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John J. Finnigan, Jr.
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VIA OVERNIGHT MAIL

December 28, 2006

RECEIVED

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PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

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

Dear Ms. O'Donnell:

In compliance with the Commission's December 21, 2006 Order in the above-referenced case, I have enclosed the original and four copies of the compliance tariff on behalf of Duke Energy Kentucky, Inc. ("DE-Kentucky").

In preparing this tariff, the Company noticed the following clerical errors which it has corrected. The Company requests that the Commission accept for filing the corrected version of the tariff. The clerical errors are as follows:

1. The Settlement Agreement and the Commission's Order provided for a rider that credits customers with a share of profits from the Company's off-system sales. This rider is known as Rider PSM, Profit Sharing Mechanism, and it appears as Sheet No. 82 of the Company's tariff. However, the Company noted that the other tariff sheets that are subject to this rider erroneously failed to state, in the "Applicable Riders" section of the tariff sheets, that they were also subject to Rider PSM. The Company corrected this error by adding Rider PSM in the "Applicable Riders" section of the tariff sheets that are subject to this rider.

2. The Company's May 31, 2006 application provided for continuation of Rider GSS - Generation Support Service at new rates. This rider is at Sheet No. 58 of the Company's tariff. The Company did not propose any changes to Rider GSS in this filing except for the new rates. The Settlement Agreement provides for approval of the Company's May 31, 2006 application, subject to the changes noted in the Settlement Agreement. The Settlement Agreement did not provide for any changes to Rider GSS; therefore, Rider GSS should be implemented at the rates proposed in the Company's May 31, 2006 application. The Company erroneously failed to include Rider GSS in its November 7, 2006 proof of revenue filing, because there are no customers on Rider GSS.

Accordingly, the Commission's Order did not include Rider GSS. The Company has corrected this error by including Rider GSS, at the same rate stated in the Company's May 31, 2006 application.

3. The Settlement Agreement and the Commission's Order provided for a new rate for Rate RS – Residential Service, Sheet No. 30. The Company's old rate design for Rate RS provided for different rates during winter and summer billing periods, but the new rate design eliminated these seasonal rates in favor of one year-round rate. The Company, however, erroneously failed to eliminate from Rate RS the section entitled "Billing Periods," which defined the winter months and the summer months for seasonal billing purposes. The Company corrected this error by eliminating the "Billing Periods" section from Rate RS.

Additionally, the Company noticed, when calculating its proof of revenue, that the new Rate DT approved in the Settlement Agreement would cause rate increases in excess of 40% for a few Rate DT customers who had low load factors. The Company wanted to avoid implementing such a steep one-time rate increase. The Company therefore proposes to implement a pilot program for Rate DT customers with low load factors. This pilot program allows Rate DT customers with low load factors to elect for an optional rate that has lower demand charges but higher energy charges than the regular Rate DT.

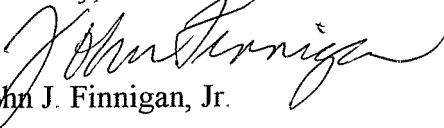
This pilot program would remain in effect for one year, except that the Company may apply to the Commission for approval to continue the rate beyond this one-year term. The effect of this pilot program is to mitigate the size of the one-time rate increase for low load factor customers who opt for this rate. If the Rate DT low load factor customers who are eligible for this rate decide to elect it, then this pilot program would have the effect of reducing the Company's revenues slightly below the full \$49 million increase approved in the Settlement Agreement.

The Company discussed this pilot program with the parties to the Settlement Agreement and with Commission Staff after the Company filed the Settlement Agreement in this proceeding, and the Company understands that the parties and Staff support this pilot program. The enclosed tariff incorporates this pilot program with the optional rate for Rate DT customers with low load factors.

Finally, the Company will submit a new sample bill next week, which will incorporate the new charges approved in the Settlement Agreement and the Commission's Order.

The Company respectfully requests that the Commission accept this tariff for filing. Please return one file-stamped copy of this letter in the enclosed, return-addressed envelope.

Sincerely,


John J. Finnigan, Jr.

Enclosure

cc: Hon. Richard Raff (with enclosure)
Hon. Dennis G. Howard (with enclosure)
Hon. Elizabeth E. Blackford (with enclosure)
Hon. Michael L. Kurtz (with enclosure)

**SCHEDULE OF RATES, CLASSIFICATIONS
RULES AND REGULATIONS**

FOR

ELECTRIC SERVICE

OF

DUKE ENERGY KENTUCKY, INC.

TABLE OF CONTENTS

<u>Tariff Sheet No. Series</u>	<u>Description</u>	<u>Summary of Applicability*</u>
-	Title Page	
01	Table of Contents	
10	Index to Tariff Schedules and Communities Served	Complete list of available tariffs by Sheet No. and municipalities and counties served.
20	Service Regulations Public Service Commission.	Set of rules and regulations of the Company for providing electric service as approved by the Kentucky
30	Residential Service	Tariffs available to residential customers unless the customer is provided three phase service.
40	Distribution Voltage Service	Tariffs available, principally, to non-residential customers receiving service at 34,500 volts or lower; available to residential customers who request either three phase service or a second point of service.
50	Transmission Voltage Service	Tariffs available, principally, to non-residential customers receiving service at 69,000 volts or higher.
60	Lighting Service	Tariffs available for lighting of areas of a public or private nature.
70	Optional Riders	Riders necessary to determine total amount of monthly bill to customers under special circumstances.
80	Fuel Riders	Riders necessary to determine total amount of monthly bill to all customers receiving electric service.
90	Miscellaneous	Miscellaneous periodic charges not reflected in standard service tariffs.

* To determine applicability, available tariff and Company's Service Regulations and other rules and regulations should be reviewed and discussed with the Company.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

	<u>Sheet No.</u>	<u>Effective Date</u>
<u>SERVICE REGULATIONS</u>		
Service Agreements.....	20	01/02/07
Supplying and Taking of Service.....	21	01/02/07
Customer's Installations.....	22	01/02/07
Company's Installation.....	23	01/02/07
Metering.....	24	01/02/07
Billing and Payment.....	25	01/02/07
Deposits.....	26	01/02/07
Application of Service Regulations.....	27	01/02/07
Reserved for Future Use.....	28-29	
<u>RESIDENTIAL SERVICE</u>		
Rate RS, Residential Service.....	30	01/02/07
Reserved for Future Use.....	31-39	
<u>DISTRIBUTION VOLTAGE SERVICE</u>		
Rate DS, Service at Secondary Distribution Voltage:		
Secondary Voltage Less than 12.5 kV		
- Secondary Metered.....	40	01/02/07
- Primary Metered.....	40	01/02/07
- Churches.....	40	01/02/07
Rider LM, Load Management Rider:		
Load Up to 500 kW:		
- Churches.....	40	01/02/07
- Others.....	40	01/02/07
Load Greater than 500 kW:		
- Secondary Metered.....	40	01/02/07
- Primary Metered.....	40	01/02/07
Rate DT, Time-of-Day Rate For Service at Distribution Voltage:		
Secondary Voltage Less Than 12.5 kV		
- Secondary Metered		
On Peak.....	41	01/02/07
Off Peak.....	41	01/02/07
- Primary Metered		
On Peak.....	41	01/02/07
Off Peak.....	41	01/02/07
12.5 kV Primary Voltage		
- Secondary Metered		
On Peak.....	41	01/02/07
Off Peak.....	41	01/02/07
- Primary Metered		
On Peak.....	41	01/02/07
Off Peak.....	41	01/02/07

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INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)

	<u>Sheet No.</u>	<u>Effective Date</u>
<u>DISTRIBUTION VOLTAGE SERVICE (Contd.)</u>		
Rate EH, Optional Rate for Electric Space Heating.....	42	01/02/07
Rate SP, Seasonal Sports Service.....	43	01/02/07
Rate GS-FL, General Service Rate for Small Fixed Loads		
- Less Than 540 Hours.....	44	01/02/07
- 540 Hours Use and Greater.....	44	01/02/07
Rate DP, Service at Primary Distribution Voltage		
12.5kV		
- Secondary Metered.....	45	01/02/07
- Primary Metered.....	45	01/02/07
34.5 kV		
- Secondary Metered.....	45	01/02/07
- Primary Metered.....	45	01/02/07
Rider LM, Load Management Rider:		
Load Greater than 500 kW:		
12.5 kV		
- Secondary Metered.....	45	01/02/07
- Primary Metered.....	45	01/02/07
34.5 kV		
- Secondary Metered.....	45	01/02/07
- Primary Metered.....	45	01/02/07
Reserved for Future Use.....	46-49	
<u>TRANSMISSION VOLTAGE SERVICE</u>		
Reserved for Future Use.....	50	01/02/07
Rate TT, Time-of-Day Rate for Service at Transmission Voltage:		
69 kV		
- Secondary Metered		
On Peak.....	51	01/02/07
Off Peak.....	51	01/02/07
- Primary Metered		
On Peak.....	51	01/02/07
Off Peak.....	51	01/02/07
Reserved for Future Use.....	52-57	01/02/07
Rider GSS, Generation Support Service.....	58	01/02/07
Rate RTP-M, Real Time Pricing – Market Based Pricing.....	59	01/02/07

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)

	<u>Sheet No.</u>	<u>Effective Date</u>
<u>LIGHTING SERVICE</u>		
Rate SL, Street Lighting Service:		
Energy and Maintenance.....	60	01/02/07
Rate TL, Traffic Lighting Service:		
Energy Only.....	61	01/02/07
Limited Maintenance Only.....	61	01/02/07
Energy and Limited Maintenance.....	61	01/02/07
Rate UOLS, Unmetered Outdoor Lighting.....	62	01/02/07
Rate OL-E, Outdoor Lighting Equipment Installation.....	63	01/02/07
Reserved for Future Use.....	64	
Rate OL, Outdoor Lighting Service		
Private Outdoor Lighting (POL).....	65	01/02/07
POL Additional Contribution.....	65	01/02/07
Floodlighting Service.....	65	01/02/07
Underground Service.....	65	01/02/07
Rate NSU, Street Lighting Service for Non-Standard Units:		
Energy and Maintenance.....	66	01/02/07
Energy and Limited Maintenance.....	66	01/02/07
Rate NSP, Private Outdoor Lighting for Non-Standard Units:		
Overhead Service.....	67	01/02/07
Underground Service.....	67	01/02/07
Floodlighting Service.....	67	01/02/07
Rate SC, Street Lighting Service – Customer Owned:		
Energy Only.....	68	01/02/07
Energy and Limited Maintenance.....	68	01/02/07
Rate SE, Street Lighting Service – Overhead Equivalent.....	69	01/02/07
<u>TARIFF RIDERS</u>		
Reserved for Future Use.....	70	
Rider TS, Temporary Service.....	71	01/02/07
Rider X, Line Extension.....	72	01/02/07
Rider LM, Load Management Rider.....	73	01/02/07
Reserved for Future Use.....	74	
Rider DSM, Demand Side Management Cost Recovery Program.....	75	01/02/07
Reserved for Future Use.....	76	
Rider PLM, Peak Load Management Program.....	77	01/02/07
Rider DSMR, Demand Side Management Rate.....	78	01/02/07
Rider BDP, Backup Delivery Point Capacity Rider.....	79	01/02/07
<u>FUEL RIDERS</u>		
Rider FAC, Fuel Adjustment Clause.....	80	01/02/07
Rider MSR-E, Merger Savings Credit Rider - Electric.....	81	01/02/07
Rider PSM, Off-System Sales Profit Sharing Mechanism.....	82	01/02/07
Reserved for Future Use.....	83	
Reserved for Future Use.....	84	
Rider BR, Brownfield Redevelopment Rider.....	85	01/02/07
Rider DIR, Development Incentive Rider.....	86	01/02/07
Reserved for Future Use.....	87	
Rider GP, Green Power Rider.....	88	01/02/07
Rider NM, Net Metering Rider.....	89	01/02/07

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)

	<u>Sheet No.</u>	<u>Effective Date</u>
<u>MISCELLANEOUS</u>		
Bad Check Charge.....	90	01/02/07
Charge for Reconnection of Service.....	91	01/02/07
Rate CATV, Rate for Pole Attachments of Cable Television Systems.....	92	01/02/07
Cogeneration and Small Power Production Sale and Purchase - 100 kW or Less.....	93	01/02/07
Cogeneration And Small Power Production Sale and Purchase - Greater Than 100 kW.....	94	01/02/07
Local Franchise Fee.....	95	01/02/07
Rate UDP-R, Underground Residential Distribution Policy..	96	01/02/07
Rate UDP-G, General Underground Distribution Policy.....	97	01/02/07
Electricity Emergency Procedures for Long Term Fuel Shortages.....	98	01/02/07
Rate RTP, Real Time Pricing Program		
CBL Rate DS		
Secondary Voltage Less than 12.5 kV		
- Secondary Metered.....	99	
- Primary Metered.....	99	
CBL Rate DP		
Voltage 12.5Kv		
- Secondary Metered.....	99	
- Primary Metered.....	99	
Voltage 34.5kV		
- Secondary Metered.....	99	
- Primary Metered.....	99	
CBL Rate DT		
Secondary Voltage Less than 12.5 kV		
- Secondary Metered.....	99	
- Primary Metered.....	99	
Voltage 12.5 kV		
- Secondary Metered.....	99	
- Primary Metered.....	99	
CBL Rate TT		
Voltage 69 kV		
- Secondary Metered.....	99	
- Primary Metered.....	99	
Emergency Electric Procedures.....	100	01/02/07
Rate MDC, Meter Data Charges.....	101	01/02/07

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INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

COMMUNITIES SERVED:

Alexandria	Highland Heights
Bellevue	Independence
Boone County	Kenton County
Bromley	Kenton Vale
Campbell County	Lakeside Park
Cold Spring	Latonia Lakes
Covington	Ludlow
Crescent Park	Melbourne
Crescent Springs	Newport
Crestview	Park Hills
Crestview Hills	Pendleton County
Crittenden	Ryland Heights
Dayton	Silver Grove
Dry Ridge	Southgate
Edgewood	Taylor Mill
Elsmere	Union
Erlanger	Villa Hills
Fairview	Walton
Florence	Wilder
Fort Mitchell	
Fort Thomas	Woodlawn
Fort Wright	
Grant County	

SERVICE REGULATIONS

SECTION I - SERVICE AGREEMENTS

1. Application for Service.

When a prospective customer desires electric service, an oral application may be accepted by the Company. However, a written application may be required in special circumstances (e.g., the necessity of using special apparatus in providing the requested service).

2. Customer's Right to Cancel Service Agreement or to Suspend Service.

Except as otherwise provided in the Service Agreement, Rate Schedules or elsewhere in these Service Regulations, Customer may give Company ten days notice of desire to cancel the Service Agreement whenever he no longer requires any electric service for the purpose mentioned in said Agreement. Company will accept such notice as a cancellation of the Service Agreement upon being satisfied that Customer no longer requires any such service.

3. Company's Right to Cancel Service Agreement or to Suspend Service.

Company, in addition to all other legal remedies, shall terminate the Service Agreement, refuse or discontinue service to an applicant or customer, after proper notice for any of the following reasons:

- (a) Default or breach of these Service Regulations, after having made a reasonable effort to obtain customer compliance.
- (b) Non-payment of bills when due.
- (c) Theft, fraudulent representation or concealment in relation to the use of electricity.
- (d) Use of electricity, by the customer, in a manner detrimental to the service rendered others.
- (e) Upon the basis of a lawful order of the Kentucky Public Service Commission, the State of Kentucky or any governmental subdivision thereof having jurisdiction over the premise.
- (f) When a customer or applicant refuses or neglects to provide reasonable access to the premise.

When a dangerous condition is found to exist on the customer's or applicant's premises, the electric service shall be disconnected without notice, or application for service refused. The Company shall notify the customer or applicant within twenty-four (24) hours of such action, in writing, of the reasons for the discontinuance or refusal of service and the corrective action to be taken by the applicant or customer before service can be restored.

If discontinuance is for non-payment of bills, the customer shall be given at least ten (10) days written notice, separate from the original bill, and cut-off shall be effected not less than twenty-seven (27) days after the mailing date of the original bill unless, prior to discontinuance, a residential customer presents to the utility a written certificate, signed by a physician, registered nurse, or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may be effected not less than thirty (30) days from the termination date, in writing, of state and federal programs which may be available to aid in payment of bills and the office to contact for such possible assistance.

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SECTION I - SERVICE AGREEMENTS (Contd.)

Whenever a residential customer receiving both gas and electric has received a termination of service notice, the customer shall be given the option to pay for and continue receipt of one utility service only. The Company shall offer extended payment arrangements for the service designated by the customer. If both the gas and electric service of a residential customer have been previously discontinued for non-payment, the Company shall reconnect either service upon payment by the customer of the total amount owed on the service designated by the customer to be reconnected, except as provided in 807 KAR 5:006, Section 15, Winter Hardship Reconnection.

4. Connection of Service.

Except as provided in SECTION 15 of the Kentucky Public Service Commission's regulations, the Company shall reconnect existing service within twenty-four (24) hours, and shall install and connect new service within seventy-two (72) hours, when the cause for discontinuance or refusal of service has been corrected and the Company's tariffed rules and the Commission's regulations have been met.

5. Change of Address to Customer.

When Customer changes his address he should give notice thereof to Company prior to the date of change. Customer is responsible for all service supplied to the vacated premises until such notice has been received and Company has had a reasonable time, but not less than three days, to discontinue service.

If Customer moves to an address at which he requires electric service for any purposes specified in his Service Agreement, and at which address Company has such service available under the same Rate Schedule, the notice is considered as Customer's request that Company transfer such service to the new address, but if Company does not have such service available at the new address the old Service Agreement is considered cancelled. If Company does have service available at the new address to which a different Rate Schedule applies, a new Service Agreement including the applicable Rate Schedule is offered to Customer. Company makes transfer of service as promptly as reasonably possible after receipt of notice.

6. Successors and Assigns.

The benefits and obligations of the Service Agreement shall inure to and be binding upon the successors and assigns, survivors and executors of administrators, as the case may be, of the original parties thereto, for the full term thereof; provided that no assignment hereof shall be made by Customer without first obtaining Company's written consent.

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SECTION II - SUPPLYING AND TAKING OF SERVICE

1. **Supplying of Service.**

Service is supplied only under and pursuant to these Service Regulations and any modifications or additions thereto lawfully made, and such applicable Rate Schedules and Riders as may from time to time be lawfully fixed. Service is supplied under a given Rate Schedule only at such points of delivery as are adequate and suitable, as to capacity and voltage, for the service desired; otherwise special agreements between Customer and Company may be required.

Service will not be supplied or continued to any premises if the applicant or customer is indebted to the Company for service previously supplied at the same or any other premises until payment of such indebtedness shall have been made. Unpaid balances of previously rendered Final Bills may be transferred to any account for which the customer has responsibility and may be included on initial or subsequent bills for the account to which the transfer was made. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the account to which they are transferred and will be subject to the Company's collection and disconnection procedures. Final Bills may be transferred regardless of whether they are for combination gas and electric or gas only or electric only charges. The Company shall have the right to transfer Final Bills between residential and commercial with residential characteristics (e.g., service supplying common use facilities of any apartment building) revenue classifications.

Notwithstanding the provisions of 807 KAR 5:006, Section 15, Winter Hardship Reconnection to the Contrary, service will not be supplied or continued to any premises if at the time of application for service the applicant is merely acting as an agent of a present or former customer who is indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Service will not be supplied where the applicant is a partnership or corporation whose general partner or controlling stockholder is a present or former customer who is indebted to the Company for service previously supplied at the same premises until payment of such indebtedness shall have been made.

2. **Information Relative to Service.**

Information relative to the service that will be supplied at a given location should be obtained from Company. Company will not be responsible for mistakes of any kind resulting from information given orally. Such information must be confirmed in writing.

3. **Continuity of Service.**

The Company shall make reasonable provisions to supply satisfactory and continuous electric service, but does not guarantee a constant or uninterrupted supply of electricity and shall not be liable for any damage or claim of damage attributable to any interruption or reversal of service caused by unavoidable accident or casualty, extraordinary action of the elements, action of any governmental authority, litigation, or by any cause which the Company could not have reasonably foreseen and made provision against.

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SECTION II - SUPPLYING AND TAKING OF SERVICE (Contd.)

4. Suspension of Service for Repairs and Changes.

When necessary to make repairs to or changes in Company's plant, generating equipment, transmission or distribution system, or other property, Company may without incurring any liability therefor, suspend service for such periods as may be reasonably necessary, and in such manner as not to inconvenience Customer unnecessarily.

5. Use of Service.

Service is supplied directly to Customer through Company's own meter and is to be used by Customer only for the purposes specified in and in accordance with the provisions of the Service Agreement and applicable Rate Schedule. Service is for Customer's use only and under no circumstances may Customer or Customer's agent or any other individual, association or corporation install meters for the purpose of remetering or reselling or otherwise disposing of service supplied Customer except as follows:

- (a) If on November 10, 1953, Customer was engaged in resale under a rate which permitted resale, the Company will continue to furnish electricity for resale at the same premises under the applicable effective rate schedule only on the condition that any charge made by Customer for service resold shall not exceed the charge determined in accordance with Company's applicable rate, as in effect from time to time, for like service, until and unless otherwise ordered by the Kentucky Public Service Commission.
- (b) Customer operating an automobile trailer camp, with consent of Company may install meters and resell electricity to individual trailers only on the same condition in respect to charges as stated in paragraph (a), above.

Customer will not build lines across or under a street, alley, lane, court or avenue or other public or private space in order to obtain service for adjacent property through one meter even though such adjacent property be owned by Customer. Consent may be given when such adjacent properties are operated as one integral unit under the same name and for carrying on parts of the same business.

In case of unauthorized remetering, sale, extension or other disposition of service, Company may immediately discontinue the supplying of service to Customer until such unauthorized act is discontinued and full payment is made for all service supplied or used, billed on proper classification and Rate Schedule, and reimbursement in full made to Company for all extra expenses incurred, including expenses for clerical work, testing and inspections.

No other electric light or power service, shall, except under a contract for auxiliary or supplementary service, be used by Customer on the same installation in conjunction with Company's service, either by means of a "Throwover" switch or any other connection.

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SECTION II - SUPPLYING AND TAKING OF SERVICE (Contd.)

6. Customer's Responsibility.

Customer assumes all responsibility on Customer's side of the point of delivery (the end of the Company's service drop, or where Company's wires are joined to Customer's wires or apparatus) for the service supplied or taken, as well as for the electrical installation, appliances and apparatus used in connection therewith, and will save Company harmless from and against all claims for injury or damage to persons or property occasioned by or in any way resulting from such service or the use thereof on Customer's side of the point of delivery.

