

INTERCOMPANY ASSET TRANSFER AGREEMENT

This **Intercompany Asset Transfer Agreement** (this “Agreement”) is made and entered into by and among Duke Energy Carolinas, LLC (“DEC”), a North Carolina limited liability company, Duke Energy Ohio, Inc. (“DEO”), an Ohio corporation, Duke Energy Indiana, LLC (“DEI”), an Indiana limited liability company, Duke Energy Progress, LLC (“DEP”), a North Carolina limited liability company, Duke Energy Florida, LLC (“DEF”), a Florida limited liability company, Duke Energy Kentucky, Inc. (“DEK”), a Kentucky corporation, and Piedmont Natural Gas Company, Inc., a North Carolina corporation (collectively the “Operating Companies” and, individually, an “Operating Company”). The Effective Date as stated herein is the date on which this Agreement is executed or, as may be required, submitted to the appropriate regulatory body for approval, whichever occurs last. This Agreement supersedes and replaces in its entirety all previous Intercompany Asset Transfer Agreements dated before the Effective Date of this Agreement.

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 DEO DEK, and Piedmont, 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) DEC and DEP shall not transfer any Asset hereunder in contravention of S.C. Code Ann. § 58-27-1300; (iii) DEK shall not transfer any Asset hereunder in contravention of KRS 278.218. and (iv) DEC and DEP may transfer or take receipt of any

transmission transformers or other transmission-related equipment under this Agreement to or from DEC, DEP or DEF. DEC and DEP shall not, however, transfer or take receipt of any transmission transformers or transmission-related equipment to or from DEO, DEI, and DEK, 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, methods, 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. "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 DEC, DEP, and Piedmont Conditions. In addition to the terms and conditions set forth herein, with respect to DEC, DEP, and Piedmont, 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, DEC’s, DEP’s and Piedmont’s 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-2, Sub 1095, Docket No. E-7, Sub 1100, and Docket No. G-9, Sub 682 (“Merger Order”), as such Regulatory Conditions and Code of Conduct may be amended from time to time. In accordance with Regulatory Condition 3.9 as approved in the Merger Order, nothing in this Agreement shall be construed or interpreted so as to commit DEC or DEP, or to involve DEC or DEP 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 DEC’s or DEP’s 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 DEI Conditions. DEI 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 DEO’s wholesale power marketing function, and (ii) it will process all requests for Assets from DEO’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 _____, 201__, on its behalf by an appropriate officer thereunto duly authorized.

Duke Energy Carolinas, LLC

By: _____

Richard G. Beach

Assistant Secretary

Duke Energy Indiana, LLC

By: _____

Richard G. Beach

Assistant Corporate Secretary

Duke Energy Ohio, Inc.

By: _____

Richard G. Beach

Assistant Corporate Secretary

Duke Energy Kentucky, Inc.

By: _____

Richard G. Beach

Assistant Corporate Secretary

Duke Energy Progress, LLC

By: _____

Richard G. Beach

Assistant Secretary

Duke Energy Florida, LLC

By: _____

Assistant Secretary

Piedmont Natural Gas Company, Inc.

By: _____

(Officer Name)

(Officer Title)

Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and Piedmont Natural Gas Company, Inc. Conditions

In connection with the NCUC approval of the Merger in NCUC Docket No. E-2, Sub 1095, Docket No. E-7, Sub 1100, and Docket No. G-5, Sub 682, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between DEC, DEP, Piedmont, and their affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to DEC, DEP, and Piedmont:

- (a) DEC's, DEP's and Piedmont's participation in this Agreement is voluntary. DEC, DEP, or Piedmont is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DEC, DEP, or Piedmont may elect to discontinue its participation in this Agreement at its election after giving any required notice;
- (b) DEC, DEP or Piedmont 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) DEC, DEP or Piedmont may not seek to reflect in rates any (A) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (B) revenue level earned under this Agreement less than the amount imputed by the NCUC; and
- (d) DEC, DEP or Piedmont shall not assert in any forum – whether judicial, administrative, federal, state, local or otherwise – either on its own initiative or in support of other entity's assertions, 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, in whole or in part, (A) preempted by Federal Law or (B) not within the Commission's power, authority, or jurisdiction; DEC, DEP, and Piedmont will bear the full risk of any preemptive effects of Federal Law with respect to this Agreement.

