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John J. Finnigan, Jr.
Senior Counsel

VIA OVERNIGHT DELIVERY

June 14, 2006

RECEIVED

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

JUN 15 2006

PUBLIC SERVICE
COMMISSION

Re: In the Matter of an Adjustment of the Electric Rates of The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky, Inc.
Case No. 2006-00172

Dear Ms. O'Donnell:

I am writing to correct two minor clerical errors in the testimony that we included in our May 31, 2006 filing in the above-referenced case.

First, Dr. Roger A. Morin's pre-filed testimony included an attachment, Exhibit RAM-5, which was missing a couple of the pages referenced in Dr. Morin's testimony. I have enclosed a complete version of Exhibit RAM-5, with ten copies, and request that this be substituted for the version of Exhibit RAM-5 that we filed on May 31, 2006.

Second, the testimony of Ms. Carol E. Shrum was filed with the incorrect attachments. We filed an attachment to her testimony labeled as "FR (9)(u)." A copy of this document is also located at Volume 8, Tab 46 of our filing, where it properly belongs. This document was not intended to be an attachment to her testimony. Three of the correct attachments to Ms. Shrum's testimony were filed with the Cost Allocation Manual in Volume 16 of our filing. Nevertheless, I have enclosed a complete set of Ms. Shrum's attachments, with ten copies.

I apologize for this inconvenience. Thank you for your consideration in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "John J. Finnigan, Jr.", written in a cursive style.

John J. Finnigan, Jr.
Senior Counsel

JJF/sew

cc: Hon. Dennis G. Howard (w/encl.)
Hon Elizabeth E. Blackford (w/encl.)
Hon. David G. Boehm (w/encl.)
Hon. Michael L. Kurtz (w/encl.)

Integrated Electric, Gas, and Combination Utilities

Company	Parent
1 AGL Resources Inc	AGL Resources Inc
2 Allete Inc.	Allete Inc.
3 Wisconsin Power & Light Co.	Alliant
4 Interstate Power & Light Co.	Alliant
5 Central Illinois Light Co.	Ameren Corp
6 CILCORP	Ameren Corp
7 Union Electric Co.	Ameren Corp
8 Ameren Corp.	Ameren Corp
9 Kentucky Power Co.	American Electric Power
10 Appalachian Power Co.	American Electric Power
11 Public Service Co. of Oklahoma	American Electric Power
12 Southwestern Electric Power Co.	American Electric Power
13 Atmos Energy Corp.	Atmos
14 Black Hills Power Inc.	Black Hills
15 Central Vermont Public Service	Central Vermont
16 Cincinnati Gas & Electric Co.	Cinergy Corp.
17 PSI Energy Inc.	Cinergy Corp.
18 Union Light Heat & Power Co.	Cinergy Corp.
19 Cleco Power LLC	CLECO
20 Virginia Electric & Power Co	Dominion Resources
21 Detroit Edison Co	DTE Energy Company
22 Michigan Consolidated Gas Co.	DTE Energy Company
23 Duke Energy Field Services LLC	Duke Energy
24 Southern California Edison Co.	Edison International
25 El Paso Electric Co.	El Paso Corp
26 Empire District Electric Co.	Empire District Electric Co.
27 Energen Corp	Energen Corp
28 RGS Energy Group Inc..	Energy East Corporation
29 Rochester Gas & Electric Corp.	Energy East Corp.
30 Energy East Corp.	Energy East Corp.
31 Entergy Gulf States Inc.	Entergy Corporation
32 Entergy New Orleans Inc.	Entergy Corporation
33 Entergy Mississippi Inc.	Entergy Corporation
34 Entergy Louisiana Inc,	Entergy Corporation
35 Entergy Arkansas Inc.	Entergy Corporation
36 System Energy Resources Inc.	Entergy Corporation
37 Equitable Resources Inc.	Equitable Resources Inc.
38 Ohio Edison Co	FirstEnergy
39 Toledo Edison Co.	FirstEnergy
40 Cleveland Electric Illuminating Co.	FirstEnergy
41 Pennsylvania Power Co.	FirstEnergy
42 Florida Power & Light Co.	FPL Group Inc
43 Kansas City Power & Light Co.	Great Plains Energy
44 Green Mountain Power Corp.	Green Mountain Power

Integrated Electric, Gas, and Combination Utilities

Company	Parent
45 Hawaiian Electric Co. Inc.	Hawaiian Electric Industries Inc
46 Idaho Power Co.	IDACORP
47 IDACORP Inc.	IDACORP Inc.
48 Kaneb Pipe Line OperPartnership L.P.	Kaneb Pipe Line LP
49 Kentucky Utilities Co.	LG&E Energy Corp
50 Montana-Dakota Utilities Co.	MDU Resources
51 Madison Gas & Electric Co.	MGE Energy
52 MidAmerican Energy Co	MidAmerican Energy Holding Co
53 National Fuel Gas Co.	National Fuel Gas Co
54 Northern Indiana Public Service Co.	NiSource
55 Columbia Energy Group	NiSource
56 NiSource Inc.	NiSource Inc.
57 Public Service Co. of New Hampshire	Northeast Utilities System
58 Northern Border Partners L.P.	Northern Plains
59 Enogex Inc.	OGE Energy
60 Oklahoma Gas & Electric Co.	OGE Energy Corp
61 Portland General Electric Co.	Oregon Electric Utility Co
62 Pacific Gas & Electric Co.	PG&E National Energy Group Inc
63 Arizona Public Service Co.	Pinnacle West Capital Corp.
64 Pinnacle West Capital Corp.	Pinnacle West Capital Corp.
65 Public Service Co. of New Mexico	PNM Resources
66 PNM Resources Inc.	PNM Resources Inc.
67 Louisville Gas & Electric Co.	Powergen Plc
68 Progress Energy Carolinas Inc.	Progress Energy Inc
69 Progress Energy Florida	Progress Energy Inc
70 Puget Energy Inc.	Puget Energy
71 Puget Sound Energy Inc.	Puget Energy
72 Questar Market Resources Inc.	Questar Corp
73 Questar Corp	Questar Corp
74 SCANA Corp.	SCANA Corp.
75 South Carolina Electric & Gas Co.	SCANA Corp.
76 PacifiCorp	Scottish Power Group
77 San Diego Gas & Electric Co	Sempra Energy
78 Southern Co.	Southern Company
79 Alabama Power Co	Southern Company
80 Georgia Power Co	Southern Company
81 Savannah Electric & Power Co	Southern Company
82 Gulf Power Co.	Southern Company
83 Mississippi Power Co	Southern Company
84 Tampa Electric Co.	TECO Energy Inc
85 TXU U.S. Holdings Co.	TXU
86 Vectren Utility Holdings Inc.	Vectren Corporation
87 Southern Indiana Gas & Electric Co.	Vectren Corporation
88 Wisconsin Electric Power Co.	Wisconsin Energy Corp.
89 Wisconsin Energy Corp.	Wisconsin Energy Corp.