7. Right-of-Way.

Customer is responsible for all conveyances to Company for all right-of-way satisfactory to it across the property owned or controlled by Customer for Company's lines or extensions thereof necessary or incidental to the supplying of service to Customer, or customers beyond Customer's property when such rights are limited to installations along dedicated streets and roads.

8. Access to Premises.

The properly authorized agents of the Company shall at all reasonable hours have free access to the premises for the purpose of inspecting the Customer's installation and of examining, repairing or removing the Company's meters, or other property, reading of meters and all other purposes incident to the supplying of service, and for such purpose the Customer authorizes and requests his landlord, if any, to permit such access to the premises.

9. Location of Customer's Service Terminals.

Customer's service terminals are to be located at a point readily accessible to Company's service mains, such point to be determined by Company.

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SECTION III - CUSTOMER'S INSTALLATIONS

1. **Nature and Use of Installation.**

All wiring and other electrical equipment in the premises or connecting the premises with Company's service, furnished by the Customer, shall be suitable for the purposes thereof, and shall be maintained by Customer at all times in conformity with the safety requirements of the accredited agency having jurisdiction and with the rules, regulations and requirements of Company in force from time to time.

2. **Low Power Factor Equipment Installation.**

In the case of neon lamps, mercury vapor lamps, and other gaseous tube lamps or devices, motors and other equipment having low power factors, served under the Company's standard rate schedules, not having Power Factor Correction Provision, the Customer will be required to provide at his own expense power factor corrective equipment designed to increase the power factor of any such lamps or devices, motors and other equipment to not less than .85.

When the power factor of any such equipment on the Customer's premises is less than .85, the following provision will apply:

- (a) When the billing demand is determined by estimate based on the connected load of the Customer's installation, the wattage of such equipment will be taken as the volt ampere input or rating of such equipment.
- (b) When the billing demand is measured by demand instruments, to the demand so established will be added the difference between the rating in watts of such equipment, and the input or rating of such equipment in volt amperes.

3. **Special Power Apparatus.**

In the case of hoists, elevators, welding machines or other installations, where the use of electricity is intermittent or subject to violent fluctuations, Company reserves the right to use the input rating or the metered instantaneous demand of such equipment under maximum operating conditions, for billing purposes, or to require the Customer to provide at his own expense, suitable equipment to reasonably limit such intermittence or fluctuation.

4. **Changes in Installations.**

As Company's service drops, transformers, meters, and other facilities used in supplying service to Customer have a limited capacity, Customer should give notice to Company, and obtain Company's consent, before making any material changes or increases in his installation. Company as promptly as possible after receipt of such notice will give its written approval to the proposed change or increase, or will advise Customer upon what conditions service can be supplied for such change or increase. Any change affecting an estimated billing demand shall be rerated by Company's inspector and shall become effective from the succeeding meter reading.

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SECTION IV - COMPANY'S INSTALLATION

1. Installation and Maintenance.

Except as otherwise provided in these Service Regulations, in Service Agreements or Rate Schedules, Company will install and maintain its lines and equipment on its side of the point of delivery, but shall not be required to install or maintain any lines or equipment, except meters, or transformers, on Customer's side of the point of delivery without cost to Customer. Only Company's agents are authorized to connect Company's service drop to Customer's service terminals.

Company installs its overhead service drop, supplies one set of service drop attachment fittings and makes connection to Customer's service terminals.

The rates for each class of service provided for in the Rate Schedules contemplate the furnishing of service to one location or premise through one standard service connection. Where Customer is receiving service through more than one standard service connection, Company will calculate and render a separate bill for service furnished through each service connection.

Subject to the rules, conditions and riders covering the installation of service connections and extensions, Company will make one standard service connection to Customer's installation; if three phase service is required an additional connection is necessary, both will be considered as one standard service connection.

2. Company's Property and Protection Thereof.

All meters, and equipment furnished by and at the expense of Company, which may at any time be in said premises, shall, unless otherwise provided herein, be and remain the property of Company, and Customer shall protect such property from loss or damage, and no one who is not an agent of Company shall be permitted to remove or handle same.

3. Relocation of Facilities

When a customer or private party requests the Company to relocate the Company's facilities or a customer's service entrance wiring, such requesting party shall pay all expenses related to such relocation.

When the Company relocates its facilities or a customer's service entrance wiring at the request of a governmental entity (or Administrating Agency) and if the relocation was related to a project financed through transportation improvement district funding, joint economic development district funding, tax increment funding, or similar quasi-public funding, then the governmental entity (or Administrating Agency) shall pay for the cost of relocating Company's facilities in direct proportion to the contributions received from the other funding sources.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

SECTION V - METERING

1. **Installation of Meters.**

Electricity will be measured by a meter or meters to be installed by Company upon Customer's premises at a point most convenient for Company's service drop, and upon the registration of said meter or meters all bills will be calculated. Company will install upon customer's premises but one meter or one unified set of meters of each standard service connection.

2. **Meter Tests.**

All meter tests shall be made in accordance with rules by the Kentucky Public Service Commission.

Upon written request by customer, the Company shall perform a meter test if the request is not made more frequently than once a year.

3. **Monitoring of Customer Usage.**

Each month the Company will monitor the usage of each customer according to the following procedure:

1. The customer's monthly usage is monitored through a "hi-lo" review process. An estimating factor is utilized to provide an expected level of usage. The estimating factor considers the customer's past usage and current variables, such as weather.
2. The actual usage is compared to an estimate based on the previous month's usage, an estimate based on the usage from the same month, one year previous, and an estimate based on the usage from the same month, two years previous.
3. If there is a substantial difference between the actual and estimated usages, the account will be reviewed manually to determine the appropriate usage level.
4. Where the difference is not otherwise explained, the Company may obtain a special meter read to verify the accuracy of the previous usage.
5. Where the difference is still unexplainable after taking the special meter read, the Company may test the customer's meter to determine its accuracy.
6. The Company will notify the customer of the investigation, its findings, and any refund or back billing to be made, in accordance with 807 KAR 5:006, Section 10 (4) and (5).

In addition to the monthly monitoring, the Company will immediately investigate the usage deviations brought to its attention as a result of its on-going meter reading or billing processes or customer inquiry.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

SECTION VI - BILLING AND PAYMENT

1. **Billing Periods - Time and Place for Payment of Bills.**

Bills ordinarily are rendered regularly at monthly intervals, but may be rendered more or less frequently at Company's option. Bills may be rendered by hand delivery, mail, electronically, or by any other reasonable means. If bills are rendered electronically then a charge not to exceed \$0.25 per usage may be assessed. Non-receipt of bills by customer does not release or diminish the obligation of Customer with respect to payment thereof.

The word "month" as it pertains to the supply of service shall mean the period of approximately thirty days between meter readings as fixed and made by Company. Meters are ordinarily read at monthly intervals but may be read more or less frequently at Company's option but no less than quarterly. Company shall have the right to establish billing districts for the purpose of reading meters and rendering bills to customers at various dates. A change or revision of any Rate Schedule shall be applicable to all bills on which the initial monthly meter reading was taken on or after the effective date of such change or revision, except as otherwise ordered by the Kentucky Public Service Commission.

Bills are due on the date indicated thereon as being the last date for payment of the net amount, and bills are payable only at the Company's offices or authorized agencies for collection. If a partial payment is made, the amount will be applied to items of indebtedness in the same order as they have accrued, except that any payment received shall first be applied to the bill for service rendered.

The Company may issue interim bills based on average normal usage instead of determining actual usage by reading the meter. Interim bills may also be used when access to Company's meter cannot be obtained or emergency conditions exist.

2. **Information on Customer Bills.**

Every bill rendered by the Company for metered service will clearly state:

- (a) The beginning and ending meter readings for the billing period and the dates thereof.
- (b) The amount of energy usage.
- (c) The amount due for the energy used, any adjustments, including assessed late payment charges, and the gross amount of the bill.
- (d) The rate code under which the customer is billed.
- (e) The date of the last day payment can be made without a late payment charge being assessed.
- (f) Any previous balance.
- (g) The address, phone number, and business hours of the Company.
- (h) The date of the next scheduled meter reading.
- (i) The date after which received payments are not reflected in the bill.
- (j) The type of service rendered (gas or electric).
- (k) The amount, and identification, of any tax or fee the Company is authorized either by state law or order of the Commission to collect.

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SECTION VI - BILLING AND PAYMENT (Contd.)

3. **Charge for Restoring Service for Non-Payment of Bill and Unlawful Use of Service.**

Company may charge and collect in advance the sum as specified on Tariff Sheet "Charge for Reconnection of Service" for reconnecting a customer's service after service is disconnected because of non-payment of bill when due or when service is discontinued because of fraudulent use, except as may be provided by 807 KAR 5:006, Section 15, Winter Hardship Reconnection.

4. **Temporary Discontinuance of Service.**

If any customer on a residential rate, because of absence or otherwise, shall notify Company in writing or by telephone to discontinue service, Company will make no minimum charge for any full meter reading period during the period of discontinuance; provided, however, that Company may charge and collect the sum as specified on Tariff Sheet "Charge for Reconnection of Service" prior to reconnecting a service which was discontinued at customer's request within the preceding twelve months.

5. **Selection of Rate Schedule.**

When a prospective customer makes application for service, Company will, upon request, assist in the selection of the Rate Schedule most favorable to customer or the service requested. The selection will be based on the prospective customer's statement as to the class of service desired, the amount and manner of use, and any other pertinent information.

6. **Change to Optional Rate Schedule.**

A customer being billed under one of two or more optional Rate Schedules applicable to his class of service may elect to be billed on any other applicable Rate Schedule by notifying Company in writing, and Company will bill customer under such elected Schedule from and after the date of the next meter reading. However, a customer having made such a change of Rate Schedule may not make another such change within the next twelve months.

7. **Availability of Budget Billing.**

Company has available to its customers a "Budget Billing Plan" which minimizes billing amount fluctuations over a twelve month period. The Company may exercise discretion as to the availability of such a plan to a customer based on reasonable criteria, including but not limited to:

- (a) Customer's recent payment history.
- (b) The amount of the delinquent account.
- (c) Customer's payment performance in respect to any prior arrangements or plans.
- (d) Any other relevant factors concerning the circumstances of the customer including health and age.

SECTION VI - BILLING AND PAYMENT (Contd.)

If the customer fails to pay bills as rendered under the Budget Payment Plan, the Company reserves the right to revoke the plan, restore the customer to regular billing and require immediate payment of any deficiency.

Failure to receive a bill in no way exempts customer from the provisions of these terms and conditions.

8. Partial payment Plans.

The Company shall negotiate and accept reasonable partial payment plans at the request of residential customers who have received a termination notice according to the regulations governing failure to pay, except the Company shall not be required to negotiate a partial payment plan with a customer who is delinquent under a previous payment plan.

9. Bill Format

The Company has included as Appendix A to these Service Regulations an example of the Company's customer bill format.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Issued by Sandra P. Meyer, President

SECTION VII - DEPOSITS

1. Deposits.

The Company may require a minimum cash deposit or other guaranty to secure payment of bills except for customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid annually either by refund or credit to the customer's bill.

The deposit may be waived by the Company upon a customer's showing of satisfactory credit or payment history, and required residential service deposits will be returned after one (1) year if the customer has established a satisfactory payment record for that period; but commercial deposits will be retained during the entire time that the account remains active. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. The Company may require a deposit in addition to the initial deposit if the customer's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit, any principal amounts, and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, information such as the following may be considered:

1. Previous history with the Company. If the customer has no previous history with the Company, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.
2. Whether the customer has filed bankruptcy proceedings within the last seven years.
3. Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

A security deposit will be required pursuant to 11 U.S.C. Section 366 in all bankruptcies where the Company is listed as a creditor.

If a deposit is held longer than 18 months, the deposit will be recalculated at the customer's request based on the customer's actual usage. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and shall refund any overpayment by check or credit to the customer's bill. No refund will be made if the customer's bill is delinquent at the time of the recalculation.

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issued by Sandra P. Meyer, President

SECTION VII - DEPOSITS (Contd.)

2. All Calculated Deposits.

Customer deposits shall be based upon actual usage of the customer at the same or similar premises for the most recent 12-month period, if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed two-twelfths ($2/12$) of the customer's actual or estimated annual bill.

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SECTION VIII - APPLICATION

1. **Application of Service Regulations and Rate Schedules.**

All Service Agreements at present in effect or that may be entered into in the future are made expressly subject to these Service Regulations and any modifications hereof that may be lawfully made, and subject to all applicable existing Rate Schedules and any lawfully made change therein, substitutions therefore or additions thereto.

2. **Agents Cannot Modify Agreement.**

No agent has the right to amend, modify or alter the application, rates terms, conditions, rules or regulations as filed with the Kentucky Public Service Commission, or to make any promise or representation not contained in the Company's schedules, supplements thereto and revisions thereof, lawfully filed with said commission.

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Issued by Sandra P. Meyer, President

RATE RS

RESIDENTIAL SERVICE

APPLICABILITY

Applicable to electric service other than three phase service, for all domestic purposes in private residences, single occupancy apartments and separately metered common use areas of multi-occupancy buildings in the entire territory of the Company where distribution lines are adjacent to the premises to be served.

Residences where not more than two rooms are used for rental purposes will also be included. Where all dwelling units in a multi-occupancy building are served through one meter and the common use area is metered separately, the kilowatt-hour rate will be applied on a "per residence" or "per apartment" basis, however, the customer charge will be based on the number of installed meters.

Where a portion of a residential service is used for purposes of a commercial or public character, Rate DS, Service At Distribution Voltage, is applicable to all service. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Rate will be applied to the residential service, if the service qualifies hereunder.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

- | | | |
|---------------------|------------|-----------|
| 1. Base Rate | | |
| (a) Customer Charge | \$4.50 | per month |
| (b) Energy Charge | | |
| All kilowatt hours | \$0.073238 | per kWh |

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 78, Rider DSMR, Demand Side Management Rider
- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be the Customer Charge as shown above.

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Duke Energy Kentucky, Inc.
1697-A Monmouth Street
Covington, Kentucky 41071

KY.P.S.C. Electric No. 2
First Revised Sheet No. 30
Cancels and Supersedes
Original Sheet No. 30
Page 2 of 2

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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RATE DS

SERVICE AT SECONDARY DISTRIBUTION VOLTAGE

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at the standard secondary system voltage and the Company determines that facilities of adequate capacity are available adjacent to the premises to be served, and the customer's average monthly demand is determined by the Company to be less than 500 kilowatts. Electric service must be supplied at one point of delivery and is not applicable for resale service.

TYPE OF SERVICE

Alternating current 60 Hz, single phase or three phase at the Company's standard distribution voltage of 34,500 volts or lower.

NET MONTHLY BILL

Computed in accordance with the following charges provided, however, that the maximum monthly rate, excluding the customer charge, and all applicable riders, shall not exceed \$0.229043 per kilowatt-hour (kilowatt of demand is abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Base Rate

(a) Customer Charge per month		
Single Phase Service	\$ 7.50	per month
Three Phase Service	\$ 15.00	per month
(b) Demand Charge		
First 15 kilowatts	\$ 0.00	per kW
Additional kilowatts	\$ 7.75	per kW
(c) Energy Charge		
First 6,000 kWh	\$0.079427	per kWh
Next 300 kWh/kW	\$0.047901	per kWh
Additional kWh	\$0.038825	per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 78, Rider DSMR, Demand Side Management Rider
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be the Customer Charge shown above.

For customers receiving service under the provisions of former Rate C, Optional Rate for Churches, as of June 25, 1981, the maximum monthly rate per kilowatt-hour shall not exceed \$0.135924 per kilowatt-hour plus all applicable riders.

When both single and three phase secondary voltage services are required by a customer, the monthly kilowatt-hour usage and kilowatt demands shall be the respective arithmetical sums of both services.

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METERING

The Company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at primary voltage, the kilowatt-hours registered on the Company's meter will be reduced one and one-half percent (1.5%) for billing purposes.

DEMAND

The demand shall be the kilowatts derived from the Company's demand meter for the fifteen-minute period of customer's greatest use during the billing period, as determined by the Company, adjusted for power factor, as provided herein. At its option, the Company may not install a demand meter if the nature of the load clearly indicates the load will have a constant demand, in which case the demand will be the calculated demand.

In no event will the billing demand be taken as less than the higher of the following:

- a) 85% of the highest monthly kilowatt demand established in the summer period and effective for the next succeeding eleven (11) months; or
- b) One (1) kilowatt for single phase secondary voltage service and five (5) kilowatts for three phase secondary voltage service.

If a customer requests reconnection of an account within twelve (12) months of a disconnection order, the customer's demand record for the period of disconnection will be re-established for purposes of billing and administration of the preceding clause.

For purposes of administration of the above clause, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines customer's power factor to be less than 90%, the billing demand will be the number of kilowatts equal to the kilovolt amperes multiplied by 0.90.

At the Company's option, power factor may be determined by the following methods:

- a. Continuous measurement
 - the power factor, as determined during the interval in which the maximum kW demand is established, will be used for billing purposes; or
- b. Testing
 - the power factor, as determined during a period in which the customer's measured kW demand is not less than 90% of the measured maximum kW demand of the preceding billing period, will be used for billing purposes until superseded by a power factor determined by a subsequent test made at the direction of Company or request of customer.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of three (3) years terminable thereafter by a minimum notice of either the customer or the Company as prescribed by the Company's Service Regulations.

The Company is not obligated to extend, expand or rearrange its transmission system voltage if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission service, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

For purposes of administration of this rate, the Company will determine the customer's average monthly demand based upon the twelve months ending December of each year after the applicable term of service has been fulfilled by the customer. If the customer's monthly demand exceeds 500 kilowatts and the Company expects the customer's demand to remain in excess of 500 kilowatts, then the Company will notify the customer prior to May of the succeeding year that the provisions of Rate DT, Time-of-Day Rate for Distribution Service shall be applicable beginning with the June revenue month billing and shall continue until the term of service of that rate has been fulfilled. In the case where a customer's average demand is estimated by the Company to be significantly less than 500 kilowatts, the Company may, at its discretion, waive the twelve month demand history requirement in the determination of the applicability of this rate.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RATE DT

TIME-OF-DAY RATE FOR SERVICE AT DISTRIBUTION VOLTAGE

APPLICABILITY

Applicable to electric service for customers with an average monthly demand of 500 kilowatts or greater where the Company specifies service at a nominal distribution system voltage of 34,500 volts or lower, and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served. Electric service must be supplied at one point of delivery and is not applicable for resale service.

TYPE OF SERVICE

Alternating current 60 Hz, single phase or three phase at Company's standard distribution voltage of 34,500 volts or lower.

NET MONTHLY BILL

Computed in accordance with the following charges (kilowatt of demand abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Base Rate

(a) Customer Charge	
Single Phase	\$ 7.50 per month
Three Phase	\$ 15.00 per month
Primary Voltage Service	\$100.00 per month
(b) Demand Charge	
Summer	
On Peak kW	\$ 12.75 per kW
Off Peak kW	\$ 1.15 per kW
Winter	
On Peak kW	\$ 12.07 per kW
Off Peak kW	\$ 1.15 per kW
(c) Energy Charge	
Summer On Peak kWh	\$0.041977 per kWh
Winter On Peak kWh	\$0.039977 per kWh
Off Peak kWh	\$0.033977 per kWh

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Low Load Factor Optional Rate – Pilot Program

Customers with annual load factors of 45% or lower are eligible to receive service at the following rates. Annual load factor is defined as the sum of the kWh during the prior year divided by the sum of the kW during the prior year divided by 730. This pilot program low load factor optional rate will remain in effect through December 31, 2007. The Company may apply to continue this pilot program beyond December 31, 2007, subject to Commission approval.

Base Rate

(a) Customer Charge		
Single Phase	\$ 7.50	per month
Three Phase	\$ 15.00	per month
Primary Voltage Service	\$100.00	per month
(b) Demand Charge		
Summer		
On Peak kW	\$ 11.90	per kW
Off Peak kW	\$ 1.15	per kW
Winter		
On Peak kW	\$ 10.54	per kW
Off Peak kW	\$ 1.15	per kW
(c) Energy Charge		
Summer On Peak kWh	\$0.044639	per kWh
Winter On Peak kWh	\$0.042639	per kWh
Off Peak kWh	\$0.036639	per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 78, Rider DSMR, Demand Side Management Rider
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be the Customer Charge, as stated above.

When both single and three phase secondary voltage services are required by a customer, the monthly kilowatt-hour usage and kilowatt demands shall be the respective arithmetical sums of both services.

For purposes of administration of the above Base Rate charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

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RATING PERIODS

The rating periods applicable to the demand charge shall be as follows:

- a) On Peak Period
Summer - 11 a.m. to 8 p.m. Monday through Friday, excluding holidays.
Winter - 9 a.m. to 2 p.m. and 5 p.m. to 9 p.m., Monday through Friday, excluding holidays.
- b) Off Peak Period - All hours Monday through Friday not included above plus all day Saturday and Sunday, as well as New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day on the day nationally designated to be celebrated as such.

METERING

The company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at primary voltage, kilowatt hours registered on the Company's meter will be reduced one and one-half percent (1.5%) for billing purposes.

If the customer furnishes primary voltage transformers and appurtenances, in accordance with the Company's specified design and maintenance criteria, the Demand Charge, as stated above, shall be reduced as follows:

First 1,000 kW of On Peak billing demand at \$0.65 per kW.
Additional kW of On Peak billing demand at \$0.50 per kW.

DEMAND

The On Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the on peak rating period adjusted for power factor as provided herein. The Off Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the off peak rating period adjusted for power factor minus the On Peak billing demand. In no case shall the Off Peak billing demand be less than zero.

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines the customer's power factor to be less than 90%, the on peak and off peak billing demands will be the number of kilowatts equal to the respective on peak and off peak kilovolt amperes multiplied by 0.90.

The power factor, as determined by continuous measurement, will be derived from the intervals in which the maximum on peak and off peak kW demands are established.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

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TERMS AND CONDITIONS

The initial term of contract shall be for a period of three (3) years for secondary voltage service and five (5) years for primary voltage service terminable thereafter by a minimum notice of either the customer or the Company as follows:

- (1) For secondary voltage service customers, as prescribed by the Company's Service Regulations.
- (2) For primary voltage service customers with a most recent twelve month average demand of less than 10,000 kVA or greater than 10,000 kVA, written notice of thirty (30) days or twelve (12) months respectively, after receipt of the written notice.