INTERCOMPANY ASSET TRANSFER AGREEMENT

This Intercompany Asset Transfer Agreement (this "Agreement") is made and entered into by and among Duke Energy Carolinas, LLC ("DEC"), a North Carolina limited liability company, Duke Energy Ohio, Inc. ("DEO"), an Ohio corporation, Duke Energy Indiana, LLC ("DEI"), an Indiana limited liability company, Duke Energy Progress, LLC ("DEP"), a North Carolina limited liability company, Duke Energy Florida, LLC ("DEF"), a Florida limited liability company, Duke Energy Kentucky, Inc. ("DEK"), a Kentucky corporation, and Piedmont Natural Gas Company, Inc., a North Carolina corporation (collectively the "Operating Companies" and, individually, an "Operating Company"). The Effective Date as stated herein is the date on which this Agreement is executed or, as may be required, submitted to the appropriate regulatory body for approval, whichever occurs last. This Agreement supersedes and replaces in its entirety all previous Intercompany Asset Transfer Agreements dated before the Effective Date of this Agreement.

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 DEO, DEK, and Piedmont, 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) DEC and DEP shall not transfer any Asset hereunder in contravention of S.C. Code Ann. § 58-27-1300; (iii) DEK shall not transfer any Asset hereunder in

Deleted: as of _____ (the "Effective Date")

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contravention of KRS 278.218. ~~and (iv) DEC and DEP may transfer or take receipt of any transmission transformers or other transmission-related equipment under this Agreement to or from DEC, DEP or DEE. DEC and DEP shall not, however, transfer or take receipt of any transmission transformers or transmission-related equipment to or from DEO, DEI, and DEK, 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, methods, 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. "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.

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Deleted: , provided however that any transfers of electric generation-related Assets between DEO Ohio, on the one hand, and DEI Indiana, or DEK 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 DEI Indiana or DEK Kentucky to DEO Ohio shall be priced at the greater of Cost or market, and generation-related Assets transferred from DEO Ohio to DEI Indiana or DEK Kentucky shall be priced at no more than market.

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 DEC, DEP, and Piedmont Conditions. In addition to the terms and conditions set forth herein, with respect to DEC, DEP, and Piedmont, 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, DEC's, DEP's and Piedmont's 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-2, Sub 1095, Docket No. E-7, Sub 1100, and Docket No. G-9, Sub 682 ("Merger Order"), as such Regulatory Conditions and Code of Conduct may be amended from time to time. In accordance with Regulatory Condition 3.9 as approved in the Merger Order, nothing in this Agreement shall be construed or interpreted so as to commit DEC or DEP, or to involve DEC or DEP 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 DEC's or DEP's 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 DEI Conditions. DEI 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 DEO's wholesale power marketing function, and (ii) it will process all requests for Assets from DEO'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 _____, 201____, on its behalf by an appropriate officer thereunto duly authorized.

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Duke Energy Carolinas, LLC

By: _____
Richard G. Beach
Assistant Secretary

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Duke Energy Indiana, LLC,

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By: _____
Richard G. Beach
Assistant Corporate Secretary

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Duke Energy Ohio, Inc.

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Richard G. Beach
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Assistant Corporate Secretary

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Richard G. Beach
Assistant Secretary

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Duke Energy Florida, LLC,

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By: _____
Assistant Secretary

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Piedmont Natural Gas Company, Inc.

By: _____
(Officer Name)
(Officer Title)

Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and Piedmont Natural Gas Company, Inc. Conditions

In connection with the NCUC approval of the Merger in NCUC Docket No. E-2, Sub 1095, Docket No. E-7, Sub 1100, and Docket No. G-5, Sub 682, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between DEC, DEP, Piedmont, and their affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to DEC, DEP, and Piedmont:

- (a) DEC's, DEP's and Piedmont's participation in this Agreement is voluntary. DEC, DEP, or Piedmont is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DEC, DEP, or Piedmont may elect to discontinue its participation in this Agreement at its election after giving any required notice;
- (b) DEC, DEP or Piedmont 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) DEC, DEP or Piedmont may not seek to reflect in rates any (A) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (B) revenue level earned under this Agreement less than the amount imputed by the NCUC; and
- (d) DEC, DEP or Piedmont shall not assert in any forum – whether judicial, administrative, federal, state, local or otherwise – either on its own initiative or in support of other entity's assertions, 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, in whole or in part, (A) preempted by Federal Law or (B) not within the Commission's power, authority, or jurisdiction; DEC, DEP, and Piedmont will bear the full risk of any preemptive effects of Federal Law with respect to this Agreement.