Integrated Electric, Gas, and Combination Utilities

Company	Parent
90 Wisconsin Public Service Corp.	WPS Resources
91 Southwestern Public Service Co.	XCEL Energy Inc
92 Public Service Co. of Colorado	XCEL Energy Inc
93 Northern States Power Wisconsin	XCEL Energy Inc
94 Northern States Power Co.	XCEL Energy Inc
95 Xcel Energy Inc.	XCEL Energy Inc

Integrated Electric Utilities

Company	Parent	Company	Parent
1 Allete Inc.	Allete Inc.	42 Idaho Power Co.	IDACORP
2 Wisconsin Power & Light Co.	Alliant	43 IDACORP Inc.	IDACORP Inc.
3 Interstate Power & Light Co.	Alliant	44 Montana-Dakota Utilities Co.	MDU Resources
4 Central Illinois Light Co.	Ameren Corp	45 Madison Gas & Electric Co.	MGE Energy
5 CILCORP	Ameren Corp	46 Public Service Co. of New Hampshire	Northeast Utilities System
6 Union Electric Co.	Ameren Corp	47 Enogex Inc.	OGE Energy
7 Ameren Corp.	Ameren Corp	48 Oklahoma Gas & Electric Co.	OGE Energy Corp
8 Kentucky Power Co.	American Electric Power	49 Pacific Gas & Electric Co.	PG&E Corp
9 Appalachian Power Co.	American Electric Power	50 Arizona Public Service Co.	Pinnacle West Capital Corp.
10 Public Service Co. of Oklahoma	American Electric Power	51 Pinnacle West Capital Corp.	Pinnacle West Capital Corp.
11 Southwestern Electric Power Co.	American Electric Power	52 Public Service Co. of New Mexico	PNM Resources
12 Black Hills Power Inc.	Black Hills	53 PNM Resources Inc.	PNM Resources Inc.
13 Central Vermont Public Service	Central Vermont	54 Progress Energy Carolinas Inc.	Progress Energy Inc
14 Cincinnati Gas & Electric Co.	Cinergy Corp.	55 Progress Energy Florida	Progress Energy Inc
15 PSI Energy Inc.	Cinergy Corp.	56 Puget Energy Inc.	Puget Energy
16 Union Light Heat & Power Co.	Cinergy Corp.	57 Puget Sound Energy Inc.	Puget Energy
17 Cleco Power LLC	CLECO	58 SCANA Corp.	SCANA Corp.
18 Virginia Electric & Power Co	Dominion Resources	59 South Carolina Electric & Gas Co.	SCANA Corp.
19 Detroit Edison Co	DTE Energy Company	60 San Diego Gas & Electric Co	Sempra Energy
20 Michigan Consolidated Gas Co.	DTE Energy Company	61 Southern Co.	Southern Company
21 Duke Energy Field Services LLC	Duke Energy	62 Alabama Power Co	Southern Company
22 Southern California Edison Co.	Edison International	63 Georgia Power Co	Southern Company
23 El Paso Electric Co.	El Paso Corp	64 Savannah Electric & Power Co	Southern Company
24 Empire District Electric Co.	Empire District Electric Co.	65 Gulf Power Co.	Southern Company
25 RGS Energy Group Inc..	Energy East Corporation	66 Mississippi Power Co	Southern Company
26 Rochester Gas & Electric Corp.	Energy East Corp.	67 Tampa Electric Co.	TECO Energy Inc
27 Energy East Corp.	Energy East Corp.	68 TXU U.S. Holdings Co.	TXU
28 Entergy Gulf States Inc.	Entergy Corporation	69 Vectren Utility Holdings Inc.	Vectren Corporation
29 Entergy New Orleans Inc.	Entergy Corporation	70 Southern Indiana Gas & Electric Co	Vectren Corporation
30 Entergy Mississippi Inc.	Entergy Corporation	71 Wisconsin Electric Power Co.	Wisconsin Energy Corp.
31 Entergy Louisiana Inc.	Entergy Corporation	72 Wisconsin Energy Corp.	Wisconsin Energy Corp.
32 Entergy Arkansas Inc.	Entergy Corporation	73 Wisconsin Public Service Corp.	WPS Resources
33 System Energy Resources Inc.	Entergy Corporation	74 Southwestern Public Service Co.	XCEL Energy Inc
34 Ohio Edison Co	FirstEnergy	75 Public Service Co. of Colorado	XCEL Energy Inc
35 Toledo Edison Co.	FirstEnergy	76 Northern States Power Wisconsin	XCEL Energy Inc
36 Cleveland Electric Illuminating Co.	FirstEnergy	77 Northern States Power Co.	XCEL Energy Inc
37 Pennsylvania Power Co.	FirstEnergy	78 Xcel Energy Inc.	XCEL Energy Inc
38 Florida Power & Light Co.	FPL Group Inc		
39 Kansas City Power & Light Co.	Great Plains Energy	eliminated gas companies, UK utilities, partnerships, non-traded	
40 Green Mountain Power Corp.	Green Mountain Power		
41 Hawaiian Electric Co. Inc.	Hawaiian Electric Industries Inc		

Company	Parent
1 Allele Inc.	Allele Inc.
2 Wisconsin Power & Light Co.	Alliant
3 Central Illinois Light Co.	Ameren Corp
4 Kentucky Power Co.	American Electric Power
5 Black Hills Power Inc.	Black Hills
6 Cincinnati Gas & Electric Co.	Cinergy Corp.
7 Cleco Power LLC	CLECO
8 Virginia Electric & Power Co	Dominion Resources
9 Detroit Edison Co	DTE Energy Company
10 Duke Energy Field Services LLC	Duke Energy
11 Southern California Edison Co.	Edison International
12 El Paso Electric Co.	El Paso Corp
13 Empire District Electric Co.	Empire District Electric Co.
14 RGS Energy Group Inc..	Energy East Corporation
15 Entergy Gulf States Inc.	Entergy Corporation
16 Ohio Edison Co	FirstEnergy
17 Florida Power & Light Co.	FPL Group Inc
18 Kansas City Power & Light Co.	Great Plains Energy
19 Hawaiian Electric Co. Inc.	Hawaiian Electric Industries Inc
20 Idaho Power Co.	IDACORP
21 Montana-Dakota Utilities Co.	MDU Resources
22 Madison Gas & Electric Co.	MGE Energy
23 Public Service Co. of New Hampshire	Northeast Utilities System
24 Enogex Inc.	OGE Energy
25 Pacific Gas & Electric Co.	PG&E Corp
26 Arizona Public Service Co.	Pinnacle West Capital Corp.
27 Public Service Co. of New Mexico	PNM Resources
28 Progress Energy Carolinas Inc.	Progress Energy Inc
29 Puget Energy Inc.	Puget Energy
30 SCANA Corp.	SCANA Corp.
31 San Diego Gas & Electric Co	Sempra Energy
32 Southern Co.	Southern Company
33 Tampa Electric Co.	TECO Energy Inc
34 TXU U.S. Holdings Co.	TXU
35 Vectren Utility Holdings Inc.	Vectren Corporation
36 Wisconsin Electric Power Co.	Wisconsin Energy Corp.
37 Wisconsin Public Service Corp.	WPS Resources
38 Southwestern Public Service Co.	XCEL Energy Inc

eliminated gas companies, UK utilities, partnerships, non-traded
duplicate parents deleted