The Company is not obligated to extend, expand or rearrange its transmission system if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission service, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

For purposes of the administration of this rate, the Company will determine the customer's average monthly demand based upon the twelve months ending December of each year after the applicable term of service has been fulfilled by the customer. If the customer's demand is less than 500 kilowatts and the Company expects the customer's demand to remain below 500 kilowatts, then the Company will notify the customer prior to May of the succeeding year that the provisions of Rate DS, Service at Secondary Distribution Voltage or Rate DP, Service at Primary Distribution Voltage shall be applicable initiating with the June revenue month billing and shall continue until the term of service of that rate is fulfilled. In the case where a customer's average demand is estimated by the Company to be significantly greater than 500 kilowatts, the Company may, at its discretion, waive the twelve month demand history requirement in the determination of the applicability of this rate.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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RATE EH

OPTIONAL RATE FOR ELECTRIC SPACE HEATING

APPLICABILITY

Applicable to electric service for heating when customer's wiring is so arranged that heating service can be furnished at one point of delivery and can be metered separately from all other types of service or to any public school, parochial school, private school, or church when supplied at one point of delivery, provided permanently connected and regularly used electrical equipment is installed in compliance with the Company specifications as the primary source of heating or heating and cooling the atmosphere to temperatures of human comfort; and provided all other electrical energy requirements are purchased from the Company. No single water heating unit shall be wired that the demand established by it can exceed 5.5 kilowatts unless approved by the Company.

TYPE OF SERVICE

Alternating current 60 Hz, single or three phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges (kilowatts of demand are abbreviated as kW and kilowatt-hours are abbreviated as kWh):

A. Winter Period

1. Base Rate

(a) Customer Charge	
Single Phase Service	\$ 7.50 per month
Three Phase Service	\$ 15.00 per month
Primary Voltage Service	\$ 100.00 per month

(b) Energy Charge	
All kWh	\$0.059306 per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 78, Rider DSMR, Demand Side Management Rider
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be the Customer Charge stated above.

B. Summer Billing Period

For energy used during the summer period, the kilowatt demand and kilowatt-hour use shall be billed in accordance with the provisions of the applicable Rate DS or Rate DP.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Issued by Sandra P. Meyer, President

NET MONTHLY BILL (Contd.)

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

DEMAND

Customer's Demand will be the kilowatts as determined from Company's meter for the fifteen-minute period of customer's greatest use during the month or as calculated by the Company, but not less than five (5) kilowatts.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERMS AND CONDITIONS

The term of contract shall be for a minimum period of one (1) year terminable thereafter on thirty (30) days written notice by either the customer or the Company.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

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RATE SP

SEASONAL SPORTS SERVICE

APPLICABILITY

Applicable to electric service required for sports installations, such as football and baseball fields, swimming pools, tennis courts, and recreational areas, promoted, operated and maintained by non-profit organizations, such as schools, churches, civic clubs, service clubs, community groups, and municipalities, where such service is separately metered and supplied at one point of delivery, except, not applicable to private sports installations which are not open to the general public. This rate is available only to customers to whom service was supplied in accordance with its terms on June 25, 1981.

TYPE OF SERVICE

Alternating current 60 Hz, single or three phase at the Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges (kilowatt hours are abbreviated as kWh):

1. Base Rate
 - (a) Customer Charge \$7.50 per month
 - (b) Energy Charge \$0.098380 per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 78, Rider DSMR, Demand Side Management Rider
- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be a sum equal to 1.5% of the Company's installed cost of transformers and metering equipment required to supply and measure service, but not less than the customer charge whether service is on or disconnected.

RECONNECTION CHARGE

A charge of \$25.00 is applicable to each season to cover in part the cost of reconnection of service.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

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Duke Energy Kentucky, Inc.
1697-A Monmouth Street
Newport, Kentucky 41071

KY.P.S.C. Electric No. 2
First Revised Sheet No. 43
Cancels and Supersedes
Original Sheet No. 43
Page 2 of 2

TERMS AND CONDITIONS

The term of contract shall be for a minimum period of one (1) year terminable thereafter on thirty (30) days written notice by either the customer or the Company.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

RATE GS-FL

OPTIONAL UNMETERED GENERAL SERVICE RATE FOR SMALL FIXED LOADS

APPLICABILITY

Applicable to electric service in the Company's entire territory for small fixed, electric load which can be served by a standard service drop from the Company's existing secondary distribution system where it is considered by the Company to be impractical to meter, such as service locations for bus shelters, telephone booths, navigation lights and beacons, and cable television power supplies.

TYPE OF SERVICE

Alternating current 60 Hz, at nominal voltages of 120, 120/240 or 120/208 volts, single phase, unmetered. Service of other characteristics, where available, may be furnished at the option of the Company.

NET MONTHLY BILL

Computed in accordance with the following charges and based upon calculated energy use determined by the rated capacity of the connected equipment:

1. Base Rate

- | | |
|---|--------------------|
| (a) For loads based on a range of 540 to 720 hours use per month of the rated capacity of the connected equipment | \$0.078505 per kWh |
| (b) For loads of less than 540 hours use per month of the rated capacity of the connected equipment | \$0.090729 per kWh |

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 78, Rider DSMR, Demand Side Management Rider
- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

Minimum: \$3.00 per Fixed Load Location per month.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

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SERVICE PROVISIONS

- (1) Each separate point of delivery of service shall be considered a Fixed Load Location.
- (2) Only one supply service will be provided to a customer under this Schedule as one Fixed Load Location.
- (3) The customer shall furnish switching equipment satisfactory to the Company.
- (4) The calculated energy use per month shall be determined by the Company taking into consideration the size and operating characteristics of the load.
- (5) The customer shall notify the Company in advance of every change in connected load or operating characteristics, and the Company reserves the right to inspect the customer's equipment at any time to verify the actual load. In the event of the customer's failure to notify the Company of any such changes, the Company reserves the right to refuse to serve the Fixed Load thereafter under this Schedule, and shall be entitled to bill the customer retroactively on the basis of the changed load and operating characteristics for the full period such load was connected.

TERM OF SERVICE

One (1) year, terminable thereafter on thirty (30) days written notice by either the customer or the Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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Issued by Sandra P. Meyer, President

RATE DP

SERVICE AT PRIMARY DISTRIBUTION VOLTAGE

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at nominal primary distribution system voltages of 12,500 volts or 34,500 volts, and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served, and the customer's average monthly demand is determined by the Company to be less than 500 kilowatts. Electric service must be supplied at one point of delivery and is not applicable for resale service.

When both single and three phase secondary voltage services are required by a customer, the monthly kilowatt-hour usage and kilowatt demands shall be the respective arithmetical sums of both services.

TYPE OF SERVICE

Alternating current 60 Hz, single phase or three phase at Company's standard distribution voltage of 34,500 volts or lower.

NET MONTHLY BILL

Computed in accordance with the following charges provided, however, that the maximum monthly rate, excluding the customer charge, electric fuel component charges and DSM Charge shall not exceed \$0.229043 per kilowatt-hour (Kilowatt of demand is abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Base Rate

(a) Customer Charge			
Primary Voltage Service (12.5 or 34.5 kV)	\$	100.00	per month
(b) Demand Charge			
All kilowatts	\$	7.08	per kW
(c) Energy Charge			
First 300 kWh/kW	\$	0.048850	per kWh
Additional kWh	\$	0.040980	per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 78, Rider DSMR, Demand Side Management Rider
- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Issued by Sandra P. Meyer, President

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NET MONTHLY BILL (Contd.)

The minimum charge shall be the Customer Charge shown above.

PRIMARY VOLTAGE METERING DISCOUNT

The Company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at primary voltage, the kilowatt-hours registered on the Company's meter will be reduced one and one-half percent (1.5%) for billing purposes.

DEMAND

The demand shall be the kilowatts derived from the Company's demand meter for the fifteen-minute period of customer's greatest use during the billing period, as determined by the Company, adjusted for power factor, as provided herein. At its option, the Company may not install a demand meter if the nature of the load clearly indicates the load will have a constant demand, in which case the demand will be the calculated demand.

In no event will the billing demand be taken as less than 85% of the highest monthly kilowatt demand established in the summer period and effective for the next succeeding eleven (11) months.

If a customer requests reconnection of an account within twelve (12) months of a disconnection order, the customer's demand record for the period of disconnection will be re-established for purposes of billing and administration of the preceding clause.

For purposes of administration of the above clause, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines customer's power factor to be less than 90%, the billing demand will be the number of kilowatts equal to the kilovolt amperes multiplied by 0.90.

At the Company's option, power factor may be determined by the following methods:

- a. Continuous measurement
 - the power factor, as determined during the interval in which the maximum kW demand is established, will be used for billing purposes; or
- b. Testing
 - the power factor, as determined during a period in which the customer's measured kW demand is not less than 90% of the measured maximum kW demand of the preceding billing period, will be used for billing purposes until superseded by a power factor determined by a subsequent test made at the direction of Company or request of customer.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of five (5) years terminable thereafter as prescribed by the Company's Service Regulations.

- (1) For customers with a most recent twelve month average demand of less than 10,000 kVA, thirty days written notice.
- (2) For customers with a most recent twelve month average demand of 10,000 kVA or greater, written notice twelve months in advance of the desired termination date.

The Company is not obligated to extend, expand or rearrange its transmission system voltage if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission service, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

For purposes of administration of this rate, the Company will determine the customer's average monthly demand based upon the twelve months ending December of each year after the applicable term of service has been fulfilled by the customer. If the customer's monthly demand exceeds 500 kilowatts and the Company expects the customer's demand to remain in excess of 500 kilowatts, then the Company will notify the customer prior to May of the succeeding year that the provisions of Rate DT, Time-of-Day Rate for Distribution Service shall be applicable beginning with the June revenue month billing and shall continue until the term of service of that rate has been fulfilled. In the case where a customer's average demand is estimated by the Company to be significantly less than 500 kilowatts, the Company may, at its discretion, waive the twelve month demand history requirement in the determination of the applicability of this rate.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

RATE TT

TIME-OF-DAY RATE FOR SERVICE AT TRANSMISSION VOLTAGE

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at a nominal transmission system voltage of 69,000 volts or higher, and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served. Electric service must be supplied at one point of delivery and the customer furnishes and maintains all transformation equipment and appurtenances necessary to utilize the service.

Service is applicable for ultimate use by the customer and is not applicable for standby, supplemental, emergency or resale service.

TYPE OF SERVICE

Alternating current 60 Hz, three phase at Company's standard transmission voltage of 69,000 volts or higher.

NET MONTHLY BILL

Computed in accordance with the following charges (kilowatts of demand are abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Base Rate			
(a) Customer Charge		\$ 500.00	per month
(b) Demand Charge			
Summer			
On Peak kW		\$ 7.60	per kW
Off Peak kW		\$ 1.15	per kW
Winter			
On Peak kW		\$ 6.24	per kW
Off Peak kW		\$ 1.15	per kW
(c) Energy Charge			
All kWh		\$0.04043	per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 78, Rider DSMR, Demand Side Management Rider
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be not less than fifty percent (50%) of the highest demand charge established during the preceding eleven (11) months.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

NET MONTHLY BILL (Contd.)

For purposes of administration of the above charges, the summer is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

RATING PERIODS

The rating periods applicable to the demand charge shall be as follows:

- a) On Peak Period
Summer - 11 a.m. to 8 p.m. Monday through Friday, excluding holidays.
Winter - 9 a.m. to 2 p.m. and 5 p.m. to 9 p.m., Monday through Friday, excluding holidays.
- b) Off Peak Period - all hours Monday through Friday not included above plus all day Saturday and Sunday as well as New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day on the day nationally designated to be celebrated as such.

METERING

The Company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at secondary voltage, the kilowatt-hours registered on the Company's meter will be increased one and one-half percent (1.5%) for billing purposes.

DEMAND

The On Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the on peak rating period adjusted for power factor as provided herein. The Off Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the off peak rating period adjusted for power factor minus the On Peak billing demand. In no case shall the Off Peak billing demand be less than zero.

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines the customer's power factor to be less than 90%, the on peak and off peak billing demands will be the number of kilowatts equal to the respective on peak and off peak kilovolt amperes multiplied by 0.90.

The power factor, as determined by continuous measurement, will be derived from the intervals in which the maximum on peak and off peak kW demands are established.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of five (5) years terminable thereafter by either the customer or the Company as follows:

- (1) Thirty (30) days after receipt of written notice for customers with a most recent twelve (12) months average on peak demand of less than 10,000 kW.
- (2) Twelve (12) months after receipt of written notice for customers with a most recent twelve (12) months average on peak demand of greater than 10,000 kW.

The Company is not obligated to extend, expand or rearrange its transmission system if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission voltage, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

**RIDER GSS
GENERATION SUPPORT SERVICE**

APPLICABILITY

Applicable to any general service customer having generation equipment capable of supplying all or a portion of its power requirements for other than emergency purposes and who requests supplemental, maintenance or backup power.

TYPE OF SERVICE

Service will be rendered in accordance with the specifications of the Company's applicable distribution voltage service or transmission voltage service tariff schedules.

NET MONTHLY BILL

The provisions of the applicable distribution service or transmission service tariff schedule and all applicable riders shall apply to Supplemental Power Service, Maintenance Power Service and Backup Power Service except where noted otherwise. The monthly Administrative Charge and the Monthly Reservation Charges as shown shall apply only to Maintenance Power Service and Backup Power Service.

1. Administrative Charge

The Administrative Charge shall be \$50 plus the appropriate Customer Charge.

2. Monthly Distribution Reservation Charge

a. Rate DS - Secondary Distribution Service	\$2.6853 per kW
b. Rate DT - Distribution Service	\$2.4735 per kW
c. Rate DP - Primary Distribution Service	\$2.7781 per kW
d. Rate TT - Transmission Service	\$0.0000 per kVA

3. Monthly Transmission Reservation Charge

a. Rate DS - Secondary Distribution Service	\$1.3094 per kW
b. Rate DT - Distribution Service	\$1.3047 per kW
c. Rate DP - Primary Distribution Service	\$1.8493 per kW
d. Rate TT - Transmission Service	\$1.2861 per kVA

4. Monthly Ancillary Services Reservation Charge

a. Rate DS, - Secondary Distribution Service	\$0.5240 per kW
b. Rate DT - Distribution Service	\$0.5240 per kW
c. Rate DP - Primary Distribution Service	\$0.5240 per kW
d. Rate TT - Transmission Service	\$0.4550 per kVA

5. Supplemental Power Service

The customer shall contract with the Company for the level of demand required for Supplemental Power Service. All Supplemental Power shall be billed under the terms and charges of the Company's applicable full service tariff schedules. All power not specifically identified and contracted by the customer as Maintenance Power or Backup Power shall be deemed to be Supplemental Power.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No.2006-00172.

NET MONTHLY BILL (Contd.)

6. Maintenance Power Service

Requirements -

The customer shall contract with the Company for the level of demand required for Maintenance Power. The contracted level of Maintenance Power shall be the lesser of: 1) the transmission and/or distribution capacity required to serve the contracted load; or, 2) the demonstrated capacity of the customer's generating unit(s) for which Maintenance Power is required. The customer's Maintenance Power requirements for each generating unit must be submitted to the Company at least sixty (60) days prior to the beginning of each calendar year. Within thirty (30) days of such submission, the Company shall respond to the customer either approving the Maintenance Power schedule or requesting that the customer reschedule those Maintenance Power requirements. For each generating unit, the customer may elect Maintenance Power Service for up to thirty (30) days in any twelve month period with no more than two (2) days consecutively during the summer billing periods of June through September and those must be during the Company's off-peak periods. The customer may request an adjustment to the previously agreed upon Maintenance Power schedule up to three weeks prior to the scheduled maintenance dates. The adjusted dates must be within one (1) week of the previously scheduled dates and result in a scheduled outage of the same seasonal and diurnal characteristics as the previously scheduled maintenance outage. The Company shall respond to the customer's request for an adjustment within one (1) week of that request. The Company may cancel a scheduled Maintenance Power period, with reason, at any time with at least seven (7) days notice to the customer prior to the beginning of a scheduled maintenance outage if conditions on the Company's electrical system warrant such a cancellation. Any scheduled Maintenance Power period cancelled by the Company shall be rescheduled subject to the mutual agreement of the Company and the customer.

Billing -

All power supplied under Maintenance Power Service shall be billed at the applicable rate contained in the Company's full service tariff schedules except for the following modifications: 1) the demand ratchet provision of the Company's full service tariff schedules shall be waived; and 2) the demand charge for Generation shall be fifty (50) percent of the applicable full service tariff Generation demand charge prorated by the number of days that Maintenance Power is taken.

7. Backup Power Service

Requirements -

The customer shall contract with the Company for the level of demand required for Backup Power. The contracted level of Backup Power shall be the lesser of: 1) the transmission and/or distribution capacity required to serve the contracted load; or, 2) the demonstrated capacity of the customer's generating unit(s) for which Backup Power is required. The customer shall notify the Company by telephone within one-hour of the beginning and end of the outage. Within 48 hours of the end of the outage, the customer shall supply written notice to the Company of the dates and times of the outage with verification that the outage had occurred.

Billing -

All Backup Power will be billed at the applicable rate contained in the Company's full service tariff schedules except for the following modifications: 1) the demand ratchet provision, if any, of the Company's full service tariff schedules is waived; and 2) the demand charge for Generation shall be the applicable full service tariff schedule Generation demand charge as shown in Appendix A prorated by the number of days that Backup Power is taken, except that where some of the customer's load requirement for Backup Power and Supplemental Power is 5 MW or greater and such requirement represents new load for ULH&P subsequent to January 1, 2002, the customer's generation charge for energy and demand shall be based on the provisions of Rate RTP-M, Sheet No. 59.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No.2006-00172.

NET MONTHLY BILL (Contd.)

8. Monthly Reservation Charges

The Monthly Distribution Reservation Charge, Monthly Transmission Reservation Charge and the Monthly Ancillary Services Charge items shown above shall be based on the greater of the contracted demand for Maintenance Power or Backup Power.

METERING

Recording meters, as specified by the Company, shall be installed where necessary, at the customer's expense. All metering equipment shall remain the property of the Company.

DEFINITIONS

Supplemental Power Service – a service which provides distribution and/or transmission capacity to the customer as well as the energy requirements for use by a customer's facility in addition to the electric power which the customer ordinarily generates on its own.

Maintenance Power Service – a contracted service which provides distribution and/or transmission capacity as well as the energy requirements for use by the customer during scheduled outages or interruptions of the customer's own generation.

Backup Power Service – a contracted service which provides distribution and/or transmission capacity as well as the energy requirements for use by the customer to replace energy generated by the customer's own generation during an unscheduled outage or other interruption on the part of the customer's own generation.

TERMS AND CONDITIONS

The term of contract shall be for a minimum of five (5) years.

The customer shall be required to enter into a written Service Agreement with the Company which shall specify the type(s) of service required, notification procedures, scheduling, operational requirements, the amount of deviation from the contract demand to provide for unavoidable generation fluctuations resulting from normal mechanical factors and variations outside the control of the customer and the level of demand and energy required.

The customer is required to adhere to the Company's requirements and procedures for interconnection as set forth in the Company's publication, "System Protection Requirements & Guidelines for Connection & Parallel Operation of Non-Utility Generators" which is provided to customers requesting service under this rider.

The cost of any additional facilities associated with providing service under the provisions of this rider shall be borne by the customer.

Changes in contracted demand levels may be requested by the customer once each year at the contract anniversary date. This request shall be made at least thirty (30) days in advance of the contract anniversary date.

The Company may enter into special agreements with customers which may deviate from the provisions of this rider. Such agreements shall address those significant characteristics of service and cost which would influence the need for such an agreement.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No.2006-00172.

RATE RTP - M
REAL TIME PRICING – MARKET-BASED PRICING

APPLICABILITY

Applicable to all new Customers as of January 1, 2002 having estimated service requirements of 5,000 kilowatts or more and to existing Customers whose service requirements increase by 5,000 kilowatts or more. Where an existing Customer's requirements increase by 5,000 kilowatts or more, that Customer's incremental load will be subject to the provisions of this rate schedule.

PROGRAM DESCRIPTION

Under the RTP-M program, binding Price Quotes will be sent to each Customer on a day-ahead basis. Customers have the opportunity to manage their electric costs by either shifting load from higher cost to lower cost pricing periods or adding new load during lower cost pricing periods.

CUSTOMER CHARGE

The following Customer Charges will be assessed:

Secondary Service	\$ 15.00 per month
Primary Service	\$100.00 per month
Transmission Service	\$500.00 per month

PRICE QUOTES

The Company will send to Customer, by 3:00 p.m. each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one day ahead Price Quotes for weekends and holidays identified in the Company's tariffs. The Company may revise these prices by 3:00 p.m. the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is the Customer's responsibility to inform the Company of any failure to receive the Price Quotes by 5:00 p.m. the day before they become effective.

COMMODITY CHARGE

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge shall be applied on an hour by hour basis to Customer's usage.

Charge For Each kW Per Hour:

$$CC_t = MVG_t \times LAF$$

Where:

LAF	=	loss adjustment factor
	=	1.0530 for Transmission Service
	=	1.0800 for Primary Service
	=	1.1100 for Distribution Service
MVG _t	=	Market Value Of Generation As Determined By Company for hour t

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Issued by Sandra P. Meyer, President

COMMODITY CHARGE (Contd.)

The MVG_t will be based on the expected market price of capacity and energy for the next day. The expected market price will be based on forecasts of market conditions for the next day using publicly available market indices and/or bona fide third-party price quotes to establish the expected market price.

Customers will have the option to enter into a price management agreement whereby the Commodity Charge (CC) for a specified time period (Contract Period) will be fixed at as specified level (Contract Price). Company will have the final determination to enter into a Price Management Contract and the term and structure of the pricing arrangement.

The kW Per Hour usage shall be adjusted to reflect applicable Metering Adjustments as shown below.

ENERGY DELIVERY CHARGE

The hourly Energy Delivery Charge is a charge for using the transmission and distribution system to deliver energy to the Customer. The applicable hourly Energy Delivery Charge shall be applied on an hour by hour basis to Customer's usage.

Charge For Each kW Per Hour:

Secondary Service	\$0.006053 per kW Per Hour
Primary Service.....	\$0.005540 per kW Per Hour
Transmission Service.....	\$0.002008 per kW Per Hour

The kW Per Hour usage shall be adjusted to reflect applicable Metering Adjustments as shown below.

