistant Secretary

CINERGY RETAIL POWER GENERAL, INC.

By: ____________________

Greer E. Mendelow

Assistant Secretary

DEGS OF PHILADELPHIA, LLC

By:
Richard G. Beach
Assistant Secretary

CINFUEL RESOURCES, INC.

By:
George Dwight, II
Assistant Secretary

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By:
Richard G. Beach
Assistant Secretary

DUKE ENERGY RETAIL SALES, LLC

By:
Richard G. Beach
Assistant Secretary

DEGS OF SAN DIEGO, INC.

By:
Richard G. Beach
Corporate Secretary

CINERGY SOLUTIONS UTILITY, INC.

By:
Richard G. Beach
Assistant Secretary

BISON INSURANCE COMPANY LIMITED

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Swati V. Daji
President

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Richard G. Beach
Assistant Secretary

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Richard G. Beach
Assistant Secretary

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Assistant Secretary

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Assistant Secretary

DETMI MANAGEMENT, INC.

By:
Richard G. Beach
Assistant Secretary

DIXILYN-FIELD DRILLING COMPANY

By:
Richard G. Beach
Assistant Secretary

DUKE ENERGY FOSSIL-HYDRO CALIFORNIA, INC.

By:
Richard G. Beach

Assistant Secretary

DUKE ENERGY GROUP HOLDINGS, LLC

By: ____________________________
Donna T. Council
Assistant Treasurer

DUKE ENERGY MARKETING AMERICA, LLC

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DUKE ENERGY MARKETING CORP.

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Richard G. Beach
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DUKE ENERGY REGISTRATION SERVICES, INC.

By: ____________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY SERVICES, INC.

By: ____________________________
Richard G. Beach
Assistant Secretary

DUKE ENGINEERING & SERVICES (EUROPE) INC.

By : ____________________________
Richard G. Beach
Assistant Secretary

DUKE PROJECT SERVICES, INC.

By: ____________________________
Richard G. Beach

Assistant Secretary

DUKE VENTURES, LLC

By:

Richard G. Beach

Assistant Secretary

DUKENET VENTURECO, INC.

By:

Richard G. Beach

Assistant Secretary

EASTOVER LAND COMPANY

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Richard G. Beach

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EASTOVER MINING COMPANY

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CEC UK2 Holding Corporation

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Assistant Secretary

Equinox Vermont Corporation

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Richard G. Beach
Assistant Secretary

Progress Energy, Inc.

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By: ______________________________

CaroFund, Inc.

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Capitan Corporation

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Florida Progress Funding Corporation

By: ______________________________

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PIH Tax Credit Fund IV, Inc.

By: ______________________________

PIH Tax Credit Fund V, Inc.

By: ______________________________

Progress Telecommunications Corporation

By: ______________________________

Progress Fuels Corporation

By: ______________________________

PC Property Holdings, Inc.

By: ______________________________

Progress Synfuel Holdings, Inc.

By: ______________________________

UTILITY MONEY POOL AGREEMENT

This UTILITY MONEY POOL AGREEMENT (this "Agreement") is made and entered into as of July 3, 2012 ("Effective Date") by and among Duke Energy Corporation, a Delaware corporation ("Duke Energy"), Cinergy Corp., a Delaware corporation ("Cinergy"), Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE-Carolinas"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), KO Transmission Company, a Kentucky corporation ("KO"), Progress Energy, Inc., a North Carolina corporation ("Progress Energy"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-North Carolina"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"), Progress Energy Service Company, LLC, a North Carolina corporation ("Progress Services"), and Duke Energy Business Services LLC, a Delaware limited liability company ("DEBS"), (each a "party" and collectively, the "parties"). For purposes of this Agreement, Progress Services and DEBS shall each collectively be referred to as Duke Services. This Agreement supersedes and replaces in its entirety the Utility Money Pool Agreement dated November 1, 2008.

Recitals

Each of DE-Carolinas, DE-Indiana, DE-Ohio, DE-Kentucky, PE-Florida, PE-North Carolina and Miami is a public utility company and a subsidiary company of Duke Energy. DEBS and Progress Services are subsidiary service companies of Duke Energy. KO is a nonutility company and a subsidiary company of DE-Ohio.

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, Progress 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, Progress 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, Progress 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, Progress 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, Progress Energy and Cinergy, (ii) surplus funds in the treasuries of Duke Energy, Progress Energy and Cinergy, and (iii) proceeds from borrowings by parties, including the sale of commercial paper by Duke Energy, Progress Energy, Cinergy, DE-Carolinas, DE-Indiana, DE-Ohio, DE-Kentucky, PE-North Carolina and PE-Florida ("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, Progress 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. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY CORP.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY BUSINESS SERVICES LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY CAROLINAS, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY INDIANA, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY OHIO, INC.