Central Vermont and Green Mountain Power eliminated market cap < \$500M

**Publicly-Traded Integrated Electric Utilities
Predominant Regulated Utility Operations**

- 1 ALLETE
- 2 Alliant Energy
- 3 Ameren Corp.
- 4 Amer. Elec. Power
- 5 Cinergy Corp.
- 6 Cleco Corp.
- 7 Edison Int'l
- 8 El Paso Electric
- 9 Empire Dist. Elec.
- 10 Energy East Corp.
- 11 Entergy Corp.
- 12 FirstEnergy Corp.
- 13 FPL Group
- 14 Hawaiian Elec.
- 15 IDACORP Inc.
- 16 MGE Energy
- 17 Northeast Utilities
- 18 PG&E Corp.
- 19 Pinnacle West Capital
- 20 PNM Resources
- 21 Progress Energy
- 22 Puget Energy Inc.
- 23 Southern Co.
- 24 TECO Energy
- 25 Wisconsin Energy
- 26 Xcel Energy Inc.

**SERVICE COMPANY
UTILITY SERVICE AGREEMENT**

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

WITNESSETH

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

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

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

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

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

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

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

ARTICLE I – SERVICES

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

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

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

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

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

ARTICLE II - COMPENSATION

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

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

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

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

ARTICLE III - TERM

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

ARTICLE IV – ACCOUNTS AND RECORDS

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

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

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

ARTICLE V – MISCELLANEOUS

Section 5.1 Counterparts. This Service Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other parties.

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

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

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

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


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

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


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

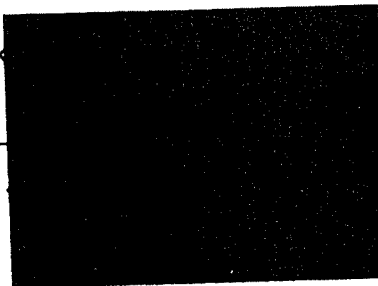
IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date and year first above written.

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

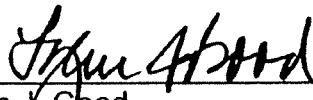
By: 
Lynn J. Good
Executive Vice President and Chief Financial Officer

DUKE ENERGY BUSINESS SERVICES, LLC


By: 
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY BUSINESS SERVICES, LLC
By:  er

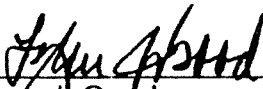
THE CINCINNATI GAS & ELECTRIC COMPANY

By: 
Lynn J. Good
Vice President and Treasurer

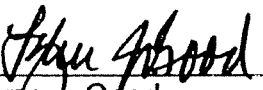
PSI ENERGY, INC.

By: 
Lynn J. Good
Vice President and Treasurer

THE UNION LIGHT, HEAT AND POWER
COMPANY

By: 
Lynn J. Good
Vice President and Treasurer

MIAMI POWER CORPORATION

By: 
Lynn J. Good
Vice President and Treasurer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Sales Ratio

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

2. Electric Peak Load Ratio

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

3. Number of Customers Ratio

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

4. Number of Employees Ratio

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

5. Construction-Expenditures Ratio

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

6. Circuit Miles of Electric Distribution Lines Ratio

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

7. Circuit Miles of Electric Transmission Lines Ratio

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

8. Number of Central Processing Unit Seconds Ratio

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

9. Revenues Ratio

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

10. Inventory Ratio

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

11. Procurement Spending Ratio

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

12. Square Footage Ratio

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

13. Gross Margin Ratio

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

14. Labor Dollars Ratio

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

15. Number of Personal Computer Work Stations Ratio

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

16. Number of Information Systems Servers Ratio

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

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

17. Total Property, Plant and Equipment Ratio

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

18. Generating Unit MW Capability Ratio

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

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

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

1. Information Systems

a. Description of Function

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

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

b. Method of Allocation

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

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

2. Meters

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

3. Transportation

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

4. Electric System Maintenance

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

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

5. Marketing and Customer Relations

a. Description of Function

Advises the Client Companies in relations with domestic utility customers.

The activities of the Function include:

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

b. Method of Allocation

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

6. Electric Transmission and Distribution Engineering and Construction

a. Description of Function

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

b. Method of Allocation

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

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

7. Power Engineering and Construction

a. Description of Function

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

b. Method of Allocation

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

8. Human Resources

a. Description of Function

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

b. Method of Allocation

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

9. Materials Management

a. Description of Function

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

b. Method of Allocation

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

10. Facilities

- a. Description of Function
Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.
- b. Method of Allocation
Allocated to the Client Companies and to other Functions of the Service Company based on the Square Footage Ratio.

11. Accounting

- a. Description of Function
Maintains the books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, prepares tax filings and supervises compliance with the laws and regulations. .
- b. Method of Allocation
Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

12. Power Planning and Operations

- a. Description of Function
Coordinate the planning, management and operation of Duke Energy Corporation's electric power systems. The activities of the Function include:
 - (1) System Planning - planning of additions and retirements to Duke Energy Corporation's electric generation, transmission and distribution systems.

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

13. Public Affairs

- a. Description of Function

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

b. **Method of Allocation**

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

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

14. **Legal**

a. **Description of Function**

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

b. **Method of Allocation**

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

15. **Rates**

a. **Description of Function**

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

b. **Method of Allocation**

Allocated to the Client Companies based on the Sales Ratio.

16. **Finance**

a. **Description of Function**

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

b. **Method of Allocation**

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

17. **Rights of Way**

a. **Description of Function**

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

b. **Method of Allocation**

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

18. **Internal Auditing**

a. **Description of Function**

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

b. **Method of Allocation**

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

19. **Environmental, Health and Safety**

a. **Description of Function**

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

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

b. **Method of Allocation**

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

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

20. **Fuels**

a. **Description of Function**

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

b. **Method of Allocation**

Allocated to the Client Companies based on the Sales Ratio.

21. **Investor Relations**

a. **Description of Function**

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

b. **Method of Allocation**

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

22. **Planning**

a. **Description of Function**

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

b. **Method of Allocation**

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

23. Executive

a. Description of Function

Provides general administrative and executive management services.

b. Method of Allocation

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

DUKE POWER CONDITIONS

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

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

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

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

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

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

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

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

OPERATING COMPANY/NONUTILITY COMPANIES SERVICE AGREEMENT

This Operating Company/Nonutility Companies Service Agreement (this "Agreement") is made and entered into as of April 1, 2006 (the "Effective Date") by and among The Union Light, Heat and Power Company, a Kentucky corporation ("Operating Company"), and the respective associate nonutility companies listed on the signature pages hereto (each, a "Nonutility Company").

WITNESSETH:

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

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

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

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

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

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

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

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

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

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

Section 1.2 Loaned Employees.

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

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

ARTICLE 2. SERVICE REQUESTS

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

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

ARTICLE 3. COMPENSATION FOR SERVICES

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

ARTICLE 4. LIMITATION OF LIABILITY; INDEMNIFICATION

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

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

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

AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

Section 4.4 Indemnification.