ANCILLARY SERVICES CHARGE

The hourly Ancillary Services Charge is a charge for:
Scheduling, System Control & Dispatch
Reactive and Voltage Control
Regulation and Frequency Response
Spinning Reserve
Supplemental Reserve

The applicable hourly Ancillary Services Charge shall be applied on an hour by hour basis.

Charge For Each kW Per Hour:

Secondary Delivery	\$0.000760 per kW Per Hour
Primary Delivery	\$0.000740 per kW Per Hour
Transmission Delivery	\$0.000721 per kW Per Hour

The kW Per Hour usage shall be adjusted to reflect applicable Metering Adjustments as shown below.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

METERING ADJUSTMENTS

The Company may meter at secondary or primary voltage as circumstances warrant. In the case of Primary and Secondary Customers, if the Company elects to meter at primary voltage, the kilowatt-hours registered on the Company's meter will be reduced by one and one-half percent (1.5%). In the case of Transmission Customers, if the Company elects to meter at secondary voltage, the kilowatt-hours registered on the Company's meter will be increased by one and one-half percent (1.5%).

APPLICABLE RIDERS

The following riders are applicable pursuant to the specific terms contained within each rider:

Sheet No. 78, Rider DSMR, Demand Side Management Rider
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

PROGRAM CHARGE

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$183.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program.

Customer may purchase from either Company or any other third-party suppliers any other necessary equipment or software packages to facilitate participation in this program. While Customers are encouraged to use such equipment or software packages to maximize benefits under this Program, it is not a requirement for program participation. It is Customer's responsibility to ensure the compatibility of third-party equipment or software packages with any Company owned equipment or software packages.

TERM AND CONDITIONS

The initial term of contract shall be for a minimum period of three (3) years terminable thereafter by either the Customer or the Company within thirty (30) days after receipt of written notice.

The Company is not obligated to extend, expand or rearrange its transmission system if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the Customer's load.

If the Company offers to provide the necessary facilities for transmission voltage, in accordance with its Service Regulations, an annual facilities charge, applicable to such facilities, is established at twenty percent (20%) of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the Customer Charge.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

RATE SL

STREET LIGHTING SERVICE

APPLICABILITY

Applicable to municipal, county, state and Federal governments, including divisions thereof, and incorporated homeowners associations, for the lighting of public streets and roads with Company-owned lighting fixtures.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This rate schedule is no longer available after December 31, 2006. Potential lighting customers wanting a lighting system installed and maintained by Company can do so via the Outdoor Lighting Equipment agreement (OLE). Potential customers should contact a Company account representative for further information concerning OLE options. This rate schedule terminates December 31, 2026. Customers currently being provided service under this rate schedule can continue being provided service under this rate schedule for the remaining useful life of the facilities, or this rate schedule terminates, whichever occurs first.

TYPE OF SERVICE

All equipment owned by the Company will be installed and maintained by the Company. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting or electric service and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each unit with lamp and luminaire, controlled automatically, will be assessed:

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

NET MONTHLY BILL (Contd.)

1. Base Rate

<u>OVERHEAD DISTRIBUTION AREA</u> Fixture Description	<u>Lamp</u> <u>Watt</u>	<u>kW/Unit</u>	<u>Annual</u> <u>kWh</u>	<u>Rate/Unit</u>
Standard Fixture (Cobra Head)				
Mercury Vapor				
7,000 lumen	175	0.193	803	\$ 6.96
7,000 lumen (Open Refractor)	175	0.205	853	\$ 5.79
10,000 lumen	250	0.275	1,144	\$ 8.00
21,000 lumen	400	0.430	1,789	\$10.66
Metal Halide				
14,000 lumen	175	0.193	803	\$ 6.96
20,500 lumen	250	0.275	1,144	\$ 8.00
36,000 lumen	400	0.430	1,789	\$10.66
Sodium Vapor				
9,500 lumen	100	0.117	487	\$ 7.78
9,500 lumen (Open Refractor)	100	0.117	487	\$ 5.82
16,000 lumen	150	0.171	711	\$ 8.45
22,000 lumen	200	0.228	948	\$10.95
27,500 lumen	250	0.275	948	\$10.95
50,000 lumen	400	0.471	1,959	\$14.59
Decorative Fixtures				
Sodium Vapor				
9,500 lumen (Rectilinear)	100	0.117	487	\$ 9.69
22,000 lumen (Rectilinear)	200	0.246	1,023	\$11.90
50,000 lumen (Rectilinear)	400	0.471	1,959	\$15.64
50,000 lumen (Setback)	400	0.471	1,959	\$23.43

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

Spans of Secondary Wiring:

For each increment of 50 feet of secondary wiring beyond the first 150 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.52.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

Duke Energy Kentucky, Inc.
 1697-A Monmouth Street
 Newport, Kentucky 41071

KY.P.S.C. Electric No. 2
 First Revised Sheet No. 60
 Cancels and Supersedes
 Original Sheet No. 60
 Page 3 of 5

NET MONTHLY BILL (Contd.)

<u>UNDERGROUND DISTRIBUTION AREA</u>	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
<u>Fixture Description</u>				
Standard Fixture (Cobra Head)				
Mercury Vapor				
7,000 lumen	175	0.210	874	\$ 7.08
7,000 lumen (Open Refractor)	175	0.205	853	\$ 5.79
10,000 lumen	250	0.292	1,215	\$ 8.13
21,000 lumen	400	0.460	1,914	\$10.89
Metal Halide				
14,000 lumen	175	0.210	874	\$ 7.08
20,500 lumen	250	0.292	1,215	\$ 8.13
36,000 lumen	400	0.460	1,914	\$10.89
Sodium Vapor				
9,500 lumen	100	0.117	487	\$ 7.78
9,500 lumen (Open Refractor)	100	0.117	487	\$ 5.90
16,000 lumen	150	0.171	711	\$ 8.42
22,000 lumen	200	0.228	948	\$10.95
50,000 lumen	400	0.471	1,959	\$14.59
Decorative Fixtures				
Mercury Vapor				
7,000 lumen (Town & Country)	175	0.205	853	\$ 7.33
7,000 lumen (Holophane)	175	0.210	874	\$ 9.24
7,000 lumen (Gas Replica)	175	0.210	874	\$21.32
7,000 lumen (Granville)	175	0.205	853	\$ 7.41
7,000 lumen (Aspen)	175	0.210	874	\$13.45
Metal Halide				
14,000 lumen (Traditionaire)	175	0.205	853	\$ 7.33
14,000 lumen (Granville Acorn)	175	0.210	874	\$13.45
14,000 lumen (Gas Replica)	175	0.210	874	\$21.41
Sodium Vapor				
9,500 lumen (Town & Country)	100	0.117	487	\$10.84
9,500 lumen (Holophane)	100	0.128	532	\$11.74
9,500 lumen (Rectilinear)	100	0.117	487	\$ 8.74
9,500 lumen (Gas Replica)	100	0.128	532	\$22.16
9,500 lumen (Aspen)	100	0.128	532	\$13.69
9,500 lumen (Traditionaire)	100	0.117	487	\$10.84
9,500 lumen (Granville Acorn)	100	0.128	532	\$13.69
22,000 lumen (Rectilinear)	200	0.246	1,023	\$11.96
50,000 lumen (Rectilinear)	400	0.471	1,959	\$15.70
50,000 lumen (Setback)	400	0.471	1,959	\$23.43

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

NET MONTHLY BILL (Contd.)

<u>POLE CHARGES</u>	<u>Pole Type</u>	<u>Rate/Pole</u>
Pole Description		
Wood		
17 foot (Wood Laminated) (a)	W17	\$ 4.40
30 foot	W30	\$ 4.34
35 foot	W35	\$ 4.40
40 foot	W40	\$ 5.27
Aluminum		
12 foot (decorative)	A12	\$11.97
28 foot	A28	\$ 6.94
28 foot (heavy duty)	A28H	\$ 7.01
30 foot (anchor base)	A30	\$13.86
Fiberglass		
17 foot	F17	\$ 4.40
12 foot (decorative)	F12	\$12.87
30 foot (bronze)	F30	\$ 8.38
35 foot (bronze)	F35	\$ 8.60
Steel		
27 foot (11 gauge)	S27	\$11.31
27 foot (3 gauge)	S27H	\$17.05

Spans of Secondary Wiring:

For each increment of 25 feet of secondary wiring beyond the first 25 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.75.

Additional facilities, other than specified above, if required, will be billed at the time of installation.

(a) Note: New or replacement poles no longer available.

2. Base Fuel Cost
 All kilowatt-hours shall be subject to a charge of \$0.021619 per kilowatt-hour reflecting the base cost of fuel.
3. Applicable Riders . The following riders are applicable pursuant to the specific terms contained within each rider:
 Sheet No. 80, Rider FAC, Fuel Adjustment Clause
 Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
 Sheet No. 82, Rider PSM, Profit Sharing Mechanism

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, and then its terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 4 or 6 under General Conditions.

GENERAL CONDITIONS

- (1) If the customer requires the installation of a unit at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.
- (2) Installation of street lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or other consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the street lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.
- (3) The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these street light units for such reason.
- (4) If an installed street lighting unit is required to be relocated, removed, or replaced with another unit of the same or less rated lamp wattage, the ordering Authority shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.
- (5) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by and at the expense of the Company.

In cases of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

- (6) When a street lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

RATE TL

TRAFFIC LIGHTING SERVICE

APPLICABILITY

Applicable to the supplying of energy for traffic signals or other traffic control lighting on public streets and roads. After April 2, 1990, this tariff schedule shall only be applicable to municipal, county, state and local governments. In the application of this tariff, each point of delivery shall be considered as a separate customer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at the Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Base Rate

- (a) Where the Company supplies energy only, all kilowatt-hours shall be billed at \$0.035848 per kilowatt-hour;
- (b) Where the Company supplies energy from a separately metered source and the Company has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at \$0.021078 per kilowatt-hour.
- (c) Where the Company supplies energy and has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at \$0.056927 per kilowatt-hour.

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

One year, terminable thereafter on thirty (30) days written notice by either customer or Company.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

GENERAL CONDITIONS

- (1) Billing will be based on the calculated kilowatt-hour consumption taking into consideration the size and characteristics of the load.
- (2) Where the average monthly usage is less than 110 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing the electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before the work is carried out.
- (3) The location of each point of delivery shall be mutually agreed upon by the Company and the customer. In overhead distribution areas, the point of delivery shall be within 150 feet of existing secondary wiring. In underground distribution areas, the point of delivery shall be at an existing secondary wiring service point.
- (4) If the customer requires a point of delivery which requires the extension, relocation, or rearrangement of Company's distribution system, the customer shall pay the Company, in addition to the monthly charge, the cost of such extension, relocation, or rearrangement on the basis of time and material plus overhead charges unless, in the judgment of the Company, no payment shall be made. An estimate of the cost will be submitted for approval before work is carried out.

LIMITED MAINTENANCE

Limited maintenance for traffic signals is defined as cleaning and replacing lamps, and repairing connections in wiring which are of a minor nature. Limited maintenance for traffic controllers is defined as cleaning, oiling, adjusting and replacing contacts which are provided by customer, time-setting when requested, and minor repairs to defective wiring.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

RATE UOLS
UNMETERED OUTDOOR LIGHTING ELECTRIC SERVICE

APPLICABILITY

Applicable for electric energy usage only for any street or outdoor area lighting system (System), operating during the dusk to dawn time period, on private or public property and owned by the customer or the Company. The customer must be adjacent to an electric power line of the Company that is adequate and suitable for supplying the necessary electric service.

Service under this tariff schedule shall require a written agreement between the customer and the Company specifying the calculated lighting kilowatt-hours. The System shall comply with the connection requirements in the Company's Electric Service Regulations, Section III, Customer's and Company's Installations.

CONTRACT FOR SERVICE

The customer will enter into an Agreement for Electric Service for Outdoor Lighting for a minimum of one year and renewable annually, automatically, thereafter.

The Company will provide unmetered electric service based on the calculated annual energy usage for each luminaire's lamp wattage plus ballast usage (impact wattage). The System kilowatt-hour usage shall be determined by the number of lamps and other System particulars as defined in the written agreement between the customer and Company. The monthly kilowatt-hour amount will be billed at the rate contained in the NET MONTHLY BILL section below.

LIGHTING HOURS

The unmetered lighting System will be operated automatically by either individual photoelectric controllers or System controller(s) set to operate on either dusk-to-dawn lighting levels or on pre-set timers for any hours between dusk-to-dawn. The hours of operation will be agreed upon between the customer and the Company and set out in the Agreement. Dusk-to-dawn lighting typically turns on and off approximately one-half (1/2) hour after sunset and one-half (1/2) hour before sunrise which is approximately 4160 hours annually.

NET MONTHLY BILL

Computed in accordance with the following charge:

1. Base Rate
All kWh \$0.035263 per kWh

2. Applicable Riders
The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill which is the Net Monthly Bill plus 5%, is due and payable.

OWNERSHIP OF SERVICE LINES

Company will provide, install, own, operate and maintain the necessary facilities for furnishing electric service to the System defined in the agreement. If the customer requires the installation of a System at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

The Company shall erect the service lines necessary to supply electric energy to the System within the limits of the public streets and highways or on private property as mutually agreed upon by the Company and the customer. The customer shall assist the Company, if necessary, in obtaining adequate written easements covering permission to install and maintain any service lines required to serve the System.

The Company shall not be required to pay for obtaining permission to trim or re-trim trees where such trees interfere with lighting output or with service lines or wires of the Company used for supplying electric energy to the System. The customer shall assist the Company, if necessary, in obtaining permission to trim trees where the Company is unable to obtain such permission through its own best efforts.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

**RATE OL-E
OUTDOOR LIGHTING EQUIPMENT INSTALLATION**

APPLICABILITY

Applicable for the installation of any street or outdoor area lighting system (System) on private or public property and owned by the Company. The customer must be adjacent to an electric power line of the Company that is adequate and suitable for supplying the necessary electric service.

Service for the System under this tariff shall require a written agreement between the Customer and the Company. The System shall comply with the connection requirements in the Company's Electric Service Regulations, Section III, Customer's Installations and Section IV, Company's Installations.

A separate written agreement is required for the electrical energy consumed by this lighting system.

CONTRACT FOR SERVICE

The Customer will enter into an Outdoor Lighting Equipment Agreement, herein 'Agreement', with the Company for an initial term not to exceed ten years and automatically renewable annually thereafter. Termination by either party shall require 120 days advance written notice. The Agreement shall specify the lighting equipment to be installed and owned by the Company, the term of the agreement, itemized monthly charges for the equipment, maintenance terms, and any other necessary information.

The initial Agreement will include two specific monthly charges: a monthly System Charge based on the Company's cost of purchasing and installing the System (Installed Cost), and a monthly Maintenance Charge. The monthly System Charge will end with the expiration of the initial Agreement term while the monthly Maintenance Charge will continue for the life of the System. When the Agreement is terminated by Customer request before initial term expiration, the Customer must reimburse the Company the sum of all remaining monthly System Charges for the initial term of the Agreement, minus salvage value as determined by the Company.

The System Charge is determined by applying the current Levelized Fixed Charge Rate (LFCR), to the Company's cost of purchasing and installing the System. The Customer agrees to the resulting monthly charge that is dependent on the initial term length of the Agreement. The initial term length is the Customer's choice up to and including ten years. The Customer may make an up-front payment that will be applied against the Installed Cost and will thereby reduce the monthly System Charge.

The monthly Maintenance Charge covers estimated equipment maintenance costs as specified in the Agreement, including the ongoing costs of ownership such as administration, taxes and insurance. The Agreement allows for re-evaluation and possible adjustment to the maintenance monthly charges every three years.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

LEVELIZED FIXED CHARGE CALCULATION

The annual Levelized Fixed Charge Rate percentage is calculated as follows:

$$\text{LFCR} = r + d + \left(\frac{T}{1-T} \right) \times (r + d - D) \times \left(\frac{r - i}{r} \right)$$

Where r = Rate of Return (Cost of Capital)
 D = Depreciation Rate (straight line)
 T = Federal and State Composite Income Tax Rate
 i = Synchronized Interest Deduction
 d = Sinking Fund Factor

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

OWNERSHIP OF SERVICE LINES

Company will provide, install, own, operate and maintain the necessary facilities for furnishing electric service to the System defined in the agreement. If the customer requires the installation of a System at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

The Company shall erect the service lines necessary to supply electric energy to the System within the limits of the public streets and highways or on private property as mutually agreed upon by the Company and the customer. The customer shall assist the Company, if necessary, in obtaining adequate written easements covering permission to install and maintain any service lines required to serve the System.

The Company shall not be required to pay for obtaining permission to trim or re-trim trees where such trees interfere with lighting output or with service lines or wires of the Company used for supplying electric energy to the System. The customer shall assist the Company, if necessary, in obtaining permission to trim trees where the Company is unable to obtain such permission through its own best efforts.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

RATE OL

OUTDOOR LIGHTING SERVICE

APPLICABILITY

Applicable for outdoor lighting services on private property with Company owned fixtures in the Company's entire service area where secondary distribution lines are adjacent to the premises to be served. Not applicable for lighting public roadways which are dedicated, or anticipated to be dedicated, except to meet the occasional singular need of a customer who has obtained written approval from the proper governmental authority.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This rate schedule is no longer available after December 31, 2006. Potential lighting customers wanting a lighting system installed and maintained by Company can do so via the Outdoor Lighting Equipment agreement (OLE). Potential customers should contact a Company account representative for further information concerning OLE options. This rate schedule terminates December 31, 2016. Customers currently being provided service under this rate schedule can continue being provided service under this rate schedule for the remaining useful life of the facilities or this rate schedule terminates, whichever occurs first.

TYPE OF SERVICE

All equipment will be installed, owned and maintained by the Company on rights-of-ways provided by the customer. The Company will perform maintenance only during regularly scheduled working hours and will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for damage, loss or injury resulting from any interruption in such lighting due to any cause. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum.

NET MONTHLY BILL

1. Base Rate

A. Private outdoor lighting units:

The following monthly charge for each fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a maximum mast arm of 10 feet for overhead units will be assessed:

Duke Energy Kentucky, Inc.
 1697-A Monmouth Street
 Newport, Kentucky 41071

KY.P.S.C. Electric No. 2
 First Revised Sheet No. 65
 Cancels and Supersedes
 Original Sheet No. 65
 Page 2 of 4

NET MONTHLY BILL (Contd.)

	<u>Lamp Watts</u>	<u>kW/ Luminaire</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
Standard Fixtures (Cobra Head)				
Mercury Vapor				
7,000 lumen (Open Refractor)	175	0.205	853	\$ 8.58
7,000 lumen	175	0.210	874	\$11.01
10,000 lumen	250	0.292	1,215	\$12.81
21,000 lumen	400	0.460	1,914	\$16.39
Metal Halide				
14,000 lumen	175	0.210	874	\$11.01
20,500 lumen	250	0.307	1,215	\$12.83
36,000 lumen	400	0.460	1,914	\$16.39
Sodium Vapor				
9,500 lumen (Open Refractor)	100	0.117	487	\$ 7.59
9,500 lumen	100	0.117	487	\$ 9.90
16,000 lumen	150	0.171	711	\$11.14
22,000 lumen	200	0.228	948	\$12.29
27,500 lumen	250	0.228	948	\$12.29
50,000 lumen	400	0.471	1,959	\$14.17
Decorative Fixtures (a)				
Mercury Vapor				
7,000 lumen (Town & Country)	175	0.205	853	\$13.23
7,000 lumen (Holophane)	175	0.210	874	\$17.08
7,000 lumen (Gas Replica)	175	0.210	874	\$41.50
7,000 lumen (Aspen)	175	0.210	874	\$25.61
Sodium Vapor				
9,500 lumen (Town & Country)	100	0.117	487	\$21.01
9,500 lumen (Holophane)	100	0.128	532	\$22.76
9,500 lumen (Rectilinear)	100	0.117	487	\$18.70
9,500 lumen (Gas Replica)	100	0.128	532	\$43.84
9,500 lumen (Aspen)	100	0.128	532	\$26.53
9,500 lumen (Traditionaire)	100	0.117	487	\$21.01
9,500 lumen (Granville Acorn)	100	0.128	532	\$26.53
22,000 lumen (Rectilinear)	200	0.246	1,023	\$22.18
50,000 lumen (Rectilinear)	400	0.471	1,959	\$28.02
50,000 lumen (Setback)	400	0.471	1,959	\$43.79

(a) When requesting installation of a decorative unit, the customer may elect to make an additional contribution to obtain the monthly rate per unit charge for the same size standard (cobra head) outdoor lighting fixture.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No 2006-00172.

Issued: December 22, 2006

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Issued by Sandra P. Meyer, President

NET MONTHLY BILL (Contd.)

B. Flood lighting units served in overhead distribution areas (FL):

The following monthly charge for each fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, will be assessed:

	<u>Lamp Watts</u>	<u>kW/ Luminaire</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
Mercury Vapor 21,000 lumen	400	0.460	1,914	\$16.40
Metal Halide 20,500 lumen	250	0.307	1,215	\$12.81
36,000 lumen	400	0.460	1,914	\$16.40
Sodium Vapor 22,000 lumen	200	0.246	1,023	\$12.19
30,000 lumen	250	0.312	1,023	\$12.19
50,000 lumen	400	0.480	1,997	\$14.98

Additional facilities, if needed will be billed at the time of installation.

2. Base Fuel Cost

All kilowatt-hour shall be subject to a charge of \$0.021619 per kilowatt-hour reflecting the base cost of fuel.

3. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

GENERAL CONDITIONS

1. In cases of repeated vandalism, the Company at its option will repair or remove its damaged equipment and the customer shall pay for repairs on a time and material basis, plus overhead charges. If the equipment is removed the customer will be billed for the unexpired term of the contract.
2. If the customer requires the extension, relocation or rearrangement of the Company's system, the customer will pay, in addition to the monthly charge, the Company on a time and materials basis, plus overhead charges, for such extension, relocation or rearrangement unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for customer approval before work is carried out.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No 2006-00172.

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Issued by Sandra P. Meyer, President

GENERAL CONDITIONS (Contd.)

3. If any Company owned lighting unit is required to be relocated, removed or replaced with another unit of the same or lower lamp wattage, the customer ordering this shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charges should be made. An estimate of the cost will be submitted for customer approval before work is carried out.
4. Installation of lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.
5. The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these light units for such reason.
6. When a lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

TERM OF SERVICE

Three (3) years for a new and/or succeeding customer until the initial period is fulfilled. The service is terminable thereafter on ten (10) days written notice by the customer or the Company.