Deleted: DEC CAROLINAS and DEP PROGRESS 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 DEC Carolinas, DEP Progress, and their affiliates ("Code of Conduct"). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DEC Carolinas and DEP Progress and considered to be incorporated into the Intercompany Asset Transfer Agreement ¶

- ¶
- (1) DEC's Carolinas' and DEP's Progress' participation in this Agreement is voluntary. Neither DEC Carolinas nor DEP Progress is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DEC Carolinas or DEP Progress may elect to discontinue its participation in this Agreement at its election after giving notice under Section 4.2 of the Agreement ¶
- ¶
- (2) Neither DEC Carolinas nor DEP Progress 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 DEC Carolinas nor DEP Progress 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 ¶
- ¶
- (4) DEC Carolinas and DEP Progress 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) DEC Carolinas and DEP Progress shall retain appropriate documentation verifying compliance with the terms hereof for Public Staff and NCUC review ¶
- ¶
- (6) DEC Carolinas and DEP Progress 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 DEC Carolinas or DEP Progress ¶
- ¶
- (7) DEC Carolinas and DEP Progress acknowledge and agree that for ratemaking purposes, NCUC approval of DEC's Carolinas' and DEP's Progress' participation in this Agreement does not constitute approval of the amount of compensation paid with respect to transaction ... [1]

DEC CAROLINAS and DEP PROGRESS 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 DEC Carolinas, DEP Progress, and their affiliates (“Code of Conduct”). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DEC Carolinas and DEP Progress and considered to be incorporated into the Intercompany Asset Transfer Agreement:

(1) DEC’s Carolinas’ and DEP’s Progress’ participation in this Agreement is voluntary. Neither DEC Carolinas nor DEP Progress is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DEC Carolinas or DEP Progress may elect to discontinue its participation in this Agreement at its election after giving notice under Section 4.2 of the Agreement.

(2) Neither DEC Carolinas nor DEP Progress 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 DEC Carolinas nor DEP Progress 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

(4) DEC Carolinas and DEP Progress 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) DEC Carolinas and DEP Progress shall retain appropriate documentation verifying compliance with the terms hereof for Public Staff and NCUC review.

(6) DEC Carolinas and DEP Progress 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 DEC Carolinas or DEP Progress.

(7) DEC Carolinas and DEP Progress acknowledge and agree that for ratemaking purposes, NCUC approval of DEC’s Carolinas’ and DEP’s Progress’ 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.

OPERATING COMPANIES SERVICE AGREEMENT

This Operating Companies Service Agreement (this "Agreement") by and among Duke Energy Carolinas, LLC ("DEC"), a North Carolina limited liability company, Duke Energy Ohio, Inc. ("DEO"), an Ohio corporation, Duke Energy Indiana, LLC ("DEI"), an Indiana limited liability company, Duke Energy Kentucky, Inc. ("DEK"), a Kentucky corporation, Duke Energy Progress, LLC ("DEP"), a North Carolina limited liability company, and Duke Energy Florida, LLC ("DEF"), a Florida limited liability company and Piedmont Natural Gas Company, Inc. ("Piedmont"), a North Carolina corporation, supersedes and replaces in its entirety all previous Operating Company Service Agreements dated before the Effective Date of this Agreement. The Effective date as stated herein is the date on which this agreement is signed or, as may be required, submitted to the appropriate regulatory body for approval, whichever occurs last. DEC, DEO, DEI, DEK, DEP DEF and Piedmont are referred to collectively as the "Operating Companies" and, individually, an "Operating Company."

WITNESSETH:

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

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

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

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

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

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

(a) Except as hereinafter provided with respect to DEC, DEP, and Piedmont 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 (including, but not limited to, fuel procurement).

(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. "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 DEC, DEP, and Piedmont in accordance with DEC's, DEP's, and Piedmont's North Carolina Code of Conduct at anything other than fully embedded cost as described above, then prior to entering into the transaction, DEI, DEK, DEF or DEO, 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 DEI, DEK, DEF or DEO, 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 whatsoever 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 to so 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 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, Headings. 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 DEC, DEP, and Piedmont Conditions. In addition to the terms and conditions set forth herein, with respect to DEC, DEP, and Piedmont, 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, DEC’s, DEP’s and Piedmont’s participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the North Carolina Utilities Commission (“NCUC”) in its *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* issued, in Docket Nos. E-2, Sub 1095 and E-7, Sub 1100, and G-5, Sub 682, and applicable to South Carolina, 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 _____, 201_, on its behalf by an appropriate officer thereunto duly authorized.