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

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

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

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

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

(ii) Notwithstanding any other provision hereof, in circumstances where a Nonutility Company is a Service Provider (*i.e.*, where Operating Company is the Client Company), under no circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract,

under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

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

ARTICLE 5. MISCELLANEOUS

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

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

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

Section 5.4 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous

contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto (including that certain Services Agreement between Operating Company and certain nonutility subsidiaries of Cinergy Corp. dated May 14, 1999). Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

THE UNION LIGHT, HEAT AND POWER COMPANY

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CORP.

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

CINERGY INVESTMENTS, INC.

By: _____
Jeff Gollomp
Vice President

KO TRANSMISSION COMPANY

By: _____
Richard G. Beach
Assistant Secretary

TRI-STATE IMPROVEMENT COMPANY

By: _____
Richard G. Beach
Assistant Secretary

SOUTH CONSTRUCTION COMPANY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CAPITAL & TRADING, INC.

By: _____
Jeff Gollomp
Vice President

CINCAP IV, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

CINPOWER I, LLC
By: _____
Richard G. Beach
Assistant Secretary

CINERGY MARKETING & TRADING, LP
(formerly Cinergy Marketing & Trading, LLC)
By: _____
Jeff Gollomp
Vice President

DUKE ENERGY ENGINEERING, INC.
(formerly Cinergy Engineering, Inc.)
By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY GENERATION SERVICES
HOLDING COMPANY, INC.
(formerly Cinergy Solutions Holding Company, Inc.)
By: _____
Jeff Gollomp
Vice President

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

TRIGEN-CINERGY SOLUTIONS LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF ORLANDO LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SUPPLY NETWORK, INC.

By: _____
Richard G. Beach
Assistant Secretary

RELIANT SERVICES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY TECHNOLOGY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF TUSCOLA, INC.

By: _____
George Dwight, II
Assistant Secretary

ENERGY Equipment Leasing LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach

Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ST. PAUL LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF TUSCOLA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY ENERGY SOLUTIONS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GASCO SOLUTIONS, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY POWER GENERATION SERVICES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY POWER INVESTMENTS, INC.

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF BOCA RATON, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY VENTURES II, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY WHOLESALE ENERGY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINTEC LLC
(formerly CinTech LLC)

By: _____
Richard G. Beach
Assistant Secretary

CINTEC I LLC
(formerly CinTech I LLC)

By: _____
Richard G. Beach
Assistant Secretary

EVENT RESOURCES I LLC
(formerly Event Capital I LLC)

By: _____
Richard G. Beach
Assistant Secretary

LANSING GRAND RIVER UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

OKLAHOMA ARCADIAN UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

SHREVEPORT RED RIVER UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

SYNCAP II, LLC

By: _____
Richard G. Beach
Assistant Secretary

TCS-USFOS OF LANSING LLC

By: _____
Richard G. Beach
Assistant Secretary

BSPE, L.P.

By: _____
Richard G. Beach
Assistant Secretary

BSPE GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

BSPE HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

BSPE LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

BROWNSVILLE POWER I, LLC

By: _____
Richard G. Beach
Assistant Secretary

CSGP OF SOUTHEAST TEXAS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CALEDONIA POWER I, LLC

By: _____
Richard G. Beach
Assistant Secretary

OWINGS MILLS ENERGY EQUIPMENT LEASING, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN - CINERGY SOLUTIONS OF OWINGS MILLS LLC

By: _____
Richard G. Beach
Assistant Secretary

CST LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CST GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CSGP LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CSGP SERVICES, L.P.

By: _____
Richard G. Beach
Assistant Secretary

CSGP GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CANADA, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL TRADING LIMITED

By: _____
Richard G. Beach
Assistant Secretary

CINERGY ORIGINATION & TRADE, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF PHILADELPHIA, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER LIMITED, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER GENERAL, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RETAIL POWER, L.P.

By: _____
Richard G. Beach
Assistant Secretary

DELTA TOWNSHIP UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY LIMITED HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GENERAL HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RECEIVABLES COMPANY LLC

By: _____
Richard G. Beach
Assistant Secretary

CINFUEL RESOURCES, INC.

By: _____
Richard G. Beach
Assistant Secretary

LH1, LLC

By: _____
Richard G. Beach
Assistant Secretary

OAK MOUNTAIN PRODUCTS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES
OF LANSING, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES OF SHREVEPORT, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES OF OKLAHOMA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF NARROWS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ROCK HILL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ST. BERNARD, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF MONACA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINTEC II LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO HOLDINGS, L.P.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO MARKETING & TRADING, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF SOUTH CHARLESTON, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS – UTILITY, INC.

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS O&M, LLC

By: _____

Richard G. Beach
Assistant Secretary

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

By: _____

Richard G. Beach
Assistant Secretary

DELTA TOWNSHIP UTILITIES II, LLC

By: _____

Richard G. Beach
Assistant Secretary

PINE MOUNTAIN INVESTMENTS, LLC

By: _____

George Dwight, II
Assistant Secretary

PINE MOUNTAIN PRODUCTS, LLC

By: _____
George Dwight, II
Assistant Secretary

ENVIRONMENTAL WOOD SUPPLY, LLC

By: _____
G. Roger Daniel
Treasurer

CINERGY SOLUTIONS OPERATING SERVICES
OF DELTA TOWNSHIP, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY BROADBAND, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CADENCE, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS COMMUNICATIONS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY EPCOM COLLEGE PARK LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY E-SUPPLY NETWORK, LLC

By: _____

Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS PARTNERS, LLC

(by Cinergy Solutions, Inc. its managing member)

By: _____

Richard G. Beach
Assistant Secretary

CINERGY TELECOMMUNICATIONS HOLDING CO., INC.

(formerly Cinergy Communications, Inc.)

By: _____

Richard G. Beach
Assistant Secretary

CINERGY TWO, INC.

By: _____

Richard G. Beach
Assistant Secretary

GREEN POWER G.P., LLC

By: _____

M. Stephen Harkness
Authorized Representative

GREEN POWER HOLDINGS, LLC

By: _____
M. Stephen Harkness
Authorized Representative

GREEN POWER LIMITED, LLC

By: _____
M. Stephen Harkness
Authorized Representative

ST. PAUL COGENERATION LLC

By: _____
M. Stephen Harkness
Authorized Representative

TRIGEN-CINERGY SOLUTIONS OF ASHTABULA LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF LANSING LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF ROCHESTER LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF SILVER GROVE LLC

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE CAPITAL LLC

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

BISON INSURANCE COMPANY LIMITED

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY AMERICAS, LLC

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

DUKE ENERGY GLOBAL MARKETS, INC.

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

DUKE ENERGY ROYAL, LLC

By: _____
Robert Irvin
President

DUKE ENERGY INTERNATIONAL, LLC

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY NORTH AMERICA, LLC

By: _____
Sherwood L. Love
Vice President

DUKE ENERGY MARKETING AMERICA, LLC

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY CANADA CALL CO.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY CANADA EXCHANGE CO INC.

By: _____
Sherwood L. Love
Assistant Treasurer

WESTCOAST ENERGY INC.