At the Company's option, a longer contract may be required for large installations.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations, currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RATE NSU

**STREET LIGHTING SERVICE
 NON-STANDARD UNITS**

APPLICABILITY

Applicable to municipal, county, state and Federal governments, including divisions thereof, hereinafter referred to as customer for the lighting of public streets and roads with existing Company and Customer owned lighting fixtures. This service is not available for units installed after January 1, 1985.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This rate schedule is no longer available after December 31, 2006. Potential lighting customers wanting a lighting system installed and maintained by Company can do so via the Outdoor Lighting Equipment agreement (OLE). Potential customers should contact a Company account representative for further information concerning OLE options. This rate schedule terminates December 31, 2026. Customers currently being provided service under this rate schedule can continue being provided service under this rate schedule for the remaining useful life of the facilities or this rate schedule terminates, whichever occurs first.

TYPE OF SERVICE

All equipment owned by the Company will be maintained by the Company. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps maintained by the Company within 48 hours after notification by the customer. The Company does not guarantee continuous lighting or electric service and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each unit with lamp and luminaire, controlled automatically, will be assessed.

1. Base Rate

A. Company owned

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
1. Boulevard units served underground				
a. 2,500 lumen Incandescent - Series	148	0.148	616	\$ 9.11
b. 2,500 lumen Incandescent - Multiple	189	0.189	786	\$ 7.01
2. Holophane Decorative fixture on 17 foot fiberglass pole served underground with direct buried cable				
a. 10,000 lumen Mercury Vapor	250	0.292	1,215	\$16.56

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

NET MONTHLY BILL (Contd.)

The cable span charge of \$0.75 per each increment of 25 feet of secondary wiring shall be added to the Rate/unit charge for each increment of secondary wiring beyond the first 25 feet from the pole base.

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
3. Street light units served overhead distribution				
a. 2,500 lumen Incandescent	189	0.189	786	\$ 6.95
b. 2,500 lumen Mercury Vapor	100	0.109	453	\$ 6.63
c. 21,000 lumen Mercury Vapor	400	0.460	1,914	\$10.30

B. Customer owned

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
1. Steel boulevard units served underground with limited maintenance by Company				
a. 2,500 lumen Incandescent – Series	148	0.148	616	\$ 5.33
b. 2,500 lumen Incandescent – Multiple	189	0.189	786	\$ 6.77

2. Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.021619 per kilowatt-hour reflecting the base cost of fuel.

3. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 1 or 3 under General Conditions.

GENERAL CONDITIONS

- (1) If an installed street lighting unit is required to be relocated, removed, or replaced with another unit of the same or less rated lamp wattage, the ordering Authority shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.
- (2) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by, and at the expense of, the Company.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

GENERAL CONDITIONS (Contd.)

In case of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

- (3) When a Company owned street lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.
- (4) When a customer owned lighting unit becomes inoperative, the cost of repair or replacement of the unit will be at the customer's expense. The replacement unit shall be an approved Company fixture.
- (5) Limited maintenance by the Company includes only fixture cleaning, relamping, and glassware and photo cell replacement.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

RATE NSP

PRIVATE OUTDOOR LIGHTING FOR NON-STANDARD UNITS

APPLICABILITY

Applicable to service for outdoor lighting on private property with Company-owned lighting fixtures in the Company's entire territory where secondary distribution lines are adjacent to the premise to be served. Not applicable to service for lighting of dedicated or undedicated public thoroughfares.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This rate schedule is no longer available after December 31, 2006. Potential lighting customers wanting a lighting system installed and maintained by Company can do so via the *Outdoor Lighting Equipment agreement (OLE)*. Potential customers should contact a Company account representative for further information concerning OLE options. This rate schedule terminates December 31, 2016. Customers currently being provided service under this rate schedule can continue being provided service under this rate schedule for the remaining useful life of the facilities or this rate schedule terminates, whichever occurs first.

TYPE OF SERVICE

All equipment will be installed, owned and maintained by the Company on rights-of-way provided by the customer. The Company will perform maintenance only during regularly scheduled working hours and will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for damage, loss or injury resulting from any interruption in such lighting due to any cause. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum.

NET MONTHLY BILL

- 1. Base Rate
 - A. Private outdoor lighting units:

The following monthly charge will be assessed for existing facilities, but this unit will not be available to any new customers after May 15, 1973:

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
2,500 lumen Mercury, Open Refractor.....	100	0.115	478	\$ 7.71
2,500 lumen Mercury, Enclosed Refractor.....	100	0.115	478	\$10.58

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NET MONTHLY BILL (Contd.)

B. Outdoor lighting units served in underground residential distribution areas:

The following monthly charge will be assessed for existing fixtures which include lamp and luminaire, controlled automatically, with an underground service wire not to exceed 35 feet from the service point, but these units will not be available to new customers after May 5, 1992:

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
7,000 lumens Mercury, Mounted on a 17-foot Fiberglass Pole	175	0.205	853	\$14.39
7,000 lumen Mercury, Mounted on a 17-foot Wood Laminated Pole (a)	175	0.205	853	\$14.39
7,000 lumen Mercury, Mounted on a 30-foot Wood Pole.	175	0.205	853	\$13.29
9,500 lumen Sodium Vapor, TC 100 R.	100	0.117	487	\$11.13

(a) Note: New or replacement poles are not available.

C. Flood lighting units served in overhead distribution areas:

The following monthly charge will be assessed for each existing fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a span of wire not to exceed 120 feet, but these units will not be available after May 5, 1992:

	<u>Lamp Watt</u>	<u>kW/Fixture</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
52,000 lumen Mercury (35-foot Wood Pole) . .	1,000	1.102	4,584	\$27.70
52,000 lumen Mercury (50-foot Wood Pole) . .	1,000	1.102	4,584	\$31.31
50,000 lumen Sodium Vapor.	400	0.471	1,959	\$19.43

2. Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.021619 per kilowatt-hour reflecting the base cost of fuel.

3. Applicable Riders

The following riders are applicable to the specific terms contained within each rider:
 Sheet No. 80, Rider FAC, Fuel Adjustment Clause
 Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
 Sheet No. 82, Rider PSM, Profit Sharing Mechanism

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

Three (3) years, terminable thereafter on ten (10) days written notice by either customer or Company.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

GENERAL CONDITIONS

1. In cases of repeated vandalism, the Company at its option will repair or remove its damaged equipment and the customer shall pay for repairs on a time and material basis, plus overhead charges. If the equipment is removed the customer will be billed for the unexpired term of the contract.
2. If any Company owned lighting unit is required to be relocated, removed or replaced with another unit of the same or lower lamp wattage, the customer ordering this shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charges should be made. An estimate of the cost will be submitted for customer approval before work is carried out.
3. When a lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

RATE SC

STREET LIGHTING SERVICE - CUSTOMER OWNED

APPLICABILITY

Applicable to municipal, county, state and Federal governments, including divisions thereof, and incorporated homeowner's associations for the lighting of public streets and roads when the total investment and installation costs of the fixtures are borne by the customer. The fixture shall be a Company approved unit used in overhead and underground distribution areas.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This rate schedule is no longer available after December 31, 2006. Potential lighting customers wanting a lighting system installed and maintained by Company can do so via the Outdoor Lighting Equipment agreement (OLE). Potential customers should contact a Company account representative for further information concerning OLE options. This rate schedule terminates December 31, 2026. Customers currently being provided service under this rate schedule can continue being provided service under this rate schedule for the remaining useful life of the facilities or this rate schedule terminates, whichever occurs first.

TYPE OF SERVICE

All equipment will be owned by the customer but may be installed by customer or Company with limited maintenance performed by the Company. Limited maintenance includes only fixture cleaning, relamping, and glassware and photo cell replacement. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each lamp with luminaire, controlled automatically, will be assessed:

1. Base Rate	Lamp Watts	kW/Unit	Annual kWh	Rate/Unit
Fixture Description				
Standard Fixture (Cobra Head)				
Mercury Vapor				
7,000 lumen	175	0.193	803	\$4.04
10,000 lumen	250	0.275	1,144	\$5.12
21,000 lumen	400	0.430	1,789	\$7.07
Metal Halide				
14,000 lumen	175	0.193	803	\$4.04
20,500 lumen	250	0.275	1,144	\$5.12
36,000 lumen	400	0.430	1,789	\$7.07

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Issued by Sandra P. Meyer, President

Duke Energy Kentucky, Inc.
 1697-A Monmouth Street
 Newport, Kentucky 41071

KY.P.S.C. Electric No. 2
 First Revised Sheet No. 68
 Cancels and Supersedes
 Original Sheet No. 68
 Page 2 of 4

NET MONTHLY BILL (Contd.)

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
Sodium Vapor				
9,500 lumen	100	0.117	487	\$4.95
16,000 lumen	150	0.171	711	\$5.49
22,000 lumen	200	0.228	948	\$5.99
27,500 lumen	250	0.228	948	\$5.99
50,000 lumen	400	0.471	1,959	\$8.00
Decorative Fixture				
Mercury Vapor				
7,000 lumen (Holophane)	175	0.210	874	\$5.16
7,000 lumen (Town & Country)	175	0.205	853	\$5.12
7,000 lumen (Gas Replica)	175	0.210	874	\$5.16
7,000 lumen (Aspen)	175	0.210	874	\$5.16
Metal Halide				
14,000 lumen (Traditionaire)	175	0.205	853	\$5.12
14,000 lumen (Granville Acorn)	175	0.210	874	\$5.16
14,000 lumen (Gas Replica)	175	0.210	874	\$5.16
Sodium Vapor				
9,500 lumen (Town & Country)	100	0.117	487	\$4.87
9,500 lumen (Traditionaire)	100	0.117	487	\$4.87
9,500 lumen (Granville Acorn)	100	0.128	532	\$5.08
9,500 lumen (Rectilinear)	100	0.117	487	\$4.87
9,500 lumen (Aspen)	100	0.128	532	\$5.08
9,500 lumen (Holophane)	100	0.128	532	\$5.08
9,500 lumen (Gas Replica)	100	0.128	532	\$5.08
22,000 lumen (Rectilinear)	200	0.246	1,023	\$6.35
50,000 lumen (Rectilinear)	400	0.471	1,959	\$8.29

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

<u>Pole Description</u>	<u>Pole Type</u>	<u>Rate/Pole</u>
Wood		
30 foot	W30	\$4.34
35 foot	W35	\$4.40
40 foot	W40	\$5.27

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NET MONTHLY BILL (Contd.)

Customer Owned and Maintained Units

The rate for energy used for this type street lighting will be \$0.035263 per kilowatt-hour which includes the base fuel cost rate stated below. The monthly kilowatt-hour usage will be mutually agreed upon between the Company and the customer. Where the average monthly usage is less than 150 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before work is carried out.

2. Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.021619 per kilowatt-hour reflecting the base cost of fuel.

3. Applicable Riders

The following riders are applicable to the specific terms contained within each rider:

Sheet No. 80, Rider FAC, Fuel Adjustment Clause

Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric

Sheet No. 82, Rider PSM, Profit Sharing Mechanism

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 4 or 6 under General Conditions.

GENERAL CONDITIONS

- (1) If the customer requires the installation of a unit at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.
- (2) Installation of street lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or other consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the street lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

GENERAL CONDITIONS (Contd.)

- (3) The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these street light units for such reason.
- (4) If an installed street lighting unit is required to be relocated, removed, or replaced by the Company, the ordering Authority shall pay the Company the cost agreed upon under a separate contract.
- (5) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by and at the expense of the Company.

In cases of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

- (6) When a customer owned lighting unit becomes inoperative the cost of repair, replacement or removal of the unit will be at the customer's expense.
- (7) All lights installed on an overhead distribution system will be installed by Company under a separate contract with customer.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Issued by Sandra P. Meyer, President

RATE SE

STREET LIGHTING SERVICE - OVERHEAD EQUIVALENT

APPLICABILITY

Applicable to municipal, county, state and Federal governments, including divisions thereof and incorporated homeowners associations for the lighting of public streets and roads with Company lighting fixtures in underground distribution areas, where the customer elects to make a contribution for the installation of the fixture, mounting, pole and secondary wiring to obtain the rate/unit for the same size standard fixture (cobra head) in an overhead distribution area.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This rate schedule is no longer available after December 31, 2006. Potential lighting customers wanting a lighting system installed and maintained by Company can do so via the Outdoor Lighting Equipment agreement (OLE). Potential customers should contact a Company account representative for further information concerning OLE options. This rate schedule terminates December 31, 2026. Customers currently being provided service under this rate schedule can continue being provided service under this rate schedule for the remaining useful life of the facilities or this rate schedule terminates, whichever occurs first.

TYPE OF SERVICE

All equipment will be installed, owned and maintained by the Company. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each lamp with luminaire, controlled automatically, will be assessed:

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006
in Case No. 2006-00172.

NET MONTHLY BILL (Contd.)

1. Base Rate

Fixture Description	Lamp Watt	kW/Unit	Annual kWh	Rate/Unit
<u>Decorative Fixtures</u>				
<u>Mercury Vapor</u>				
7,000 lumen (Town & Country)	175	0.205	853	\$ 7.13
7,000 lumen (Holophane)	175	0.210	874	\$ 7.16
7,000 lumen (Gas Replica)	175	0.210	874	\$ 7.16
7,000 lumen (Aspen)	175	0.210	874	\$ 7.16
<u>Metal Halide</u>				
14,000 lumen (Traditionaire)	175	0.205	853	\$ 7.13
14,000 lumen (Granville Acorn)	175	0.210	874	\$ 7.16
14,000 lumen (Gas Replica)	175	0.210	874	\$ 7.16
<u>Sodium Vapor</u>				
9,500 lumen (Town & Country)	100	0.117	487	\$ 7.86
9,500 lumen (Holophane)	100	0.128	532	\$ 7.95
9,500 lumen (Rectilinear)	100	0.117	487	\$ 7.86
9,500 lumen (Gas Replica)	100	0.128	532	\$ 7.94
9,500 lumen (Aspen)	100	0.128	532	\$ 7.94
9,500 lumen (Traditionaire)	100	0.117	487	\$ 7.86
9,500 lumen (Granville Acorn)	100	0.128	532	\$ 7.94
22,000 lumen (Rectilinear)	200	0.246	1,023	\$11.23
50,000 lumen (Rectilinear)	400	0.471	1,959	\$14.75
50,000 lumen (Setback)	400	0.471	1,959	\$14.75

Additional facilities, other than specified above, if required, will be billed at the time of installation.

2. Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.021619 per kilowatt-hour reflecting the base cost of fuel.

3. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 4 or 6 under General Conditions.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

GENERAL CONDITIONS

- (1) If the customer requires the installation of a unit at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.
- (2) Installation of street lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or other consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the street lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.
- (3) The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these street light units for such reason.
- (4) If an installed street lighting unit is required to be relocated, removed, or replaced with another unit of the same or less rated lamp wattage, the ordering Authority shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.
- (5) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by and at the expense of the Company.

In cases of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

- (6) When a street lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.
- (7) The contribution only provides for replacement of these facilities due to occasional damage or premature malfunction. It does not cover replacement at end of life.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

RIDER TS
TEMPORARY SERVICE

APPLICABILITY

Applicable to electric service of a temporary nature, where the standard residential or general service rates are effective for the application of this rider, for a period of less than one year and non-recurring, supplied in accordance with provisions of the appropriate rate currently in effect.

TYPE OF SERVICE

Service will be in accordance with the specifications of the standard applicable rate.

CHARGES

In addition to charges for service furnished under the applicable standard rate the customer will pay in advance the following charge:

Estimated unit cost of each service with supporting data to be filed with the Commission and updated annually by the utility.

TERM OF SERVICE

Temporary service hereunder will be rendered for a period not longer than six calendar months from the date of installation, provided however, the Company may, at its option, renew said temporary connection for an additional period of three months if required by the temporary need. At the expiration of said initial period or any renewal thereof, the Company may discontinue the service from the premise.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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Issued by Sandra P. Meyer, President

RIDER X

LINE EXTENSION POLICY

APPLICABILITY

Applicable to electric service supplied in accordance with the provisions of the appropriate rate currently in effect, from the nearest available distribution lines of required type of service when it is necessary to extend such lines.

EXTENSION PLAN

Extensions

When the estimated cost of extending the distribution lines to reach the customer's premise equals or is less than three (3) times the estimated gross annual revenue the Company will make the extension without additional guarantee by the customer over that applicable in the rate, provided the customer establishes credit in a manner satisfactory to the Company.

When the estimated cost of extending the distribution lines to reach the customer's premise exceeds three (3) times the estimated gross annual revenue, the customer may be required to guarantee, for a period of five (5) years, a monthly bill of one (1) percent of the line extension cost for residential service and two (2) percent for non-residential service.

When the term of service or credit have not been established in a manner satisfactory to the Company, the customer may be required to advance the estimated cost of the line extension in either of the above situations. When such advance is made the Company will refund, at the end of each year, for four (4) years, twenty-five (25) percent of the revenues received in any one year up to twenty-five (25) percent of the advance.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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RIDER LM

LOAD MANAGEMENT RIDER

APPLICABILITY

The Off Peak Provision is applicable to customers with an average monthly demand in excess of fifteen (15) kilowatts established over the most recent twelve month period receiving service under the provisions of either Rate DS, Service at Secondary Distribution Voltage, or Rate DP, Service at Primary Distribution Voltage.

OFF PEAK PROVISION

The "off peak period" for the summer season is defined as the period from 8:00 p.m. of one day to 11:00 a.m. of the following day; Friday from 8:00 p.m. to 11:00 a.m. of the following Monday; and from 8:00 p.m. of the day preceding a legal holiday to 11:00 a.m. of the day following that holiday. The "off peak period" for the winter season is defined as the period 2:00 p.m. to 5:00 p.m. and from 9:00 p.m. of one day to 9:00 a.m. of the following day; Friday from 9:00 p.m. to 9:00 a.m. of the following Monday; and from 9:00 p.m. of the day preceding a legal holiday to 9:00 a.m. of the day following that holiday. The following are recognized legal holidays as far as load conditions of the Company's system are concerned: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day. If the foregoing holidays occur on a Sunday, the following Monday is considered a holiday.

The "on peak period" is defined as all hours exclusive of the "off peak period" hours set forth in the preceding paragraph.

- I. For customers with an average monthly demand in excess of fifteen (15) kilowatts and not to exceed five hundred (500) kilowatts where electric service is furnished under the provisions of the Company's existing Rate DS, Service at Secondary Distribution Voltage or Rate DP, Service at Primary Distribution Voltage.
 - A. For purposes of administration of this rider, the summer season, as stated above, is the period beginning June 1 and ending September 30. The winter season consists of all other days which have not been recognized in the summer season.
 - B. This provision is only available as Company demand meters with a programmable time-of-use register are installed on the customer's premise. Due to the limited availability of such metering equipment and Company personnel, a demand meter will be installed as metering equipment and Company personnel are available.
 - C. The customer will be required to pay the current installed cost of the time-of-use metering equipment in excess of the current installed cost of the standard demand register equipment, normally installed by the Company, which is required under the provision of Rate DS. All metering equipment shall remain the property of the Company which shall be responsible for its installation, operation, maintenance, testing, replacement or removal.

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OFF PEAK PROVISION (Contd.)

- D. When a customer elects the OFF PEAK PROVISION, the monthly customer charge of the applicable Rate DS will be increased by an additional monthly charge of five dollars (\$5.00) for each installed time-of-use meter. In addition, the DEMAND provision of Rate DS shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above.
- II. For customers who meet the Company's criteria for the installation of a magnetic tape recording device for billing, and where electric service is furnished under the provisions of either Rate DS, Service at Secondary Distribution Voltage, or Rate DP, Service at Primary Distribution Voltage.
- A. For purposes of administration of this rider, the summer season, as stated above, is the period beginning with the meter reading date in the month of May and ending with the meter reading date in the month of September or the period beginning June 1 and ending September 30, at the Company's option. The winter season consists of all other days which have not been recognized in the summer season.
- B. The "off peak period" billing demand will be taken at fifty (50) percent of the highest fifteen minute demand established during the "off peak period," as defined above.
- C. When a customer elects this OFF PEAK PROVISION, the applicable monthly customer charge of Rate DS or Rate DP will be increased by an additional monthly charge of one hundred dollars (\$100.00).

The DEMAND provision of the applicable Rate DS or Rate DP shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above. However, in no case shall the billing demand be less than the "off peak period" billing demand or the billing demand as determined in accordance with the DEMAND provision of the applicable Rate DS or Rate DP, as modified.

TERMS AND CONDITIONS

The term of contract for the Off Peak Provision shall be a minimum period of one (1) year.

The Company shall not be required to increase the capacity of any service facilities in order to furnish off peak demands. The Company reserves the right, upon 30 days notice to customers affected, to change the time or times during which on peak demands may be established.

The supply and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

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RIDER DSM

DEMAND SIDE MANAGEMENT COST RECOVERY RIDER

APPLICABILITY

Applicable to service rendered under the provisions of Rates RS (residential class), DS, DP, DT, EH, GS-FL, SP, and TT (non-residential class).

CHARGES

The monthly amount computed under each of the rate schedules to which this rider is applicable shall be increased or decreased by the DSM Charge at a rate per kilowatt-hour of monthly consumption and, where applicable, a rate per kilowatt of monthly billing demand, in accordance with the following formula:

$$\text{DSM Charge} = \text{PC} + \text{LR} + \text{PI} + \text{BA}$$

Where: **PC = DSM PROGRAM COST RECOVERY.** For each twelve month period, the PC shall include all expected costs for demand-side management programs which have been approved by a collaborative process. Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating DSM programs. Program costs will be assigned for recovery purposes to the rate classes whose customers are directly participating in the program. In addition, all costs incurred by or on behalf of the collaborative process, including but not limited to costs for consultants, employees and administrative expenses, will be recovered through the PC. Administrative costs that are allocable to more than one rate class will be recovered from those classes and allocated by rate class on the basis of the estimated avoided capacity and energy costs resulting from each program.