Duke Energy Carolinas, LLC

By: _____

Richard G. Beach
Assistant Secretary

Duke Energy Ohio, Inc.

By: _____

Richard G. Beach
Assistant Secretary

Duke Energy Indiana, LLC

By: _____

Richard G. Beach
Assistant Secretary

Duke Energy Kentucky, Inc.

By: _____

Richard G. Beach
Assistant Secretary

Duke Energy Progress, LLC

By: _____

Richard G. Beach

Assistant Secretary

Duke Energy Florida, LLC

By: _____

Assistant Secretary

Piedmont Natural Gas Company, Inc.

By: _____



Folder Name: efr148v1-003818
Status: New

Service Request for Affiliates

* Red Asterisk indicates required fields * Functional Area (for the Service Provider):

Service Provider

* Service Provider
* Legal Approval Representative

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)

* Scheduled Start Date

* Scheduled Completion Date

Client Company

* Client Company

PeopleSoft Accounting Codes for the Services Provided

*** Process OR Project & Activities OR GL Account for Client Company must be entered

* Client Company Operating Unit	* Service Provider Resp. Center	* Process
<input type="text"/>	<input type="text"/>	<input type="text"/>
* Project	* Activity	* GL Account
<input type="text"/>	<input type="text"/>	<input type="text"/>

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 busi operations.

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 business operations.

Miscellaneous Comments

Comments

Comments Log

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	<input type="text"/> <input type="button" value="Select"/>	<input type="text"/>	<input type="text"/>
* Service Provider	<input type="text"/> <input type="button" value="Select"/>	<input type="text"/>	<input type="text"/>
* Legal	<input type="text"/>	<input type="text"/>	<input type="text"/>

Submitter Details

Created by	<input type="text"/>	Created on	11/10/2015 1:19:43 PM
* Phone	<input type="text"/>		
Last Modified by	<input type="text"/>	Last Modified	<input type="text"/>

**DUKE ENERGY CAROLINAS, LLC DUKE ENERGY PROGRESS, LLC, AND
PIEDMONT NATURAL GAS COMPANY, INC. CONDITIONS**

1. In connection with the NCUC approval of the Merger in NCUC Docket No. E-2, Sub 1095, Docket No. E-7, Sub 1100, and Docket No. G-5, Sub 682, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between DEC, DEP, Piedmont, and their affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to DEC, DEP, and Piedmont:

(a) DEC's, DEP's and Piedmont's participation in this Agreement is voluntary. DEC, DEP, or Piedmont is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DEC, DEP, or Piedmont may elect to discontinue its participation in this Agreement at its election after giving any required notice;

(b) DEC, DEP or Piedmont 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) DEC, DEP or Piedmont may not seek to reflect in rates any (A) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (B) revenue level earned under this Agreement less than the amount imputed by the NCUC; and

(d) DEC, DEP or Piedmont shall not assert in any forum – whether judicial, administrative, federal, state, local or otherwise – either on its own initiative or in support of other entity's assertions, 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, in whole or in part, (A) preempted by Federal Law or (B) not within the Commission's power, authority, or jurisdiction; DEC, DEP, and Piedmont will bear the full risk of any preemptive effects of Federal Law with respect to this Agreement.

2. Transfers by DEC, DEP, or Piedmont. With respect to the transfer by DEC, DEP, or Piedmont under this Agreement of the control of, operational responsibility for, or ownership of any DEC, DEP, or Piedmont 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 DEC, DEP nor Piedmont 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 DEC, DEP, or Piedmont may 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 DEC, DEP or Piedmont Information. Any Operating Company providing Services to DEC or DEP pursuant to this Agreement, including any loaned employees under Section 1.2 of the Agreement, shall be permitted to have access to DEC's, DEP's or Piedmont's 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. Procedures for Services Received By DEC DEP, or Piedmont from each other or the other Operating Companies and for Services Provided by DEC, DEP or Piedmont to each other or the other Operating Companies. DEC, DEP, and Piedmont shall receive from each other and the other Operating Companies, 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 NCUC, at such times, for such periods and in such manner as DEC DEP, or Piedmont may from time to time request of each other or another Operating Company. DEC, DEP or Piedmont may provide to each other and the other Operating Companies, upon the terms and conditions set forth in this Agreement, at such times for such periods, and in such a manner as DEC, DEP or Piedmont concludes it is equipped to perform for each other or another Operating Company. DEC, DEP, or Piedmont 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.