By: _____
Sherwood L. Love
Assistant Treasurer

UNION GAS LIMITED

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE PROJECT SERVICES, INC.

By: _____
Robert Irvin
President

DUKE VENTURES, LLC

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

CRESCENT RESOURCES, LLC

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

DUKENET COMMUNICATIONS, LLC

By: _____
W. B. Davis
President

PANENERGY CORP

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY SERVICES, INC.

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

DUKE ENERGY NATURAL GAS CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DETFI MANAGEMENT, INC.

By: _____
Curtis H. Davis
Senior Vice President

DUKE ENERGY BUSINESS SERVICES LLC

By: _____
Sherwood L. Love
Assistant Treasurer

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

By: _____
John D. Thomas
Vice President and Chief Financial Officer

DUKE ENERGY FIELD SERVICES, LLC

By: _____
Patrick Welch
Vice President and Controller

DUKE ENERGY GAS TRANSMISSION, LLC

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

ALGONQUIN GAS TRANSMISSION, LLC

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

TEXAS EASTERN TRANSMISSION, LP

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

EAST TENNESSEE NATURAL GAS, LLC

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

M&N MANAGEMENT COMPANY

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

M&N OPERATING COMPANY, LLC

By: _____
Patrick T. Gibson
Vice President, Planning

Exhibit A

FORM OF SERVICE REQUEST

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

OPERATING COMPANIES SERVICE AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

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

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

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

Section 1.2 Loaned Employees.

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

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

ARTICLE 2. SERVICE REQUESTS

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

ARTICLE 3. COMPENSATION FOR SERVICES

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

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

ARTICLE 4. LIMITATION OF LIABILITY; INDEMNIFICATION

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

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

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

Section 4.4 Indemnification.

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

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

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

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

ARTICLE 5. MISCELLANEOUS

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

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

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

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

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

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

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

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

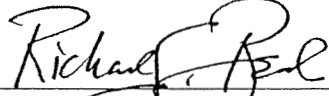
Section 5.9 Duke Power Conditions. In addition to the terms and conditions set forth herein, Duke Power's participation in this Agreement is subject to the provisions set forth in Exhibit B.

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

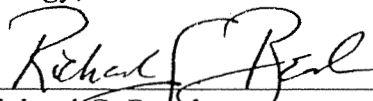
Duke Power Company LLC

By: _____
Richard G. Beach
Assistant Secretary

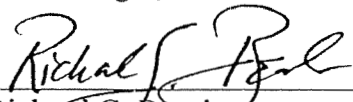
The Cincinnati Gas & Electric Company

By: 
Richard G. Beach
Assistant Secretary

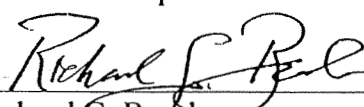
PSI Energy, Inc.

By: 
Richard G. Beach
Assistant Secretary

The Union Light, Heat and Power Company

By: 
Richard G. Beach
Assistant Secretary

Miami Power Corporation

By: 
Richard G. Beach
Assistant Secretary

FORM OF SERVICE REQUEST

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

DUKE POWER CONDITIONS

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

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

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

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

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

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

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

**SERVICE COMPANY
NONUTILITY SERVICE AGREEMENT**

This Service Company Nonutility Service Agreement (this "Service Agreement") is made and entered into as of April 3, 2006 (the "Effective Date") by and among Duke Energy Corporation, a Delaware corporation ("Duke"), Cinergy Corp., a Delaware corporation ("Cinergy"), and Duke Energy Business Services, LLC, a Delaware Limited liability company and Duke Energy Shared Services, Inc., a Delaware corporation (and successor to Cinergy Services, Inc.) (collectively, the "Service Company"), and the other companies listed on the signature pages hereto (each such other company, together with Duke and Cinergy, a "Client Company", and collectively, the "Client Companies").

WITNESSETH

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

WHEREAS, the Merger Agreement contemplated that upon consummation of the Merger the holding company established under Delaware law to assist in effecting the Merger would become the ultimate parent company

for the combined companies and would be renamed Duke Energy Corporation ("Duke Energy"), with Old Duke converted to a North Carolina limited liability company and renamed Duke Power Company LLC;

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

WHEREAS, the Service Company and each of the Client Companies (other than Duke itself) is a subsidiary of Duke; and

WHEREAS, on the Effective Date, the Service Company and the Client Companies have entered into this Service Agreement whereby the Service Company agrees to provide and the Client Companies agree to accept and pay for various services as provided herein; and

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

ARTICLE I - SERVICES

Section 1.1 The Service Company shall furnish to a Client Company, as requested by a Client Company, upon the terms and conditions hereinafter set forth, such of the services described in Appendix A hereto, at such times, for such periods and in such manner as the Client Company may from time to time

request and which the Service Company concludes it is equipped to perform. The Service Company shall also provide a Client Company with such special services, in addition to those services described in Appendix A hereto, as may be requested by a Client Company and which the Service Company concludes it is equipped to perform. In supplying such services, the Service Company may arrange, where it deems appropriate, for the services of such experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the rendition of such services.

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

Section 1.3 The services described herein shall be directly assigned, distributed or allocated by activity, process, project, responsibility center, work order or other appropriate basis. A Client Company shall have the right from time to time to amend, alter or rescind any activity, process, project, responsibility center or work order provided that (i) any such amendment or alteration which results in a material change in the scope of the services to be performed or equipment to be provided is agreed to by the Service Company, (ii) the cost for the services covered by the activity, process, project, responsibility

center or work order shall include any expense incurred by the Service Company as a direct result of such amendment, alteration or rescission of the activity, process, project, responsibility center or work order, and (iii) no amendment, alteration or rescission of an activity, process, project, responsibility center or work order shall release a Client Company from liability for all costs already incurred by or contracted for by the Service Company pursuant to the activity, process, project, responsibility center or work order, regardless of whether the services associated with such costs have been completed.

ARTICLE II - COMPENSATION

Section 2.1 As compensation for the services to be rendered hereunder, (a) each Client Company (other than subsidiaries of Duke that derive substantially all of their operating revenues from businesses conducted outside of the United States of America (such subsidiaries, "Duke Foreign Companies")) shall pay to the Service Company the cost of such services, except to the extent otherwise required by Section 482 of the Internal Revenue Code, and (b) each Duke Foreign Company shall pay to the Service Company the fair market value of such services, but in any event no less than the cost of such services. Where more than one Client Company is involved in or has received benefits from a service performed, costs will be directly assigned, distributed or allocated, as set forth in Appendix A hereto, between or among such companies on a basis reasonably related to the service performed to the extent reasonably practicable.

Section 2.2 The method of assignment, distribution or allocation of costs described in Appendix A shall be subject to review annually, or more frequently if appropriate. Such method of assignment, distribution or allocation of costs may be modified or changed by the Service Company without the necessity of an amendment to this Service Agreement provided that in each instance, costs of all services rendered hereunder shall be fairly and equitably assigned, distributed or allocated. The Service Company shall advise the Client Companies from time to time of any material changes in such method of assignment, distribution or allocation.