The PC applicable to the residential class shall be determined by dividing the cost of approved programs allocated or assigned to the residential class by the expected kilowatt-hour sales for the upcoming twelve-month period. The cost of approved programs assigned or allocated to the non-residential class shall be allocated as either demand-related or energy-related based on the respective percentage of avoided capacity cost or avoided energy cost to the total avoided cost estimated in the determination of the net resource savings for the program. For purposes of this tariff, net resource savings are defined as program benefits less the cost of the program, where program benefits will be calculated on the basis of the present value of the Company's avoided costs over the expected life of the program, and will include both capacity and energy savings. The demand-related program costs thus determined shall be divided by the expected billing demand in kilowatt-months for the upcoming twelve-month period to determine the demand-related PC. The associated energy-related program costs shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the energy-related PC for such rate class.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

LR = LOST REVENUE FROM LOST SALES RECOVERY. Revenues from lost sales due to DSM programs will be recovered through the decoupling of revenues from actual sales of the residential class. At the end of each twelve-month period after implementation of the DSM Charge, the non-variable revenue requirement (total revenue requirement less variable costs) for the residential class for ULH&P's most recent twelve month period will be adjusted to reflect changes in the number of customers and the usage per customer as follows: (1) the non-variable revenue requirement will be multiplied by the factor obtained by dividing the twelve month average number of customers at the end of the current twelve-month period by the twelve month average number of residential customers at the end of the twelve-month period ending December 1994, and (2) the non-variable revenue requirement will be multiplied by a factor "F_g" calculated by the following formula:

$$F_g = (1 + g)^{n/12}$$

Where: g = Growth factor - recalculated annually based on the most recent eleven years of actual customer data. Initially "g" shall be set at 0.0175; and
n = the number of months from December 1994 to the end of the current twelve-month period.

At the end of each twelve-month period after implementation of the DSM Charge, the difference between the actual non-variable revenue billed during the twelve-month period and the adjusted non-variable revenue requirement, as described above, will be determined. This difference ("LR amount established for the twelve-month period") will be divided by the estimated kilowatt-hour sales for the upcoming twelve-month period to determine the LR for the residential class.

The LR applicable to the non-residential class shall be computed by 1) multiplying the amount of kilowatt-hour sales and, where applicable, the kilowatt-months of billing demand that will be lost for each twelve-month period as a result of the implementation of the approved programs times the energy charge for the applicable rate schedule, less the variable cost included in the charge, and the demand charges, respectively; and, 2) dividing that product by the expected kilowatt-hour sales or expected billing demand in kilowatt-months for the upcoming twelve-month period. The lost revenue attributable to decreased sales to the non-residential class due to approved programs will be calculated through estimates agreed upon by the collaborative process, which may include engineering estimates, of the level of decreased kilowatt-hour energy sales and billing demand in kilowatt-months. Recovery of revenues from lost sales calculated for a twelve-month period for non-residential rate classes shall be included in the LR until January 1, 2000 or until terminated by the implementation of new rates pursuant to a general rate case, whichever comes first. Revenues from lost sales will be assigned for recovery purposes to the rate classes whose programs resulted in the lost sales.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

PI = DSM PROGRAM INCENTIVE RECOVERY. The DSM Program Incentive (PI) amount shall be computed by multiplying the net resource savings expected from the approved programs which are to be installed during the upcoming twelve-month period times fifteen (15) percent. Net resource savings are defined as program benefits less the cost of the program, where program benefits will be calculated on the basis of the present value of the Company's avoided costs over the expected life of the program, and will include both capacity and energy savings. The DSM incentive amount related to programs for the residential class shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the PI for that rate class. The PI amount related to programs for the non-residential class rates shall be allocated as either demand-related or energy-related in the same manner as program costs are allocated as demand- or energy related. The demand-related PI amount thus determined shall be divided by the expected billing demand in kilowatt-months for the upcoming twelve-month period to determine the demand-related PI. Similarly, the energy-related incentive amount thus determined shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the energy-related PI for such rate class. DSM incentive amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

BA = DSM BALANCE ADJUSTMENT. The BA is used to reconcile the difference between the amount of revenues actually billed through the respective DSM Charge components; namely, the PC, LR, and PI and previous application of the BA and the revenues which should have been billed, as follows:

- (1) For the PC, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the PC unit charge and the actual cost of the approved programs during the same twelve-month period.
- (2) For the LR applicable to the residential class, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from the application of the LR unit charge and the LR amount established for the same twelve-month period.

For the LR applicable to the non-residential class, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the LR unit charge and the amount of lost revenues determined for the actual DSM program, or measures implemented during the twelve-month period.

- (3) For the PI, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the PI unit charge and the incentive amount determined for the actual DSM program, or measures implemented during the twelve-month period.
- (4) For the BA, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the BA and the balance adjustment amount established for the same twelve-month period.

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BA = DSM BALANCE ADJUSTMENT (Cont.d)

For the non-residential class, balance adjustment amounts will be separated into both demand and energy-related components. The balance adjustment amounts determined above shall include interest. The interest applied to the monthly amounts, shall be calculated at a rate equal to the average of the "3-month Commercial Paper Rate" for the immediately preceding 12-month period. The total of the demand-related balance adjustment amounts, plus interest, shall be divided by the expected billing demand in kilowatt-months for the upcoming twelve-month period to determine the demand-related BA, while the total of the energy-related balance adjustment amounts shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the energy-related BA. DSM balance adjustment amounts will be assigned for recovery purposes to the rate classes to which over or under-recoveries of DSM amounts were realized.

All costs recovered through the DSM Charge will be assigned or allocated to Duke Energy Kentucky, Inc.'s electric or gas customers on the basis of the estimated net electric or gas resource savings resulting from each program.

DSM CHARGE FILINGS

The filing of modifications to the DSM Charge shall be made at least thirty days prior to the beginning of the effective period for billing. Each filing will include the following information as needed:

- (1) A detailed description of each DSM program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies which have been performed, as available.
- (2) A statement setting forth the detailed calculation of each component of the DSM Charge.

Each change in the DSM Charge shall be applied to customers' bills with the first billing cycle of the revenue month which coincides with, or is subsequent to, the effective date of such change.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RIDER PLM

PEAK LOAD MANAGEMENT PROGRAM

AVAILABILITY

Applicable to Customers served under Rate DS, Rate DT, Rate DP, Rate TT, or Special Contracts. Customers whose billing period maximum 15-minute demands are less than 500 kilowatts will be eligible to participate in the Program by paying the incremental cost of installing the required metering. Customers must enter into a service agreement.

PROGRAM DESCRIPTION

The PLM Program is voluntary and offers Customers the opportunity to reduce their electric costs by managing their electric usage during Company's peak load periods. Customer and Company will enter into a service agreement under this Rider which will specify the terms and conditions under which Customer agrees to reduce usage.

SERVICE OPTIONS

Customers may elect to participate in a PLM service option by either choosing to:

- a) reduce demand to a specified amount,
- b) reduce energy usage below their baseline, or
- c) sell the output of any Customer owned self generation to Company.

Upon approval of Company, Customers will have the choice to aggregate electric loads at multiple sites under the PLM Program.

The specific hours for the PLM service option will be mutually agreed upon between Customer and Company and specified in the service agreement.

Buy-through energy is the incremental energy the Customer has decided to purchase in lieu of managing their electric demand or energy usage as agreed upon between the Customer and the Company.

Demand Reduction Option

Customers served under the Standard Rate DS, Rate DT, Rate DP or Rate TT electing this option agree, upon notification by Company, to limit their demand to a Firm Load Level. Customer and Company will mutually agree on the amount of demand reduction, the conditions under which a request for reduction can be issued and the mechanism to be used to verify compliance. Based upon these factors, Company will establish a bill credit to be given to Customer and the structure of the bill credit. The value of the bill credit will take into consideration the projected avoided cost of firm capacity and energy, any bill savings from reducing load under the applicable Standard Rates or and program administrative costs.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006
in Case No. 2006-00172.

Demand Reduction Option (Contd.)

Company will provide buy-through energy, if available, to be billed based on price quotes (Buy-through Quotes) provided to Customer. Such Buy-through Quotes will include a) applicable transmission and distribution charges, generation charges based on out-of-pocket cost plus 10% and all applicable Riders and taxes included in the Standard Rate. Customer will be billed for all usage above the Firm Load Level at such Buy-through Quotes. If buy-through energy is not available and Customer fails to reduce its usage to the Firm Load Level, Customer will be billed for all usage above the Firm Load Level at \$10.00 per kilowatt-hour.

Energy Reduction Below Baseline

Customers served under the Standard Rate DS, Rate DT, Rate DP or Rate TT electing this option agree, upon notification by Company, to reduce energy usage below their Baseline Level. Reductions below the Baseline Level during such periods will be credited at the Energy Buy-Back Price Quotes (Price Quotes) provided to Customer by Company. Customer and Company will mutually agree upon a) the conditions under which such Price Quotes will be in effect, b) the time period by which Company will provide such Price Quotes to Customer and c) the time duration such Price Quotes will be in effect. The determination of such Price Quotes will take into consideration the projected avoided cost of energy, any bill savings from reducing load under the applicable Standard Rates and program administrative costs.

Customer will agree to provide Company with an estimate of the amount of load reduction to be provided during such periods. The Baseline Level must be mutually agreeable to both the Customer and the Company as representing the Customer's normal usage level during the time period that a notification could be given.

Generation Sell Back

Customers served under the Standard Rate DS, Rate DT, Rate DP or Rate TT electing this option, agree upon notification by Company, to sell the output of their electric generator to Company. Customer and Company will mutually agree on the amount of generation to be sold back and the conditions under which a request to run the generator can be issued. Based upon these factors, Company will establish a bill credit to be given to Customer and the structure of the bill credit. The value of bill credit will be take into consideration projected avoided cost of firm capacity and energy and program administrative costs.

Suitable metering will be installed either by Customer or Company to measure the energy output of the Generator. Customer will provide suitable access and a suitable location for the installation of such metering equipment.

During such time period that the electrical output of the generator is being sold back to Company, the meter readings that are normally used to bill the Customer shall be adjusted by adding back the measured output of the generator.

BILLING UNDER STANDARD RATES

Customers served under Rates DS, Rate DT, Rate DP or Rate TT will be billed for all demand and energy used under the terms and conditions and at the rates and charges of the applicable Standard Rate. In addition, Customers will receive credits on their electric bill for participation in the PLM Program based upon the elected Service Option and outlined in the PLM service agreement.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006
in Case No. 2006-00172.

PROGRAM EQUIPMENT

Company will provide Internet based communication software to be used to provide Customer with the Buy-through and Price Quotes. Customer will be responsible for providing its own Internet access.

Customer may purchase from either Company or other third-party suppliers any other necessary equipment or software packages to facilitate participation in this PLM Program. While Customers are encouraged to use such equipment or software packages to maximize benefits under this PLM Program, it is not a requirement for program participation. It is Customer's responsibility to ensure the compatibility of third-party equipment or software packages with any Company owned equipment or software packages.

CUSTOMER GENERATION

Customers electing to operate a Generator in parallel with Company's electric system will operate the Generator in such a manner as not to cause undue fluctuations in voltage, harmonic disturbances, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. Company will grant such permission only in cases where it is satisfied that such parallel operation is practicable and without interference or probability of interference with the ability of Company to render adequate service to its other Customers.

TERM AND CONDITIONS

Except as provided in this Rider PLM, all terms, conditions, rates, and charges outlined in the applicable Standard Rates will apply.

Any interruptions or reductions in electric service caused by outages of Company's facilities, other than as provided under the PLM Program, will not be deemed a Curtailment Period under this PLM Program. Agreements under the PLM Program will in no way affect Customer's or Company's respective obligations regarding the rendering of and payment for electric service under the applicable electric tariff and its applicable rate schedules. It will be Customer's responsibility to monitor and control their demand and energy usage before, during, and after a notice period under this Rider.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006
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RIDER DSMR
DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the May 2006 revenue month is \$0.001080 per kilowatt-hour.

The DSMR to be applied to non-residential service customer bills beginning with the May 2006 revenue month for distribution service is \$0.000012 per kilowatt-hour, and \$0.000000 per kilowatt-hour for transmission service.

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RIDER BDP

BACKUP DELIVERY POINT CAPACITY RIDER

BACKUP DELIVERY POINT (TRANSMISSION/DISTRIBUTION) CAPACITY

The Company will normally supply service to one premise at one standard voltage at one delivery point and through one meter to a Non-Residential Customer in accordance with the provisions of the applicable rate schedule and the Electric Service Regulations. Upon customer request, Company will make available to a Non-Residential Customer additional delivery points in accordance with the rates, terms and conditions of this Rider BDP.

NET MONTHLY BILL

1. Connection Fee
The Connection Fee applies only if an additional metering point is required and will be based on customer's most applicable rate schedule.
2. Monthly charges will be based on the unbundled distribution and/or transmission rates of the customer's most applicable rate schedule and the contracted amount of backup delivery point capacity.
3. The Customer shall also be responsible for the acceleration of costs, if any, that would not have otherwise been incurred by Company absent such request for additional delivery points. The terms of payment may be made initially or over a pre-determined term mutually agreeable to Company and Customers that shall not exceed the minimum term. In each request for service under this Rider, Company engineers will conduct a thorough review of the customer's request and the circuits affected by the request. The customer's capacity needs will be weighed against the capacity available on the circuit, anticipated load growth on the circuit, and any future construction plans that may be advanced by the request.

SPECIAL TERMS AND CONDITIONS

The Company will provide such backup delivery point capacity under the following conditions:

1. Company reserves the right to refuse backup delivery capacity to any Customer where such backup delivery service is reasonably estimated by Company to impede or impair current or future electric transmission or distribution service.
2. The amount of backup delivery point capacity shall be mutually agreed to by the Company and the Customer because the availability of specific electric system facilities to meet a Customer's request is unique to each service location.
3. System electrical configurations based on Customer's initial delivery point will determine whether distribution and/or transmission charges apply to Customer's backup delivery point.
4. In the event that directly assigned facilities are necessary to attach Customer's backup delivery point to the joint transmission or distribution systems, Company shall install such facilities and bill Customer the Company's full costs for such facilities and installations.

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SPECIAL TERMS AND CONDITIONS (Contd.)

5. Energy supplies via any backup delivery point established under this Rider BDP will be supplied under the applicable rate tariff and/or special contract.
6. Company and the Customer shall enter into a service agreement with a minimum term of five years. This service agreement shall contain the specific terms and conditions under which Customer shall take service under this Rider BDP.
7. Company does not guarantee uninterrupted service under this rider.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

Issued pursuant to an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Issued by Sandra P. Meyer, President

**RIDER FAC
FUEL ADJUSTMENT CLAUSE**

APPLICABLE

In all territory service.

AVAILABILITY OF SERVICE

This schedule is a mandatory rider to all electric rate schedules.

- (1) The monthly amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or (decreased) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\text{Fuel Cost Adjustment} = \frac{F(m)}{S(m)} - \$0.021619 \text{ per kWh}$$

Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

- (2) Fuel costs (F) shall be the cost of:
- (a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus
 - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) of this subsection, but excluding the cost of fuel related to purchases to substitute for the forced outages; plus
 - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the Company to substitute for its own higher cost energy, and less
 - (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
 - (e) All fuel costs shall be based on a weighted-average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of fuel itself and necessary charges for transportation of fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.

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AVAILABILITY OF SERVICE (Contd.)

- (f) As used herein, the term "forced outages" means all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection, or acts of the public enemy, then the Company may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

- (3) Sales (S) shall be determined in kilowatt-hours as follows:

Add:

- (a) net generation
- (b) purchases
- (c) interchange in

Subtract:

- (d) inter-system sales including economy energy and other energy sold on an economic dispatch basis.
- (e) total system losses

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RIDER MSR-E

MERGER SAVINGS CREDIT RIDER – ELECTRIC

APPLICABILITY

Applicable to all retail sales in the Company electric service area excluding Interdepartmental sales.

MERGER SAVINGS CREDIT RIDER FACTORS

The applicable energy charges for electric service shall be decreased monthly by the amounts stated below to reflect the sharing of the merger savings, net of merger costs, per the merger savings sharing plan approved by the Commission in Case No. 2005-00228. This Rider shall take effect at the start of the first billing cycle which occurs 30 or more days following merger closing. This Rider shall remain in effect for 60 months or until the effective date of new rates established by the Company's next electric base rate case provided such date is later than January 1, 2008.

<u>Rate Group</u>	<u>Rate</u> (\$/ kWh)
Rate RS, Residential Service	0.000988
Rate DS, Service at Secondary Distribution Voltage	0.000223
Rate DP, Service at Primary Distribution Voltage	0.000223
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000223
Rate EH, Optional Rate for Electric Space Heating	0.000223
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000223
Rate SP, Seasonal Sports Service	0.000223
Rate SL, Street Lighting Service	0.000483
Rate TL, Traffic Lighting Service	0.000483
Rate UOLS, Unmetered Outdoor Lighting	0.000483
Rate OL, Outdoor Lighting Service	0.000483
Rate NSU, Street Lighting Service for Non-Standard Units	0.000483
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.000483
Rate SC, Street Lighting Service – Customer Owned	0.000483
Rate SE, Street Lighting Service – Overhead Equivalent	0.000483
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000011
Other	0.000264

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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Issued by Sandra P. Meyer, President

**RIDER PSM
OFF-SYSTEM POWER SALES AND EMISSION ALLOWANCE SALES
PROFIT SHARING MECHANISM**

APPLICABILITY

Applicable to all retail sales in the Company's electric service area, excluding interdepartmental sales, beginning with the billing month January 2007.

PROFIT SHARING RIDER FACTORS

The Applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of profits on off-system power sales and the net margins on sales of emission allowances.

The Company will compute its profits on off-system power sales and margins on emission allowance sales in the following manner:

$$\text{Rider PSM Factor} = (P + E + R)/S$$

where:

- P = Eligible profits from off-system power sales for applicable month subject to sharing provisions established by the Commission in its Order in Case No. 2003-00252, dated December 5, 2003. The first 100% of profits up to \$1 million during the current year are credited 100% to customers. Cumulative profits for the current year in excess of \$1 million are shared between customers and shareholders on a 50%/50% basis. After December 31st of each year, the sharing mechanism will be reset.
- E = All net margins on sales of emission allowances are credited to customers per the Commission's Order in Case No. 2006-00172, dated December 21, 2006.
- R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.
- S = Current month sales in kWh used in the current month Rider FAC calculation.

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Issued by: Sandra P. Meyer, President

Effective: January 2, 2007

<u>Rate Group</u>	<u>Rate</u> (\$/ kWh)
Rate RS, Residential Service	0.001127
Rate DS, Service at Secondary Distribution Voltage	0.000250
Rate DP, Service at Primary Distribution Voltage	0.000186
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000157
Rate EH, Optional Rate for Electric Space Heating	0.000898
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000135
Rate SP, Seasonal Sports Service	0.000377
Rate SL, Street Lighting Service	0.000542
Rate TL, Traffic Lighting Service	0.000542
Rate UOLS, Unmetered Outdoor Lighting	0.000542
Rate OL, Outdoor Lighting Service	0.000542
Rate NSU, Street Lighting Service for Non-Standard Units	0.000542
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.000542
Rate SC, Street Lighting Service – Customer Owned	0.000542
Rate SE, Street Lighting Service – Overhead Equivalent	0.000542
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000028
Other	0.000250

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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Effective: January 2, 2007

RIDER BR

BROWNFIELD REDEVELOPMENT RIDER

AVAILABILITY

Available to customers locating in a qualified "brownfield" redevelopment area as defined by Kentucky or federal law and served by existing primary service lines. Customers qualifying for service under this rider must enter into a Service Agreement and special contract with the Company. In order to receive service under this rider the special contract must be approved by the Kentucky Public Service Commission.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service except as contravened by the following.

- For the first 12 month period, the demand charge shall be reduced by 50 percent;
- For the second 12 month period, the demand charge shall be reduced by 40 percent;
- For the third 12 month period, the demand charge shall be reduced by 30 percent;
- For the fourth 12 month period, the demand charge shall be reduced by 20 percent;
- For the fifth 12 month period, the demand charge shall be reduced by 10 percent.

All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer shall enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served and monthly minimum levels of demand and usage.

The Special Contract shall be in effect for a minimum term of eight (8) years and the customer shall be billed monthly based on the greater of: (a) its actual monthly demand and usage levels; or (b) the minimum monthly demand and usage levels specified in its Service Agreement and Special Contract.

The terms of this rider do not preclude the Company from offering different terms under a special contract if the Company deems it appropriate. The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Kentucky Public Service Commission.

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Issued: December 22, 2006

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Issued by Sandra P. Meyer, President

RIDER DIR

DEVELOPMENT INCENTIVE RIDER

GENERAL

Under the terms of this Rider, qualifying customers are required to enter into a Special Contract with the Company which Special Contract shall be subject to approval by the Kentucky Public Service Commission. The Development Incentive Rider consists of two separate programs designed to encourage development and/or redevelopment within the Company's service territory. These two programs are the Economic Development Program and the Urban Redevelopment Program. Each of these programs is described below.

PROGRAM DESCRIPTIONS

Economic Development (ED) Program

Available, at the Company's option, to non-residential customers receiving service under the provisions of one of the Company's non-residential tariff schedules. The ED Program is available for load associated with initial permanent service to new establishments, expansion of existing establishments, or new customers in existing establishments who make application to the Company for service under the ED Program of this Rider and the Company approves such application. The new load applicable under the ED Program must be a minimum of 1,000 kW at one delivery point. To qualify for service under the ED Program, the customer must meet the qualifications as set forth below. Further, the customer must have applied for and received economic assistance from the State or local government or other public agency before the Company will approve a Service Agreement under the ED Program. Where the customer is new to the Company's service area or is an existing customer expanding:

- 1) the Company would expect the customer employ an additional workforce in the Company's service area of a minimum of twenty-five (25) full-time equivalent (FTE) employees per 1,000 kW of new load. Employment additions must occur following the Company's approval for service under this Rider, and;
- 2) the Company would expect that the customer's new load would result in capital investment of one million dollars (\$1,000,000) per 1,000 kW of new load, provided that such investment is accompanied by a net increase in FTE employees employed by the customer in the Company's service area. This capital investment must occur following the Company's approval for service under this Rider.

The Company may also consider applying the ED Program to an existing customer who, but for economic incentives being provided by the State and/or local government or public agency, would leave the Company's service area. In this event, the customer must agree, at a minimum, to retain the current number of FTE employees.

The ED Program is not available to a new customer which results from a change in ownership of an existing establishment. However, if a change in ownership occurs after the customer enters into a Special Contract for service under the ED Program, the successor customer may be allowed to fulfill the balance of the Special Contract under the ED Program. The ED Program is also not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. The ED Program is not available for load shifted from one customer to another within the Company's service area.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

PROGRAM DESCRIPTIONS (Contd.)