OPERATING COMPANIES SERVICE AGREEMENT

This Operating Companies Service Agreement (this "Agreement"), by and among Duke Energy Carolinas, LLC ("DEC"), a North Carolina limited liability company, Duke Energy Ohio, Inc. ("DEO"), an Ohio corporation, Duke Energy Indiana, LLC ("DEI"), an Indiana limited liability company, Duke Energy Kentucky, Inc. ("DEK"), a Kentucky corporation, Duke Energy Progress, LLC ("DEP"), a North Carolina limited liability company, and Duke Energy Florida, LLC ("DEF"), a Florida limited liability company and Piedmont Natural Gas Company, Inc., a North Carolina corporation ("Piedmont"), supersedes and replaces in its entirety all previous Operating Company Service Agreements dated before the Effective Date of this Agreement. The Effective date as stated herein is the date on which this agreement is signed or, as may be required, submitted to the appropriate regulatory body for approval, whichever occurs last. DEC, DEO, DEI, DEK, DEP, DEF and Piedmont are referred to collectively as the "Operating Companies" and individually, an "Operating Company."

WITNESSETH:

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

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

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

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

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

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

(a) Except as hereinafter provided with respect to DEC, DEP, and Piedmont 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")

Deleted: .
Deleted: dated ____ (the "Effective Date"),
Deleted: ("DE-Carolinas")
Deleted: ("DE-Ohio")
Deleted: Inc
Deleted:
Deleted: corporation
Deleted: ("DE-Indiana")
Deleted: ("DE-Kentucky")
Deleted: Miami Power Corporation, an Indiana corporation ("Miami"),
Deleted: Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc
Deleted: (
Deleted: DE-Progress
Deleted:)
Deleted:
Deleted: ("PE-Carolinas"),
Deleted: corporation
Deleted: ("PE-CarolinasDEP")
Deleted: Florida Power Corporation
Deleted:
Deleted: Inc.
Deleted: d/b/a Progress Energy Florida, Inc
Deleted: corporation
Deleted: ("PDE-Florida")
Deleted: DE-Carolinas, DE-Ohio, DE-Indiana, DE-Kentucky, Miami, PE- Carolinas and PE- (... [1]
Deleted: the
Deleted: dated May 18, 2010 June 18, 2012
Deleted: -Carolinas
Deleted: -Ohio
Deleted: -Indiana
Deleted: -Kentucky
Deleted: Miami,
Deleted: -Progress
Deleted: PE-
Deleted: Carolinas and
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Deleted: DE- Carolinas
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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 (including, but not limited to, fuel procurement).

(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. "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 DEC, DEP, and Piedmont in accordance with DEC's, DEP's, and Piedmont's North Carolina Code of Conduct at anything other than fully embedded cost as described above, then prior to entering into the transaction, DEI, DEK, DEF or DEO, 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 DEI, DEK, DEF or DEO, 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

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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 whatsoever to any Client Company receiving such Services, and Client Company specifically releases Service Provider and such persons, on account of any claims, liabilities, injuries, damages or other consequences arising in connection with the provision of such Services under any theory of liability, whether in contract, tort (including negligence or strict liability) or otherwise, it being understood and agreed that any such loaned employees are made available without warranty as to their suitability or expertise.

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

Section 4.4 Indemnification.

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

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

Section 4.5 Procedure for Indemnification. Within 15 business days after receipt by any Client Company of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a "Proceeding") with respect to which it is eligible for indemnification hereunder, such Client Company shall notify Service Provider thereof in writing (it being understood that failure to so 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 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

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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, Headings. 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 DEC, DEP, and Piedmont Conditions. In addition to the terms and conditions set forth herein, with respect to DEC, DEP, and Piedmont, 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, DEC's, DEP's and Piedmont's participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the North Carolina Utilities Commission ("NCUC") in its *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* issued, in Docket Nos. E-2, Sub 1095 and E-7, Sub 1100, and G-9, Sub 682, and applicable to South Carolina, 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 , 201 , on its behalf by an appropriate officer thereunto duly authorized.