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

Section 2.4 It is the intent of this Service Agreement that, except as otherwise required by Section 482 of the Internal Revenue Code, the payment for services rendered by the Service Company to the Client Companies under this Service Agreement shall cover all the costs of its doing business (less the cost of services provided to affiliated companies not a party to this Service Agreement and to other non-affiliated companies, and credits for miscellaneous income items), including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, property insurance, injuries and

damages, employee pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, profit and compensation for use of capital. Without limitation of the foregoing, "cost," as used in this Agreement, means fully embedded cost, namely, the sum of (1) direct costs, (2) indirect costs and (3) costs of capital.

ARTICLE III - TERM

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

ARTICLE IV - ACCOUNTS AND RECORDS; NEW CLIENT COMPANIES

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

Section 4.2 The Service Company shall permit each Client Company access to its accounts and records, including the basis and computation of allocations.

Section 4.3 Nonutility subsidiaries of Duke organized or acquired after the Effective Date may become additional Client Companies subject to this Service Agreement (each, a "New Client Company") by executing an additional original signature page to this Service Agreement or otherwise agreeing to be bound by the terms and provisions hereof (it being understood that such execution or other agreement to be bound hereby shall be deemed fully satisfied to the extent that any direct or indirect parent company, other than Duke or Cinergy, owning all of the outstanding voting securities of such New Client Company executes such additional original signature page or otherwise agrees to be bound by the terms and provisions hereof on behalf of such New Client Company). For the avoidance of doubt, the mere addition of any New Client Company as a party to this Service Agreement, without more, shall not be deemed to amend or other modify any of the terms and provisions of this Service Agreement.

ARTICLE V – MISCELLANEOUS

Section 5.1 Counterparts. This Service Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other parties.

Section 5.2 Entire Agreement; No Third Party Beneficiaries. This Service Agreement (including Appendix A and any other appendices or exhibits

or schedules hereto) (i) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement (including without limitation that certain Nonutility Service Agreement, originally dated as of October 20, 1994, as heretofore amended, by and among Cinergy, Cinergy's service company subsidiary and various nonutility subsidiaries of Cinergy) and (ii) is not intended to confer upon any person other than the parties hereto any rights or remedies.

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

Section 5.4 Assignment. Neither this Service Agreement nor any of the rights, interests or obligations under this Service Agreement 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 the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.5 Amendments. This Service Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

CINERGY CORP.

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY INVESTMENTS, INC.

By: _____
Jeffrey A. Gollomp
Vice President

KO TRANSMISSION COMPANY

By: _____
Richard G. Beach
Assistant Secretary

TRI-STATE IMPROVEMENT COMPANY

By: _____
Richard G. Beach
Assistant Secretary

SOUTH CONSTRUCTION COMPANY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CAPITAL & TRADING, INC.

By: _____
Jeffrey A. Gollomp
Vice President

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

By: _____
Jeffrey A. Gollomp
Vice President

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

By: _____
Jeffrey A. Gollomp
Vice President

CINPOWER I, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Jeffrey A. Gollomp
Vice President

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

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Jeffrey A. Gollomp
Vice President

TRIGEN-CINERGY SOLUTIONS LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF ORLANDO LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SUPPLY NETWORK, INC.

By: _____
Richard G. Beach
Assistant Secretary

RELIANT SERVICES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY TECHNOLOGY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF TUSCOLA, INC.

By: _____
George Dwight II
Assistant Secretary

ENERGY EQUIPMENT LEASING LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ST. PAUL LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF TUSCOLA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY ENERGY SOLUTIONS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GASCO SOLUTIONS, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY POWER GENERATION SERVICES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY POWER INVESTMENTS, INC.

By: _____
Jeffrey A. Gollomp
Vice President

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

By: _____
George Dwight, II
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY VENTURES II, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY WHOLESALE ENERGY, INC.

By: _____
Jeffrey A. Gollomp
Assistant Secretary

CINTEC LLC
(formerly *CinTech LLC*)

By: _____
Richard G. Beach
Assistant Secretary

CINTEC I LLC
(formerly *CinTech I LLC*)

By: _____
Richard G. Beach
Assistant Secretary

EVENT RESOURCES I LLC
(formerly *Event Capital I LLC*)

By: _____
Richard G. Beach
Assistant Secretary

LANSING GRAND RIVER UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

OKLAHOMA ARCADIAN UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

SHREVEPORT RED RIVER UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

SYNCAP II, LLC

By: _____
Richard G. Beach
Assistant Secretary

TCS-USFOS OF LANSING LLC

By: _____
Richard G. Beach
Assistant Secretary

BSPE, L.P.

By: _____
M. Stephen Harkness
Authorized Representative

BSPE GENERAL, LLC

By: _____
M. Stephen Harkness
Authorized Representative

BSPE HOLDINGS, LLC

By: _____
M. Stephen Harkness
Authorized Representative

BSPE LIMITED, LLC

By: _____
M. Stephen Harkness
Authorized Representative

BROWNSVILLE POWER I, LLC

By: _____
Jeffrey A. Gollomp
Vice President

CSGP OF SOUTHEAST TEXAS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CALEDONIA POWER I, LLC

By: _____
Jeffrey A. Gollomp
Vice President

OWINGS MILLS ENERGY EQUIPMENT LEASING, LLC

By: _____
Richard G. Beach
Assistant Secretary

SOUTH HOUSTON GREEN POWER, L.P.
(by *Green Power G.P.*)

By: _____
M. Stephen Harkness
Authorized Representative

TRIGEN - CINERGY SOLUTIONS OF OWINGS MILLS LLC

By: _____
Richard G. Beach
Assistant Secretary

CST LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CST GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CSGP LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CSGP GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CANADA, INC.

By: _____
Jeffrey A. Gollomp
Vice President

CINERGY GLOBAL TRADING LIMITED

By: _____
Julia S. Janson
Secretary

CINERGY ORIGINATION & TRADE, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF PHILADELPHIA, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Jeffrey A. Gollomp
Vice President

CINERGY RETAIL POWER LIMITED, INC.

By: _____
Jeffrey A. Gollomp
Vice President

CINERGY RETAIL POWER GENERAL, INC.

By: _____
Jeffrey A. Gollomp
Vice President

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

By: _____
Richard G. Beach
Assistant Secretary

DELTA TOWNSHIP UTILITIES, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY LIMITED HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GENERAL HOLDINGS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY RECEIVABLES COMPANY LLC

By: _____
Kimberely K. Sipes
Treasurer

CINFUEL RESOURCES, INC.

By: _____
Jeffrey A. Gollomp
Vice President

LH1, LLC

By: _____
George Dwight, II
Assistant Secretary

OAK MOUNTAIN PRODUCTS, LLC

By: _____
George Dwight, II
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES OF
LANSING, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES OF
SHREVEPORT, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OPERATING SERVICES OF
OKLAHOMA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF NARROWS, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ROCK HILL, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF ST. BERNARD, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By: _____
Jeffrey A. Gollomp
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS OF MONACA, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINTEC II LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO LIMITED, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO GENERAL, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY MEXICO MARKETING & TRADING, LLC

By: _____
Richard G. Beach
Assistant Secretary

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

By: _____
George Dwight, II
Assistant Secretary

CINERGY SOLUTIONS OF SOUTH CHARLESTON, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS – UTILITY, INC.