Urban Redevelopment (UR) Program

Applicable to new customers locating in an existing building of 25,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two years or more, as determined by the Company. The new customer load must be a minimum of 500 kW at one delivery point. In addition, the requested service necessary to serve the new load must not result in additional investment in distribution or transmission facilities by the Company, excepting that minor alterations in the service supplied which can be accomplished feasibly and economically may be allowed.

The UR Program is not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. The UR Program is also not available for load shifted from one establishment to another in the Company's service area. However, if a change of ownership occurs after the customer enters into a Special Contract under the UR Program, the successor customer may be allowed to fulfill the balance of the Special Contract under the UR Program.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service except that the customer's total bill for electric service, less any rate adjustment rider amounts as shown on the standard service tariff, shall be reduced by up to fifty (50) percent for a period of twelve (12) months. The customer will pay the full amount of the riders so indicated. The customer may request an effective date of the Rider which is no later than twelve (12) months after the Special Contract is approved and signed by the Company. All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The Service Agreement shall specify, among other things, the voltage at which the customer will be served, a description of the amount and nature of the new load and the basis on which the customer requests qualification under this Rider. The customer must affirm that the availability of this Rider was a factor in the customer's decision to locate the new load or retain current load in the Company's service area.

For customers entering into a Service Agreement under this Rider due to expansion, the Company may install, at customer's expense, metering equipment necessary to measure the new load to be billed under the provisions of this Rider separate from the customer's existing load which shall be billed under the applicable standard tariff schedule.

Following the effective date of the Special Contract, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average load factor of 40 percent. Failure to do so will result in the customer being billed a minimum bill based on the minimum demand specified in the Service Agreement and a monthly average load factor of 40 percent.

The customer shall continue to take service from the Company at the same or greater demand and usage levels for a period of at least two (2) years following the twelve (12) month incentive period. The customer shall be billed monthly for two (2) years following the twelve (12) month incentive period based on the greater of: (a) its actual monthly demand and usage levels; or (b) its average demand and usage levels during the twelve (12) month incentive period.

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Issued by Sandra P. Meyer, President

TERMS AND CONDITIONS (Contd.)

The terms of this rider do not prevent the Company from offering different terms under a special contract if the Company deems it appropriate. The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Kentucky Public Service Commission.

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RIDER GP

GREEN POWER RIDER

APPLICABILITY

Applicable to all customers who want to contribute to a Company-sponsored "Green Power" fund. The term of this pilot program is three (3) years.

DEFINITION OF GREEN POWER

Green Power includes energy generated from environmentally friendly sources, including, but not limited to: hydroelectric generation, photovoltaic generation, solar thermal generation, wind generation, biomass generation, and methane recovery.

NET MONTHLY BILL

Customers who participate in this Rider will be billed for electric service under all standard applicable tariffs and riders. The customer's contribution to the Green Power fund will be added to the customer's bill for electric service.

TERMS AND CONDITIONS

The Customer shall enter into a written service agreement with the Company that shall specify the monthly amount that the Customer will contribute to the Green Power fund. The contribution amount must be in whole dollars with one dollar (\$1.00) being the minimum contribution allowed. Funds collected through Rider GP will be used to purchase power from environmentally friendly sources as described in the DEFINITION OF GREEN POWER section. As sufficient amounts are collected in the Green Power fund to cover the costs of purchasing and also transmitting such electric power, the Company will purchase electric power generated from environmentally friendly sources. After three (3) years, if the contributions collected have been insufficient for ULH&P to purchase or develop Green Power energy sources, the monies contributed will be refunded to respective customers including six (6) percent annualized simple interest. The Company will file with the Commission on a semi-annual basis a report which shows the number of participants, amount of funds collected in the Green Power fund and the expenditures made during the preceding six month period as contemplated in this Rider.

The term of the service agreement will be for a minimum of one year.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations, as filed with the Kentucky Public Service Commission.

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Issued by Sandra P. Meyer, President

RIDER NM
NET METERING RIDER

AVAILABILITY

Net Metering is provided upon request and on a first-come, first-served basis. Net Metering is available to customers with a capacity of 15 kW or less. At its sole discretion, Company may provide Net Metering to other customers on a case-by-case basis. The total nameplate rating of all customer-generators under net metering is limited to one-percent (1%) of the Company's total peak system load.

DEFINITION

"Net Metering" means measuring the difference in an applicable billing period between the amount of electricity supplied by the Company to a customer who generates electricity and the amount of electricity generated by such customer-generator that is delivered to Company.

BILLING

The measurement of net electricity supplied by the Company and delivered to the Company shall be calculated in the following manner. The Company shall measure the difference between the amount of electricity delivered by the Company to the customer and the amount of electricity generated by the customer and delivered to the Company during the billing period, in accordance with normal metering practices and using a bi-directional meter where feasible. If the kWh delivered by the Company to the customer exceeds the kWh delivered by the customer to the Company during the billing period, the customer shall be billed for the kWh difference. If the kWh generated by the customer and delivered to the Company exceeds the kWh supplied by the Company to the customer during the billing period, the customer shall be credited in the next billing cycle for the kWh difference. Any unused credit when the customer closes his account will be granted to the Company.

Bill charges and credits will be in accordance with the same standard tariff that would apply if the customer were not a customer-generator. If time-of-use metering is used, the electricity fed back to the electric grid by the customer shall be net-metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-use billing agreement currently in place.

METERING:

The customer agrees to allow the Company to install, at the customer's expense, a single, bi-directional meter, for billing purposes, between the Company's system and the customer. If any additional meter, meters or distribution upgrades are needed to monitor the flow in each direction, including metering for time-of-use, this equipment shall be installed at the customer's expense.

TERMS AND CONDITIONS

In order to be eligible for Net Metering, the customer's generator must meet the following requirements:

- a. Use solar power;
- b. The generation equipment must be located on the customer's premises and owned by the customer;
- c. The generator must operate in parallel with the Company's distribution facilities;

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TERMS AND CONDITIONS (Contd.)

- d. The customer's generation must be intended primarily to offset part or all of the customer's requirements for electricity; and
- e. The name plate rating of the customer's generator must not exceed 15 kW;
- f. The customer must sign an interconnection agreement with the Company, a sample of which is included with this tariff schedule as Appendix A.

A participating customer will install, at the customer's expense, all control and protective equipment required to ensure safe and reliable interconnection with the Company's electrical system. The Company shall at all times have immediate access to the customer's metering, control and protective equipment. The net metering system used by a customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the American National Standards Institute, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories, Inc. A customer's electric generating equipment that meets the requirements of this tariff can be transferred to another owner or installed at another location, provided that the customer notifies the Company and the Company verifies that the new location meets the tariff requirements.

The customer shall reimburse the Company for all interconnection costs that the Company reasonably incurs.

The customer-generator must provide a voltage wave shape that is a 60 Hertz sine wave that is clear, free from distortion, readable and otherwise compatible with the Company's equipment. The voltage amplitude must be compatible with the service voltage delivered by the Company. Any characteristic of the customer-generator that degrades the quality of service provided to other Company customers will not be permitted.

The customer agrees that the Company shall not be liable for any damage to, or breakdown of, the customer's equipment operated in parallel with the Company's electric system.

The customer shall agree to release, indemnify, and hold harmless the Company from any and all claims for injury to persons or damage to property due to or in any way connected with the operation of the customer's said generators.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission and the Company's General Terms and Conditions, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with Order dated December 21, 2006 in Case No. 2006-00172.

INTERCONNECTION AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF PHOTOVOLTAIC EQUIPMENT 15 KW OR SMALLER

This Interconnection Agreement is made and entered into this _____ day of _____, 20____, by and between DUKE ENERGY KENTUCKY ("Company"), and _____ ("Customer").

Customer is installing or has installed photovoltaic equipment including an inverter used to interconnect and operate in parallel with the Company's system, and described as follows:

Location: _____

Inverter Power Rating: _____

Inverter Manufacturer and Model Number: _____

Description of electrical installation of inverter and associated electrical equipment:

As shown on a single line diagram attached as "Exhibit A"

Or

Described as follows: _____

Requirement for Customer owned utility-interface disconnect switch:

Not required

Required. Must be in a location immediately accessible to Company at all times.

Customer agrees that the installation has been designed and installed to meet the requirements of IEEE Standard 1547-2003, "Standard for Interconnecting Distributed Resources with Electric Power Systems" and all applicable requirements of the National Electrical Code and local building codes.

Customer agrees that the inverter has been certified by Underwriters Laboratories (UL) as having satisfied the testing requirements of UL Standard 1741, "Standard for Inverters, Converters, and Controllers for Use in Independent Power Systems."

Company agrees to allow Customer to interconnect the inverter and operate it in parallel with the Company's system.

Customer's use of the inverter and associated electrical equipment is subject to the Company's ELECTRIC SERVICE REGULATIONS.

IN WITNESS WHEREOF, the parties have executed this Agreement, effective as of the date first above written.

DUKE ENERGY KENTUCKY

Customer

By: _____

By: _____

Title: _____

Title: _____

BAD CHECK CHARGE

APPLICABILITY

Applicable to all customers in the Company's electric service area.

CHARGE

The Company may charge and collect a fee of \$11.00 to cover the cost of handling an unsecured check, where a customer tenders in payment of an account a check which upon deposit by the Company is returned as unpaid by the bank for any reason.

SERVICE REGULATIONS

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CHARGE FOR RECONNECTION OF SERVICE

APPLICABILITY

Applicable to all customers in the Company's entire service area who are in violation of Section 1, Rule 3, Company's Right to Cancel Service Agreement or to Suspend Service, of the Company's Electric Service Regulations.

CHARGE

The Company may charge and collect in advance the following:

- A. The reconnection charge for service which has been disconnected due to enforcement of Rule 3 shall be twenty-five dollars (\$25.00).
- B. The reconnection charge for service which has been disconnected within the preceding twelve months at the request of the customer shall be twenty-five dollars (\$25.00).
- C. If service is discontinued because of fraudulent use thereof, the Company may charge and collect in addition to the reconnection charge of twenty-five dollars (\$25.00) the expense incurred by the Company by reason of such fraudulent use, plus an estimated bill for electricity used, prior to the reconnection of service.
- D. If both the gas and electric services are reconnected at one time, the total charge shall not exceed thirty-eight dollars (\$38.00).
- E. Where electric service was disconnected at the pole because the Company was unable to gain access to the meter, the reconnection charge shall be sixty-five dollars (\$65.00). If the gas service is also reconnected the charge shall be ninety dollars (\$90.00).
- F. If the Company receives notice after 2:30 p.m. of a customer's desire for same day reinstatement of service and if the reconnection cannot be performed during normal business hours, the after hour reconnection charge for connection shall be an additional twenty-five dollars (\$25.00). Customers will be notified of the additional \$25.00 charge for reconnection at the meter or at the pole at the time they request same day service.
- G. If a Company employee, whose original purpose was to disconnect the service, has provided the customer a means to avoid disconnection, service which otherwise would have been disconnected shall remain intact, and no reconnection charge shall be assessed. However, a collection charge of fifteen dollars (\$15.00) may be assessed, but only if a Company employee actually makes a field visit to the customer's premises.

SERVICE REGULATIONS

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RATE CATV

RATE FOR POLE ATTACHMENTS OF CABLE TELEVISION SYSTEMS

APPLICABILITY

Applicable to the attachment of cable television systems to any pole of the Company by a person (attachee) who makes application on an appropriate Company form with submission of information and documents specified herein and in the application.

ATTACHMENT CHARGES

The following annual rental shall be charged for the use of each of the Company's poles:

\$4.60 for a two-user pole.

\$4.00 for a three-user pole.

A two-user pole is a pole being used, either by actual occupation or by reservation, by the attachee and the Company. A three-user pole is a pole being used, either by actual occupation or by reservation, by the attachee, the Company and a third party.

PAYMENT

Attachee shall pay to the Company for all authorized attachments an annual rental, as set forth above, for the use of each of the Company's pole, any portion of which is occupied by, or reserved at attachee's request for the attachments of attachee, at any time during the initial rental year. The first annual payment of rental for the previous rental year shall be due and payable on the first anniversary date of attachee's application. Subsequent payments of annual rental shall be due and payable on each succeeding anniversary date thereof.

As newly authorized attachments are made after the initial rental year, rentals for such attachments shall be paid for the entire year if made within the six month period after any anniversary date, and for on-half year if made during the following six month period. For any attachments removed by attachee and for which the Company shall have received written notice from attachee, the yearly rental shall be prorated to the date of removal.

All fees, charges and rentals provided for herein not paid when due and payable shall bear interest at the maximum rate permitted by law from the date when due, until paid.

TERMS AND CONDITIONS

1. Prior to the signing of the application, attachee shall send the Company all manufacturers' technical manuals and information, and construction standards and manuals regarding the equipment attachee proposes to use pursuant to the provisions contained herein and such other information as requested by the Company.

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Issued by Sandra P. Meyer, President

TERMS AND CONDITIONS (Contd.)

2. After the Company has received a signed application from attachee and before any attachment is made by attachee, it shall make a written request for permission to install attachments on any pole of the Company, specifying the location of each pole in question, the character of its proposed attachments and the amount and location of space desired. Within 30 days after receipt of such application, the Company shall notify attachee in writing whether or not it is willing to permit the attachments and, if so, under what conditions. If such permission is granted, attachee shall have the right to occupy the space allotted by the Company under the conditions specified in such permit and in accordance with the terms contained herein but the Company shall not be required to set a pole for the sole use by attachee. The Company will not deny attachee the right to attach to a pole, if space is or can be made available.
3. All attachments are to be placed on poles of the Company in a manner satisfactory to the Company and so as not to interfere with the present or any future use which the Company may desire to make of such poles, wires or other facilities. All attachments shall be installed and maintained by attachee so as to comply at least with the minimum requirements of the National Electrical Safety Code and any other applicable regulations or codes promulgated by federal, state, local or other governmental authority having jurisdiction. Attachee shall take any necessary precautions, by the installation of protective equipment or other means, to protect all persons and property of all kinds against injury or damage occurring by reason of attachee's attachments on the Company's poles. The Company shall be the sole judge as to the requirements for the present or future use of its poles and equipment and of any interference therewith.
4. In any case where it is necessary for the Company to replace a pole because of the necessity of providing adequate space or strength to accommodate the attachments of attachee thereon, either at the request of attachee or to comply with the above codes and regulations, the attachee shall pay the Company the total cost of this replacement. Such cost shall be the total estimated cost of the new pole including material, labor, and applicable overheads, plus the cost of transferring existing electric facilities to the new pole, plus the cost of removal of the existing pole and any other incremental cost required to provide for the attachments of the attachee, including any applicable taxes the Company may be required to pay because of this change in plant, minus salvage value of any poles removed.

Attachee shall also pay to the Company and other owners thereof the cost of removing all existing attachments from the existing pole and re-establishing the same or like attachments on the newly installed pole. The new pole shall be the property of the Company regardless of any payments by attachee towards its cost and attachee shall acquire no right, title or interest in such pole.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

TERMS AND CONDITIONS (Contd.)

5. If attachee's proposed attachments can be accommodated on existing poles of the Company by rearranging facilities of the company and of other attachees or permittees thereon, such rearrangement shall be made by the Company and such other attachees or permittees, and attachee shall on demand reimburse the Company and such other attachees or permittees for any expense incurred by them in transferring or rearranging such facilities. Any additional guying required by reason of the attachments of attachee shall be made by attachee at its expense, and to the satisfaction of the Company.
6. Whenever the Company discovers any unauthorized attachments of attachee, attachee shall pay to the Company an amount equal to twice the rental that would have been due had the installation been made the day after the Company's last inspection. The payment of these charges shall not relieve attachee of any responsibility, obligation imposed by law or assumed herein.
7. Whenever the Company notifies attachee in writing that the attachments of attachee interfere with the operation of facilities of the Company or other attachees or permittees, or constitute a hazard to the service rendered by the Company or other attachees or permittees, or fail to comply with codes or regulations above-mentioned, or are substandard in any way, attachee shall within 10 days after the date of such notice, remove, rearrange, or change its attachments as directed by the Company. In case of emergency, the Company reserves the right to remove or relocate the attachments of attachee at attachee's expense and without notice.
8. Attachee agrees to indemnify and save harmless Company from and against any and all liability, loss, damage, costs, attorney fees, or expense, of whatsoever nature or character, arising out of or occasioned by any claims or any suit for damages, injunction or other relief, on account of injury to or death of any person, or damage to any property including the loss of use thereof, or on account of interruption of attachee's service to its subscribers or others, or for public charges and penalties for failure to comply with federal, state or local laws or regulations, growing out of or in connection with any actual or alleged negligent act or omission, whether said negligence is sole, joint or concurrent, of attachee or its servants, agents or subcontractors, whether or not due in part to any act, omission or negligence of Company or any of its representatives or employees. Company may require attachee to defend any suits concerning the foregoing, whether such suits are justified or not.
9. Attachee agrees to obtain and maintain at all times during the period attachee has attachments on Company's poles, policies of insurance or bonds in lieu thereof providing an equivalent protection as follows:
 - (a) Public liability and automobile liability insurance for itself in an amount not less than \$500,000.00 for bodily injury to or death of any one person, and, subject to the same limit for any one person, in an aggregate amount not less than \$1,000,000.00 for any one occurrence.
 - (b) Property damage liability insurance for itself in an amount not less than \$500,000.00 for any one occurrence.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

TERMS AND CONDITIONS (Contd.)

- (c) Contractual liability insurance in the amounts set forth in (a) and (b) above, to cover the liability assumed by the attachee under the agreements of indemnity set forth herein.
10. Prior to making attachments to the Company's poles, attachee shall furnish to the Company two copies of a certificate or bond, from an insurance carrier or bond company acceptable to the Company, stating the policies of insurance or bond have been issued by it to attachee providing for the insurance or indemnity listed above and that such policies or bonds are in force. Such certificate shall state that the insurance carrier or bond company will give the Company 30 days prior written notice of any cancellation of or material change in such policies or bonds. The certificate or bond shall also quote in full the agreements of indemnity set forth herein as evidence of the type of contractual liability coverage furnished. If such certificate or bond recites that it is subject to any exceptions or exclusions, such exceptions or exclusions shall be stated in full in such certificate or bond, and the Company may, at its discretion, require attachee, before starting work, to obtain policies of insurance or bonds which are not subject to any exceptions or exclusions which the Company finds objectionable.
 11. The Company reserves the right, without liability to attachee or its subscribers, to discontinue the use of, remove, replace or change the location of any or all of the Company's poles, attachments or facilities regardless of any occupancy of the Company's poles by attachee, and attachee shall at its sole cost after written notice by the Company, make such changes in, including removal or transfer of, its attachments as shall be required by such action of the Company. Attachee shall make such changes within 10 days after written notice when such movement is to the same or another pole of Company and within 30 days when Company plans to abandon a pole and no other pole is available or planned to be installed by Company. If attachee fails to make such changes within the required time period after written notice by the Company or in case of an emergency, the Company reserves the right to make such changes to the attachments of attachee at attachee's expense and without notice, and no liability therefor shall be incurred by the Company, unless Company is solely negligent, because of such action for any consequential damages, including but not limited to loss of service to customers of attachee. Company may not require that attachee remove attachments for the sole reason to make room for Company on an existing pole.
 12. Attachee may at any time abandon the use of a jointly used pole hereunder by removing therefrom all of its attachments and by giving written notice thereof to the Company.
 13. Attachee shall secure any right, license or permit from any governmental body, authority, or other person or persons which may be required for the construction or maintenance of attachments of attachee, at its expense. The Company does not guarantee any easements, rights-of-way or franchises for the construction and maintenance of such attachments. Attachee hereby agrees to indemnify and save harmless the Company from any and all claims, including the expenses incurred by the Company to defend itself against such claims, resulting from or arising out of the failure of attachee to secure such right, license, permit or easement for the construction or maintenance of such attachments on the Company's poles.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

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Issued by Sandra P. Meyer, President

TERMS AND CONDITIONS (Contd.)

14. Electric service for cable television power supplies of attachee shall be supplied from the lines of the Company in the manner specified by the Company.
15. The Company shall have the right, from time to time while any poles are being used by attachee, to grant, by contract or otherwise, to others, rights or privileges to use any poles being used by attachee, and the Company shall have the right to continue and extend any such rights or privileges heretofore granted. The attachment privileges granted hereunder to an attachee shall at all times be subject to all previously granted rights pursuant to agreements between Company and others covering poles in joint use but shall not be subject to subsequently granted rights.
16. Attachee shall furnish bond, as specified by the Company, to guarantee the performance of the obligations assumed by attachee under the terms herein contained not otherwise covered by the insurance required by paragraph 9. Such bond shall be submitted to the Company prior to attachee's making attachments to the Company's poles. The amount of the bond may be reduced after the construction phase has been completed, and after attachee has proven to be a reliable utility customer. Allowance of such reduction shall not be unreasonably denied.
17. In case one party is obligated to perform certain work at its own expense and the parties mutually agree in writing that it is desirable for the other party to do such work, then such other party shall promptly do the work at the sole expense of the party originally obligated to perform the same. Bills for expense so incurred shall be due and payable within 30 days after presentation.
18. If attachee fails to comply with any of the provisions herein contained or defaults in the performance of any of its obligations herein contained and fails within 60 days after written notice from the Company to correct such default or non-compliance, the Company may, at its option, forthwith terminate the specific permit or permits covering the poles and attachee's attachments to which such default or non-compliance is applicable and any or all other permits of attachee, and remove attachments of attachee at attachee's expense, and no liability therefor shall be incurred by the Company because of such action except damages to facilities caused by the sole negligence of Company.
19. The area covered by the application will be set forth on a map, attached to, and made a part of the application. Such area may be extended or otherwise modified by a supplemental agreement mutually agreed upon and signed by the attachee and the Company with a new map attached thereto showing the changed area to be thereafter covered by the application. Such supplement shall be effective as of the date of final execution thereof and shall be attached to all executed copies of the application.
20. If attachee does not exercise the rights granted herein within six months from the date of the application, the application shall be void.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Effective: January 2, 2007

Issued by Sandra P. Meyer, President

TERMS AND CONDITIONS (Contd.)

21. The provisions herein shall be binding upon and inure to the benefit of the parties thereto, their respective successors and/or assigns, but attachee shall not assign, transfer or sublet any of the rights hereby granted or obligations hereby assumed without the prior written consent of the Company.

SERVICE REGULATIONS

The supplying and billing for service, and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Issued by Sandra P. Meyer, President

**COGENERATION AND SMALL POWER
PRODUCTION SALE AND PURCHASE TARIFF-100 kW OR LESS**

APPLICABILITY

The provisions of this tariff are applicable to qualifying cogeneration and small power production facilities as adopted by the Kentucky Public Service Commission (Ky. PSC), Regulation 807 KAR 5:054.