By: Nancy M Wright

Nancy M.Wright
Assistant Secretary

DUKE ENERGY KENTUCKY, INC.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

MIAMI POWER CORPORATION

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

KO TRANSMISSION COMPANY

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

PROGRESS ENERGY, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CAROLINA POWER & LIGHT COMPANY D/B/A PROGRESS ENERGY CAROLINAS, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PROGRESS ENERGY SERVICE COMPANY, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

UTILITY MONEY POOL AGREEMENT

This UTILITY MONEY POOL AGREEMENT (this "Agreement") is made and entered into as of ~~July 2, 2012~~____________________ ("Effective Date") by and among Duke Energy Corporation, a Delaware corporation ("Duke Energy"), Cinergy Corp., a Delaware corporation ("Cinergy"), Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE-Carolinas"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), KO Transmission Company, a Kentucky corporation ("KO"), Progress Energy, Inc., a North Carolina corporation~~ ("Progress Energy")~~, Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-North Carolina"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"), Progress Energy Service Company, LLC, a North Carolina corporation~~ ("Progress Services")~~, and Duke Energy Business Services LLC, a Delaware limited liability company ("~~DEBS~~Duke Services"), (each a "party" and collectively, the "parties"). ~~For purposes of this Agreement Progress Services and DEBS shall each collectively be referred to as Duke Services.~~ This Agreement supersedes and replaces in its entirety the Utility Money Pool Agreement dated November 1, 2008.

Recitals

Each of DE-Carolinas, DE-Indiana, DE-Ohio, DE-Kentucky, PE-Florida, PE-North Carolina and Miami is a public utility company and a subsidiary company of Duke Energy. ~~DEBS and Progress~~Duke Services ~~are~~is a subsidiary service ~~companies~~company of Duke Energy. KO is a nonutility company and a subsidiary company of DE-Ohio.

The parties from time to time have~~ a~~ 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.

The terms of this Agreement are substantially similar to a prior agreement entered into among the parties as of January 2, 2007, and the purpose of this Agreement is to reflect the merger of Duke Energy Shared Services, Inc. into Duke Energy Business Services LLC.

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~~, Progress 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~~, Progress 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~~, Progress 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~~, Progress 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, Progress~~ Energy and Cinergy, (ii) surplus funds in the treasuries of Duke Energy~~, Progress Energy~~ and Cinergy, and (iii) proceeds from borrowings by parties, including the sale of commercial paper by Duke Energy, ~~Progress Energy, ~~Cinergy, DE-Carolinas, DE-Indiana, DE-Ohio~~,~~ and DE-Kentucky~~, PE North Carolina and PE Florida~~ ("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, Progress~~ 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 the parties dated as of January 2, 2007). 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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:~~ ____________________________
~~Nancy M. Wright~~
By: ____________________________
Richard G. Beach
Assistant Corporate Secretary

CINERGY CORP.

~~By:~~ ____________________________
~~Nancy M. Wright~~
By: ____________________________
Richard G. Beach
Assistant ~~Corporate~~ Secretary

DUKE ENERGY BUSINESS SERVICES LLC

~~By:~~ ____________________________
~~Nancy M. Wright~~
By: ____________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY CAROLINAS, LLC

~~By:~~ ____________________________
~~Nancy M. Wright~~
By: ____________________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY INDIANA, INC.

~~By:~~______________________________

~~Nancy M. Wright~~

By: ______________________________

Richard G. Beach

Assistant ~~Corporate~~ Secretary

DUKE ENERGY OHIO, INC.

~~By:~~______________________________

~~Nancy M. Wright~~

By: ______________________________

Richard G. Beach

Assistant ~~Corporate~~ Secretary

DUKE ENERGY KENTUCKY, INC.

~~By:~~______________________________

~~Nancy M. Wright~~

By: ______________________________

Richard G. Beach

Assistant ~~Corporate~~ Secretary

MIAMI POWER CORPORATION

~~By:~~______________________________

~~Nancy M. Wright~~

By: ______________________________

Richard G. Beach

Assistant ~~Corporate~~ Secretary

KO TRANSMISSION COMPANY

~~By:~~______________________________

~~Nancy M. Wright~~

By:
Richard G. Beach
Assistant Secretary

~~PROGRESS ENERGY, INC.~~

Progress Energy, Inc.

By:__________________________
~~Nancy M. Wright~~
~~Assistant Corporate Secretary~~

~~CAROLINA POWER & LIGHT COMPANY D/B/A PROGRESS ENERGY CAROLINAS, INC.~~

~~By:~~__________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

By:__________________________

~~FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC.~~

~~By:~~__________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~

Florida Power Corporation d/b/a Progress Energy Florida, Inc.

By:__________________________

~~PROGRESS ENERGY SERVICE COMPANY, LLC~~

Progress Energy Service Company, LLC

By:__________________________
~~Nancy M. Wright~~
~~Assistant Secretary~~