By: _____
George Dwight, II
Assistant Secretary

CINERGY SOLUTIONS O&M, LLC

By: _____
Richard G. Beach
Assistant Secretary

DELTA TOWNSHIP UTILITIES II, LLC

By: _____
Richard G. Beach
Assistant Secretary

PINE MOUNTAIN INVESTMENTS, LLC

By: _____
George Dwight II
Assistant Secretary

PINE MOUNTAIN PRODUCTS, LLC

By: _____
George Dwight II
Assistant Secretary

ENVIRONMENTAL WOOD SUPPLY, LLC

By: _____
G. Roger Daniel
Treasurer

CINERGY SOLUTIONS OPERATING SERVICES OF
DELTA TOWNSHIP, LLC

By: _____
Richard G. Beach
Assistant Secretary

CST GREEN POWER, L.P.
(by CST General, its general partner)

By: _____
M. Stephen Harkness
Authorized Representative

GREEN POWER G.P., LLC

By: _____
M. Stephen Harkness
Authorized Representative

GREEN POWER HOLDINGS, LLC

By: _____
M. Stephen Harkness
Authorized Representative

GREEN POWER LIMITED, LLC

By: _____
M. Stephen Harkness
Authorized Representative

CINERGY BROADBAND, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CADENCE, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS COMMUNICATIONS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY EPCOM COLLEGE PARK LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY E-SUPPLY NETWORK, LLC

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL ELY, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL HOLDINGS, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL POWER SERVICES LIMITED

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL POWER, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL RESOURCES, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY HOLDINGS B.V.

By: _____
Doug Schulte
Director A

By: _____
H. J Wirix
Director B

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

By: _____
George Dwight II
Assistant Secretary

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

By: _____
Richard G. Beach
Assistant Secretary

CINERGY TWO, INC.

By: _____
Richard G. Beach
Assistant Secretary

CINERGY UK, INC.

By: _____
Richard G. Beach
Assistant Secretary

ST. PAUL COGENERATION LLC

By: _____
M. Stephen Harkness
President

TRIGEN-CINERGY SOLUTIONS OF ASHTABULA LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF LANSING LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF ROCHESTER LLC

By: _____
Richard G. Beach
Assistant Secretary

TRIGEN-CINERGY SOLUTIONS OF SILVER GROVE LLC

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE CAPITAL LLC

By: _____
Richard G. Beach
Assistant Secretary

BISON INSURANCE COMPANY LIMITED

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY AMERICAS, LLC

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

DUKE ENERGY GLOBAL MARKETS, INC.

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

DUKE ENERGY ROYAL, LLC

By: _____
Robert T. Lucas III
Assistant Secretary

DUKE ENERGY MARKETING AMERICA, LLC

By: _____
Curtis H. Davis
Vice President

DUKE ENERGY INTERNATIONAL, LLC

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY NORTH AMERICA, LLC

By: _____
Sherwood L. Love
Vice President

DUKE ENERGY CANADA CALL CO.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY CANADA EXCHANGE CO INC.

By: _____
Sherwood L. Love
Assistant Treasurer

WESTCOAST ENERGY INC.

By: _____
Sherwood L. Love
Assistant Treasurer

UNION GAS LIMITED

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE PROJECT SERVICES, INC.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE VENTURES, LLC

By: _____
Robert T. Lucas III
Assistant Secretary

CRESCENT RESOURCES, LLC

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

DUKENET COMMUNICATIONS, LLC

By: _____
Anders K. Torning
Assistant Secretary

PANENERGY CORP.

By: _____
Sherwood L. Love
Assistant Treasurer

DUKE ENERGY SERVICES, INC.

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

DUKE ENERGY NATURAL GAS CORPORATION

By: _____
Sherwood L. Love
Assistant Treasurer

DETMi MANAGEMENT, INC.

By: _____
Curtis H. Davis
Senior Vice President

DUKE ENERGY BUSINESS SERVICES LLC

By: _____
Sherwood L. Love
Assistant Treasurer

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

By: _____
John D. Thomas
Vice President and Chief Financial Officer

DUKE ENERGY FIELD SERVICES, LLC

By: _____
Patrick Welch
Vice President and Controller

DUKE ENERGY GAS TRANSMISSION, LLC

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

ALGONQUIN GAS TRANSMISSION, LLC

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

TEXAS EASTERN TRANSMISSION, LP

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

EAST TENNESSEE NATURAL GAS, LLC

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

M&N MANAGEMENT COMPANY

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

M&N OPERATING COMPANY, LLC

By: _____
Patrick T. Gibson
Vice President, Planning

MARKET HUB PARTNERS HOLDING, LLC

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

EGAN HUB STORAGE, LLC

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

MOSS BLUFF HUB PARTNERS, L.L.C.

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

DUKE ENERGY MERCHANTS, LLC

By: _____
C. G. Harper
President

DUKE ENERGY RECEIVABLES FINANCE COMPANY, LLC.

By: _____
Sherwood L. Love
Assistant Treasurer

**Appendix A to
Nonutility Service Agreement**

**DESCRIPTION OF SERVICES
AND DETERMINATION OF CHARGES FOR SERVICES**

- I. The Service Company will maintain an accounting system for accumulating all costs on an activity, process, project, responsibility center, work order or other appropriate basis. To the extent practicable, time records of hours worked by Service Company employees will be kept by activity, process, project, responsibility center or work order. Charges for salaries will be determined from such time records and will be computed on the basis of employees' labor costs, including the cost of fringe benefits, indirect labor costs and payroll taxes. Records of employee-related expenses and other indirect costs will be maintained for each functional group (a "Function") within the Service Company. Where identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs will be directly assigned to such activity, process, project, responsibility center or work order. Where not identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs within a Function will be allocated in relationship to the directly assigned costs of the Function. For purposes of this Appendix A, any costs not directly assigned by the Service Company will be allocated monthly.
- II. Service Company costs accumulated for each activity, process, project, responsibility center or work order will be directly assigned, distributed or allocated to the Client Companies or other Functions within the Service Company as follows:
 1. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for a single Client Company or Function will be directly assigned and charged to such Client Company or Function.
 2. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for two or more Client Companies or Functions will be distributed among and charged to such Client Companies or Functions. The appropriate method of distribution will be determined by the Service Company on a case-by-case basis consistent with the nature of the work performed and will be based on the application of one or more of the methods described in Section IV and V of this Appendix A. The distribution method will be provided to each such affected Client Company or Function.
 3. Costs accumulated in an activity, process, project, responsibility center or work order for services of a general nature which are applicable to all

Client Companies or Functions or to a class or classes of Client Companies or Functions will be allocated among and charged to such Client Companies or Functions by application of one or more of the methods enumerated in Section III.