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Duke Energy Carolinas, LLC

By: _____
Richard G. Beach
Assistant Secretary

Duke Energy Ohio, Inc.

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Richard G. Beach
Assistant Secretary

Duke Energy Indiana, LLC

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Richard G. Beach
Assistant Secretary

Duke Energy Kentucky, Inc.

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Duke Energy Progress, LLC

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Richard G. Beach
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Richard G. Beach
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Duke Energy Florida, LLC
By: _____
Richard G. Beach
Assistant Secretary

Piedmont Natural Gas Company, Inc.

By: _____
[Officer Name]
[Officer Title]

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Service Request for Affiliates

* Red Asterisk indicates required fields * Functional Area (for the Service Provider)

Service Provider

* Service Provider

* Legal Approval Representative

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 spaces)

* Scheduled Start Date

* Scheduled Completion Date

Client Company

* Client Company

PeopleSoft Accounting Codes for the Services Provided

*** Process OR Project & Activities OR GL Account for Client Company must be entered

* Client Company Operating Unit	* Service Provider Resp. Center	* Process
<input type="text"/>	<input type="text"/>	<input type="text"/>
* Project	* Activity	* GL Account
<input type="text"/>	<input type="text"/>	<input type="text"/>

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 business operations.

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 business operations.

Miscellaneous Comments

Comments

Comments Log

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	<input type="text"/> <input type="button" value="Select"/>	<input type="text"/>	<input type="text"/>
* Service Provider	<input type="text"/> <input type="button" value="Select"/>	<input type="text"/>	<input type="text"/>
* Legal	<input type="text"/>	<input type="text"/>	<input type="text"/>

Submitter Details

Created by	<input type="text"/>	Created on	11/10/2015 1:19:43 PM
* Phone	<input type="text"/>		
Last Modified by	<input type="text"/>	Last Modified	<input type="text"/>

**DUKE ENERGY CAROLINAS, LLC, DUKE ENERGY PROGRESS, LLC, AND
PIEDMONT NATURAL GAS COMPANY, INC. CONDITIONS**

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1. In connection with the NCUC approval of the Merger in NCUC Docket No. E-2, Sub 1095, Docket No. E-7, Sub 1100, and Docket No. G-5, Sub 682, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between DEC, DEP, Piedmont, and their affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to DEC, DEP, and Piedmont:

(a) DEC's, DEP's and Piedmont's participation in this Agreement is voluntary. DEC, DEP, or Piedmont is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DEC, DEP, or Piedmont may elect to discontinue its participation in this Agreement at its election after giving any required notice;

(b) DEC, DEP or Piedmont 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) DEC, DEP or Piedmont may not seek to reflect in rates any (A) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (B) revenue level earned under this Agreement less than the amount imputed by the NCUC; and

(d) DEC, DEP or Piedmont shall not assert in any forum – whether judicial, administrative, federal, state, local or otherwise – either on its own initiative or in support of other entity's assertions, 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, in whole or in part, (A) preempted by Federal Law or (B) not within the Commission's power, authority, or jurisdiction; DEC, DEP, and Piedmont will bear the full risk of any preemptive effects of Federal Law with respect to this Agreement.

~~Deleted: 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:~~

2. Transfers by DEC, DEP, or Piedmont. With respect to the transfer by DEC, DEP, or Piedmont under this Agreement of the control of, operational responsibility for, or ownership of any DEC, DEP, or Piedmont 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 DEC, DEP nor Piedmont 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 DEC, DEP, or Piedmont may 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.

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3. Access to DEC, DEP or Piedmont Information. Any Operating Company providing Services to DEC or DEP pursuant to this Agreement, including any loaned employees under Section 1.2 of the Agreement, shall be permitted to have access to DEC's, DEP's or Piedmont's 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. Procedures for Services Received By DEC, DEP, or Piedmont from each other or the other Operating Companies and for Services Provided by DEC, DEP or Piedmont to each other or the other Operating Companies. DEC, DEP, and Piedmont shall receive from each other and the other Operating Companies, 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 NCUC, at such times, for such periods and in such manner as DEC, DEP, or Piedmont may from time to time request of each other or another Operating Company. DEC, DEP or Piedmont may provide to each other and the other Operating Companies, upon the terms and conditions set forth in this Agreement, at such times for such periods, and in such a manner as DEC, DEP or Piedmont concludes it is equipped to perform for each other or another Operating Company. DEC, DEP, or Piedmont, 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.

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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"