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

1. "Gross margin" refers to revenues as defined by Generally Accepted Accounting Principles, less cost of sales, including but not limited to fuel, purchased power, emission allowances and other cost of sales.
2. The weights utilized in the weighted average ratios in paragraph V of this Appendix A shall represent the percentage relationship of the activities associated with the function for which costs are to be allocated. For example, if an expense item is to be allocated on the weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the Total Property, Plant and Equipment ("PP&E") Ratio, and the activity to be allocated is one-third gross margin related, one-third labor related and one-third PP&E related, 33 percent of the Gross Margin Ratio would be utilized, 33 percent of the Labor Dollars Ratio and 34 percent of the PP&E Ratio would be utilized. To illustrate this application, assuming that the Gross Margin Ratio were 53.75 percent for Company A and 46.25 percent for Company B, the Labor Dollars Ratio were 25 percent for Company A and 75 percent for Company B, and the Total PP&E Ratio were 60 percent for Company A and 40 percent for Company B, the following weighted average ratio would be computed:

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

- IV. Costs accumulated in an activity, process, project, responsibility center or work order for services of a general nature which are applicable to all Client Companies or Functions or to a class or classes of Client Companies or Functions will be allocated and/or distributed among and charged to such Client Companies or Functions by application of one or more of the following allocation methods:
1. Revenues Ratio. A ratio based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.
 2. Number of Employees Ratio. A ratio based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.
 3. Construction-Expenditures Ratio. A ratio based on the applicable projected total construction expenditures, net of reimbursements, for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). Separate ratios will be computed, where applicable, for total construction expenditures and appropriate functional plant classifications. This ratio will be determined annually or at such time as may be required due to a significant change.
 4. Number of Central Processing Unit (CPU) Seconds Ratio. A ratio based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.
 5. Sales Ratio. A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable), This ratio will be determined annually, or at such time

as may be required due to a significant change.

6. Electric Peak Load Ratio. A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.
7. Number of Customers Ratio. A ratio, based on the applicable number of customers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.
8. Inventory Ratio. A ratio based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant classifications. This ratio will be determined annually or at such time as may be required due to a significant change.
9. Procurement Spending Ratio. A ratio based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant classifications. This ratio will be determined annually or at such time as may be required due to a significant change.
10. Square Footage Ratio. A ratio based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.
11. Gross Margin Ratio. A ratio based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). This ratio will be

determined annually or at such time as may be required due to a significant change.

12. Labor Dollars Ratio. A ratio based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.
13. Number of Personal Computer Work Stations Ratio. A ratio based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.
14. Number of Information Systems Servers Ratio. A ratio based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.
15. Total Property, Plant and Equipment Ratio. A ratio based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.
16. Generating Unit MW Capability Ratio. A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

IV. A general description of each Function's activities is set forth below.

1. INFORMATION SYSTEMS

Provides communications and electronic data processing services. Examples of activities include development and support of mainframe computer software applications; procurement and support of personal computers and related network and software applications; development and support of distributed computer software applications (e.g., servers); installation and operation of communications systems; and management and support services.

2. METERS

Procures and maintains meters, similar equipment for Client Companies. Assists Client Companies in rendering purchasing, construction, installation, inspection, maintenance, repair and related services for customer-owned meters and similar equipment.

3. TRANSPORTATION

Procures and maintains vehicles, aircraft and similar equipment for Client Companies. Assists Client Companies in rendering purchasing, construction, installation, inspection, maintenance, repair and related services with respect to vehicle fleets, aircraft and similar equipment.

4. HUMAN RESOURCES

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

5. FACILITIES

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

6. ACCOUNTING

Maintains books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, processes payments to vendors, prepares tax filings and supervises compliance with tax and other similar laws and regulations.

7. PUBLIC AFFAIRS

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

8. LEGAL

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

9. FINANCE

Renders services to Client Companies with respect to investments, financing, cash management, risk management, insurance, claims, etc. Prepares budgets, financial forecasts, economic analyses and other similar finance-related documents and/or reports. Assists Client Companies in rendering financial-related services to customers, such as development and implementation of "shared savings" arrangements, and in providing financing options to customers (loans, leases, etc.) principally in connection with sales of Client Company goods and services.

10. INTERNAL AUDIT

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

11. INVESTOR RELATIONS

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

12. PLANNING

Assists in development of business plans; monitoring of trends; gathering and evaluation of information with respect to competitors and customers; evaluation of business opportunities; related strategic matters.

13. EXECUTIVE

Provides general administrative and executive management services.

14. ENERGY-RELATED FACILITY MAINTENANCE

Assists Client Companies in rendering maintenance and related consulting services for customer-owned utility assets (generation, transmission/transportation and distribution facilities) and other energy-related facilities and equipment, such as cogeneration facilities, fuel systems, chilled/hot water systems, fiber optic/telecommunications facilities, outdoor and street lighting systems, etc. To the extent Client Companies themselves own any such facilities and equipment, such maintenance services may also be provided to any such Client Company.

15. ENGINEERING AND CONSTRUCTION

Assists Client Companies in rendering engineering and construction and related consulting services for customer-owned utility assets (generation, transmission/transportation and distribution facilities) and other energy-related facilities and equipment, such as cogeneration facilities, fuel systems, chilled/hot water systems, fiber optic/telecommunications facilities, outdoor and street lighting systems, etc. To the extent Client Companies themselves own any such facilities and equipment, such engineering and construction services may also be provided to any such Client Company.

16. MARKETING AND CUSTOMER RELATIONS

Assists Client Companies in designing, implementing and promoting products and services to potential customers and in administering business relationships with existing customers. Activities include assisting Client Companies in connection with (1) advertising, (2) making initial contacts with and designing specific proposals for potential customers; (3) administering business relationships with customers including bill processing and payment collection; and (4) operation of telephone call centers with respect to foregoing matters.

17. MATERIALS MANAGEMENT

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

18. FUELS

Assists Client Companies in procuring fuel supplies (coal, steam, fuel oil, gas, etc.) for customers and, where applicable, Client Companies themselves.

19. ENVIRONMENTAL, HEALTH AND SAFETY

Assists Client Companies in providing environmental, health and safety services (compliance, studies, testing, licensing, monitoring, employee training, etc.) to customers. Where applicable, such services also provided to Client Companies themselves.

20. RATES

Assists Client Companies in connection with customer rate negotiations and risk analysis with respect to utility service.

21. RIGHTS OF WAY

Assists in purchase/sale, surveying and recording of interests in real estate, both for Client Companies themselves and customers thereof.

22. ENERGY-RELATED SYSTEM OPERATIONS

Assists Client Companies in rendering operational and related consulting services for customer-owned utility assets (generation, transmission/transportation and distribution facilities) and other energy-related facilities and equipment, such as cogeneration facilities, fuel systems, chilled/hot water systems, fiber optic/telecommunications facilities, outdoor and street lighting systems, etc. To the extent Client Companies themselves own any such facilities and equipment, such operational services may also be provided to any such Client Company. This function also includes assistance with respect to matters relating to disposal of associated by-products.

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ATTACHMENTS

ATTACHMENT CES-1 – Service Company Utility Service Agreement

ATTACHMENT CES-2 – Operating Company/Non-Utility Companies Service Agreement

ATTACHMENT CES-3 – Operating Companies Service Agreement

ATTACHMENT CES-4 – Service Company Non-Utility Service Agreement