DEFINITIONS

Definitions of the following terms are as adopted by the Ky. PSC, 807 KAR 5:054 - Section 2:

- | | |
|-------------------------------------|--------------------------|
| (1) Qualifying Facility | (7) Interconnection Cost |
| (2) Cogeneration Facility | (8) Supplementary Power |
| (3) Small Power Production Facility | (9) Back-up Power |
| (4) Purchase | (10) Interruptible Power |
| (5) Sale | (11) Maintenance Power |
| (6) Avoided Cost | (12) System |

OBLIGATIONS

- (1) Purchases
The utility shall purchase from qualifying facilities in accordance with 807 KAR 5:054 - Sections 6 and 7.
- (2) Sales
The utility shall sell to qualifying facilities in accordance with 807 KAR 5:054 - Section 6.
- (3) Interconnections
The utility shall make interconnections with qualifying facilities as may be necessary to accomplish purchases or sales and the qualifying facility will pay for the interconnection costs in accordance with 807 KAR 5:054 - Section 6.
- (4) System Emergencies
During system emergencies the utility may discontinue purchases and sales or the qualifying facilities may be required to provide energy or capacity in accordance with 807 KAR 5:054 - Section 6.

STANDARDS FOR OPERATING RELIABILITY

The technical requirements necessary for operating reliability are set forth in the Company's procedure entitled "Guideline Technical Requirements for Parallel Operation of Customer Generation on the Transmission System."

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Issued by Sandra P. Meyer, President

Effective: January 2, 2007

RATE SCHEDULES

Rates for Purchases from qualifying facilities:

Purchase Rate shall be \$0.03078/kWh for all kilowatt-hours delivered.

Rates for Sales to qualifying facilities will be accomplished through existing tariff schedules on file with the Ky. PSC.

SERVICE REGULATIONS, TERMS AND CONDITIONS

The QF shall enter into a written contract with the Company. Such contract shall set forth any specific arrangements between the parties based on the individual circumstances so involved.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Public Service Commission of Kentucky.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Issued by Sandra P. Meyer, President

Effective: January 2, 2007

**COGENERATION AND SMALL POWER
PRODUCTION SALE AND PURCHASE TARIFF-GREATER THAN 100 kW**

APPLICABILITY

The provisions of this tariff are applicable to qualifying cogeneration and small power production facilities as adopted by the Kentucky Public Service Commission (Ky. PSC), Regulation 807 KAR 5:054.

DEFINITIONS

Definitions of the following terms are as adopted by the Ky. PSC, 807 KAR 5:054 - Section 2:

- | | |
|-------------------------------------|--------------------------|
| (1) Qualifying Facility | (7) Interconnection Cost |
| (2) Cogeneration Facility | (8) Supplementary Power |
| (3) Small Power Production Facility | (9) Back-up Power |
| (4) Purchase | (10) Interruptible Power |
| (5) Sale | (11) Maintenance Power |
| (6) Avoided Cost | (12) System |

OBLIGATIONS

- (1) Purchases
The utility shall purchase from qualifying facilities in accordance with 807 KAR 5:054 - Sections 6 and 7.
- (2) Sales
The utility shall sell to qualifying facilities in accordance with 807 KAR 5:054 - Section 6.
- (3) Interconnections
The utility shall make interconnections with qualifying facilities as may be necessary to accomplish purchases or sales and the qualifying facility will pay for the interconnection costs in accordance with 807 KAR 5:054 - Section 6.
- (4) System Emergencies
During system emergencies the utility may discontinue purchases and sales or the qualifying facilities may be required to provide energy or capacity in accordance with 807 KAR 5:054 - Section 6.

STANDARDS FOR OPERATING RELIABILITY

The technical requirements necessary for operating reliability are set forth in the Company's procedure entitled "Guideline Technical Requirements for Parallel Operation of Customer Generation on the Transmission System."

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

Duke Energy Kentucky, Inc.
1697-A Monmouth Street
Newport, Kentucky 41071

KY.P.S.C. Electric No. 2
First Revised Sheet No. 94
Cancels and Supersedes
Original Sheet No. 94
Page 2 of 2

RATE SCHEDULES

Rates for Purchases from qualifying facilities:

The Purchase Rate for all kilowatt-hours delivered shall be the locational marginal price for power purchased through the Midwest ISO day-ahead energy market, inclusive of the energy, congestion and losses charges, delivered to the Duke Energy Kentucky commercial price node.

Rates for Sales to qualifying facilities will be accomplished through existing tariff schedules on file with the Ky. PSC.

SERVICE REGULATIONS, TERMS AND CONDITIONS

The QF shall enter into a written contract with the Company. Such contract shall set forth any specific arrangements between the parties based on the individual circumstances so involved.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Public Service Commission of Kentucky.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Issued by Sandra P. Meyer, President

LOCAL FRANCHISE FEE

APPLICABLE TO ALL RATE SCHEDULES

There shall be added to the customer's bill, listed as a separate item, an amount equal to the fee now or hereafter imposed by local legislative authorities, whether by ordinance, franchise or other means, which fee is based on the gross receipts collected by the Company from the sale of electricity to customers within the boundaries of the particular legislative authority. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee.

Where more than one such fee is imposed, each of the charges applicable to each customer shall be added to the customer's bill and listed separately.

Where the local legislative authority imposes a flat, fixed amount on the Company, the fee applied to the bills of customers receiving service within the territorial boundaries of that authority, shall be in the form of a flat dollar amount.

The amount of such fee added to the customer's bill shall be determined in accordance with the terms of the ordinance, franchise or other directive agreed to by the Company.

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RATE UDP-R

UNDERGROUND RESIDENTIAL DISTRIBUTION POLICY

APPLICABILITY

Applicable to the electric service of: 1. single family houses in increments of ten (10) or more contiguous lots with a maximum lot width of one hundred twenty (120) feet; or 2. multi-family dwellings in buildings containing five (5) or more individually metered family units. Rate UDP-R is available throughout the service area of the Company in those situations where the Company extends its distribution lines using pad-mounted transformers to serve new developments.

CHARGES

The following charges will be assessed:

1. Single Family Houses.
 - A. \$2.15 per front foot for all primary extensions. Primary extension on private property will be charged \$2.15 per linear trench foot; and
 - B. An additional \$2.00 per linear trench foot shall be charged where extremely rocky conditions are encountered, such conditions being defined as limestone or other hard stratified material in a continuous volume of at least one cubic yard or more which cannot be removed using ordinary excavation equipment.
2. Multi-Family Units.

There shall be no charge except where extremely rocky conditions are encountered, then the \$2.00 per linear trench foot, as stated and defined above, shall be charged.

GENERAL CONDITIONS

1. Others shall, in accordance with the specification of the Company and local inspection authority, furnish, install, own and maintain the customer services. The Company shall connect the customer service cable to its distribution system and provide and install pull-boxes, if necessary.
2. The Developer shall furnish and install all conduit and crossovers required by the Company, including all areas where paving is installed prior to the installation of the Company's distribution facilities, and be responsible for installing and maintaining these crossovers in accordance with the Company's specifications and location plans until the underground electric line is completed. A Company inspector must approve all crossovers before the trenches are backfilled; and the Developer shall stake each end of every crossover with a stake marked "ELEC." The Company shall determine where conduit and crossovers are required.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

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Issued by Sandra P. Meyer, President

GENERAL CONDITIONS (Contd.)

3. The Developer shall complete and be responsible for maintaining final grade within the right-of-way and the street until the street has been dedicated and accepted by the local government.
4. The Company shall determine the route of all Company-owned underground electric line extensions. Such facilities must be located so as to accessible at all times for switching and maintenance.
5. The point at which the underground distribution system begins shall be determined by the Company and the overhead primary extension to this point may be installed as open-wire conductors.
6. The Company shall determine equipment locations and such facilities must be accessible from adequate driveways, protected from mechanical hazards and placed so as to maintain proper clearance from building openings.
7. The Company shall determine the number of customers to be served from each transformer or pull-box, where meters shall be located and how they shall be grouped.
8. The Developer, at the Company's option, may be required to pay to the Company a deposit on the contracted charges when the agreement is executed. The Developer shall pay to the Company the balance due under said agreement at the Company's preconstruction meeting, at which time the work performed by the Company is scheduled.
9. The Developer shall furnish to the Company the required number of plat drawings approved by governmental authorities having jurisdiction, and any revisions of such plats, which shall indicate the location of all proposed driveways, parking areas, building openings and sewer, water, gas and telephone facilities.
10. The Developer shall stake all required lot corners or control points along the cable route as specified by the Company.
11. The Developer shall complete final grade of distribution line route before construction work is started and be responsible for maintaining same during construction. The Company shall permit a maximum cut of six inches for sidewalk and driveways after their facilities have been installed. No fill will be permitted after the Company's facilities have been installed except by written permission from the Company. If it is necessary to change the grade of the Company's facilities due to changes by the Developer, all costs of the change shall be borne by the Developer.
12. The underground construction area shall be clear of all other construction forces and, after the underground construction has begun, it shall not be interrupted by other construction forces.

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Issued by Sandra P. Meyer, President

GENERAL CONDITIONS (Contd.)

13. The Developer shall enter into a written agreement with the Company. This agreement and an attached plan shall constitute written notice when Developer has signed said agreement and the ENDORSEMENT attached to said plat, accepting the location of underground electric facilities as shown thereon. Any additional engineering required or extra construction costs required by the Company shall be borne by the Developer.
14. The Developer shall grant to the Company, on its applicable forms, all rights-of-way which in the opinion of the Company are necessary or desirable for such extensions.
15. Should the Developer request additional facilities, different routing or termination points, or changes in the facilities planned or installed, the Developer shall pay the total estimated cost to the Company for such additional facilities or changes.
16. The Developer shall also pay the cost of any repairs or replacement to the distribution system resulting from the negligent act of acts of the Developer, his agents, workmen, contractors or tenants.

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Issued by Sandra P. Meyer, President

RATE UDP-G

GENERAL UNDERGROUND DISTRIBUTION POLICY

APPLICABILITY

Applicable to electric service of: 1. single family houses or multi-family dwellings that do not qualify under the Applicability of the Underground Residential Distribution Policy; 2. commercial and industrial customers; or 3. special situations. Rate UDP-G is available throughout the service area of the Company in those situations where the Company extends its distribution lines to serve new developments not covered by the Underground Residential Distribution Policy.

CHARGES

The charges shall be the difference between the Company's estimated cost to provide an underground system and the Company's estimated cost to provide an overhead system. In addition to the differential charge, the following provisions are applicable:

1. Single Family Houses or Multi-Family Units.

The customer may be required to provide the necessary trenching, backfilling, conduit system (if required) and transformer pads in place to Company's specifications.

2. Commercial and Industrial Units.

The customer shall:

- a) Provide the necessary trenching and backfilling;
- b) Furnish, install (concrete, if required), own and maintain all primary and/or secondary conduit system (with spares, if required) on private property meeting applicable codes and Company's specifications; and
- c) Provide the transformer pad and secondary conductors.

3. Special Situations

In those situations where the Company considers the pad-mounted transformer installations unsuitable, the customer shall provide the vault designed to meet National Electric Code, other applicable codes, and Company specifications, the conduit to the vault area and the secondary cable to the transformer terminals. The Company shall provide the transformers, the primary vault wiring and make the secondary connection to the transformer terminals.

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Issued by Sandra P. Meyer, President

CHARGES (Cont'd.)

In large multiple cable installations, the customer shall provide the cable, provide and install the step bus mounted in the vault, and make necessary cable connections to the step bus to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the step bus.

The customer shall extend the bus duct into the vault to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the bus duct.

GENERAL CONDITIONS

1. Other shall, in accordance with the specifications of the Company and local inspection authority, furnish, install, own and maintain the customer services. The Company shall connect the customer service to its distribution system and provide and install pull boxes, if necessary.
2. The customer shall furnish and install all conduit systems required by the Company, and be responsible for maintaining the conduit system in accordance with the Company's specifications and location plans until the underground electric line is completed. A Company inspector must approve all conduit systems before the trenches are backfilled; and the customer shall stake each end of every crossover with a stake marked "ELEC." The Company shall determine where conduit systems are required.
3. The customer shall complete and be responsible for maintaining final grade within the right-of-way and the street until the street has been dedicated and accepted by the local government.
4. The Company shall determine the route of all Company-owned underground electric line extensions. Such facilities must be located so as to be accessible at all times for switching and maintenance.
5. The point at which the underground distribution system begins shall be determined by the Company and the overhead primary extension to this point may be installed as open-wire conductors.
6. The Company shall determine equipment locations and such facilities must be accessible from adequate driveways, protected from mechanical hazards and placed so as to maintain proper clearance from building openings.
7. The Company shall determine the number of customer to be served from each transformer or pull-boxes, where meters shall be located and how they shall be grouped.
8. The customer, at the Company's option, may be required to pay to the Company a deposit on the contracted charges when the agreement is executed. Upon completion of construction of the underground electric facilities, the customer shall pay to the Company the balance due under said agreement.

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Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

GENERAL CONDITIONS (Cont'd.)

9. The customer shall furnish to the Company the required number of plat drawings approved by governmental authorities having jurisdiction, and any revisions of such plats, which shall indicate the location of all proposed driveways, parking areas, building openings and sewer, water, gas, telephone and CATV facilities.
10. The customer shall stake all required lot corners or control points along the cable route as specified by the Company.
11. The customer shall complete final grade of distribution line route before construction work is started and be responsible for maintaining same during construction. The Company shall permit a maximum cut of six inches for sidewalk and driveways after their facilities have been installed. No fill will be permitted after the Company's facilities have been installed except by written permission from the Company. If it is necessary to change the grade of the Company's facilities due to changes by the customer, all costs of the change shall be borne by the customer.
12. The underground construction area shall be clear of all other construction forces and, after the underground construction has begun, it shall not be interrupted by other construction forces.
13. The customer shall enter into a written agreement with the Company. This agreement and an attached plat shall constitute written notice when customer has signed said agreement and/or the ENDORSEMENT attached to said plat, accepting the location of underground electric facilities as shown thereon. Any additional engineering required or extra construction costs required of the Company shall be borne by the customer.
14. The customer shall grant to the Company, on its applicable forms, all rights-of-way which in the opinion of the Company are necessary or desirable for such extensions.
15. Should the customer request additional facilities, different routing or termination points, or changes in the facilities planned or installed, the customer shall pay the total estimated cost to the Company for such additional facilities or changes.
16. The customer shall also pay the cost of any repairs or replacement to the distribution system resulting from the negligent act or acts of the customer, his agents, workmen, contractors or tenants.
17. The customer will not be required to pay the differential in cost between a pad-mounted and pole-mounted transformer.

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Effective: January 2, 2007

Issued by Sandra P. Meyer, President

ELECTRICITY EMERGENCY PROCEDURES

FOR

LONG-TERM FUEL SHORTAGES

APPLICABILITY

In the event of an energy emergency which necessitates curtailment of electricity consumption, Duke Energy Kentucky, Inc. and consumers of electric energy supplied by the Company shall take actions set forth herein, except where the Kentucky Public Service Commission (Commission) or other authority having jurisdiction in the matter orders otherwise.

PROCEDURES

Electricity emergency procedures may be necessary if there is a shortage in the electric energy supply to meet the requirements of consumers of electric energy in the service area of the Company. The procedures set forth the actions to be taken by the Company and consumers of electric energy in the event of a long-term fuel shortage for electric generation jeopardizing electric service to the Company's customers.

I. DEFINITIONS

For purposes of this procedure, the Company has adopted the following definitions:

- A. "electricity priority uses" shall mean the amount of electrical energy necessary for protection of the public's health and safety, and for the prevention of unnecessary or avoidable damage to property at:
1. Residences (homes, apartments, nursing homes, institutions, and facilities for permanent residents or transients);
 2. Hospitals;
 3. *Medical and human life support systems and facilities;*
 4. Electric power generating facilities and central heating plants serving the public;
 5. Telephone, radio, television, and newspaper facilities;
 6. Local and suburban transit systems and air terminal facilities;
 7. Police and fire fighting facilities;

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DEFINITIONS (Contd.)

8. Water supply and pumping facilities;
 9. Sanitary service facilities for collection, treatment, or disposal of community sewage;
 10. Federal facilities essential to national defense or energy supply;
 11. Production facilities for natural gas, artificial or synthetic gas, propane, and petroleum fuel, and for fuel refineries;
 12. Pipeline transmission and distribution facilities for natural gas, artificial or synthetic gas, propane, and petroleum fuels;
 13. Coal mines and related facilities;
 14. Production, processing, distribution, and storage facilities for dairy products, meat, fish, poultry, eggs, produce, crackers, bread, and livestock and poultry feed;
 15. Buildings and facilities limited to uses protecting the physical plant and structure, appurtenances, product inventories, raw materials, livestock, and other personal or real property; and
 16. Such other similar uses as may be determined by the Kentucky Public Service Commission (hereinafter "Commission").
- B. "non-priority uses" shall mean all uses of electricity other than priority uses.
- C. "consumer" shall mean that person or entity who consumes electric energy from the Company.
- D. "normal burn days" shall mean the number of days of coal supply available for operation of the generating facilities of the Company's supplier, Duke Energy Ohio.
- E. "normal usage" shall mean electric energy consumption by a consumer during the comparable period during the previous year adjusted for weather or other major changes in usage.

The Company encourages consumers who have electric priority uses to implement the actions required herein to the extent reasonably possible. Consumers who have electric priority uses or have critical equipment or processes should consider the installation of emergency generation equipment if continuity of service is essential.

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II. LONG-TERM FUEL SHORTAGE

- A. Upon the commencement of a coal miners' strike, officially declared or otherwise, or other happening which could cause a long-term fuel shortage, the Company shall curtail non-essential use of energy on premises controlled by the Company including parking and large area lighting and interior lighting except lighting required for security and safety, and other uses of energy both during and outside normal business hours.
- B. Voluntary Curtailment:
1. If the Company is notified by its supplier that the supplier's normal burn days has diminished to forty (40) days, the Company shall request voluntary conservation by all consumers of at least 25% of all non-priority use of electric.
 2. The Company shall implement a public appeals campaign through the news media to its consumers making appropriate suggestions for achieving usage reductions. These reductions should include but not be limited to the following:
 - (a) Reduce outdoor lighting;
 - (b) Reduce general interior lighting levels to minimum levels to the extent this contributes to decreased electricity usage;
 - (c) Reduce show window and display lighting to minimum levels to protect property;
 - (d) Reduce the number of elevators operating in office buildings during non-peak hours;
 - (e) Reduce electric water heating temperature to minimum level.
 - (f) Minimize work schedules for building cleaning and maintenance, restocking, etc., in order to eliminate the necessity for office or commercial and industrial facilities to be open beyond normal working hours;
 - (g) Minimize electricity use by maintaining a building temperature of no less than 78 degrees Fahrenheit by operation of cooling equipment and no more than 68 degrees Fahrenheit by operation of heating equipment;
 - (h) Encourage, to the extent possible, daytime scheduling of entertainment and recreational facilities.
 3. The Company, through the issuing of periodic bulletins to the news media, shall inform the general public of:

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II. LONG-TERM FUEL SHORTAGE (Contd.)

- (a) The coal supply level of its supplier, at least weekly;
- (b) The actions which will be required of consumers if it becomes necessary to initiate mandatory curtailment of electric energy and the procedures to be followed prior to and during the period electric usage is restricted.

C. Mandatory Curtailment - Stage One:

- 1. If the Company is notified by its supplier that the supplier's normal burn days has diminished to thirty (30) days, consumers shall curtail the use of electricity as follows:
 - (a) All previous measures shall be continued except as amended below;
 - (b) All non-priority outdoor lighting is prohibited;
 - (c) All public, commercial, and industrial buildings shall minimize electricity use by maintaining a building temperature of no less than 85 degrees Fahrenheit by the operation of cooling equipment and no more than 60 degrees Fahrenheit by the operation of heating equipment, except where health requirements or equipment protection deem such measures to be inappropriate;
 - (d) All public, commercial, and industrial buildings shall reduce interior lighting to the minimum levels essential for continued work and operations to the extent this contributes to decreased use of electric energy.

D. Mandatory Curtailment - Stage Two:

- 1. If the Company is notified by its supplier that the supplier's normal burn days has diminished to twenty-five (25) days, consumers shall curtail the use of electricity as follows:
 - (a) All previous measures shall be continued except as amended below;
 - (b) All consumers shall discontinue non-priority use of electricity on two days of each week. Consumers may, in the alternative, elect to reduce total electricity consumption by 25% below normal usage. Consumers choosing the second option must keep records sufficient to document the reduction. The Company shall inform consumers of the days that non-priority use shall be discontinued. Consumers shall not increase non-priority uses above mandatory stage one levels during other days of the week.

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II. LONG-TERM FUEL SHORTAGE (Contd.)

E. Mandatory Curtailment - Stage Three:

1. If the Company is notified by its supplier that the supplier's normal burn days has diminished to twenty (20) days, consumers shall curtail the use of electricity as follows:
 - (a) All previous measures shall be continued except as amended below;
 - (b) All consumers shall discontinue non-priority use of electricity on three days of each week. Consumers may, in the alternative, elect to reduce total electricity consumption by 50% below normal usage. Consumers choosing the second option must keep records sufficient to document the reduction. The Company shall inform consumers of the days that non-priority use shall be discontinued. Consumers shall not increase non-priority uses above mandatory stage two levels during other days of the week.

F. Mandatory Curtailment - Stage Four:

1. If the Company is notified by its supplier that the supplier's normal burn days has diminished to fifteen (15) days, all consumers shall discontinue all non-priority use of electricity on all days of each week.

III. The Company shall take such measures in connection with its facilities as are necessary and reasonable for the implementation of these procedures.

Where the integrity of the Company's electric system is in jeopardy, the Company may take additional measures it deems appropriate, such as voltage reduction up to 5% and interruption of selected distribution circuits on a rational basis.

IV. PENALTIES

Failure of a consumer to comply with the Company's mandatory curtailment stages may subject that consumer's electric service to disconnection by the Company. Where the Company discovers that a consumer has exceeded its directed usage limitation by more than 15% in a thirty (30) day period, the Company shall notify the Commission that, on the third working day after said discovery, it shall disconnect electric service to such consumer until the fuel supply emergency is relieved.

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**RATE RTP
REAL TIME PRICING PROGRAM**

APPLICABILITY

Applicable to Customers served under Rate DS, Rate DT, Rate DP or Rate TT. Service under the RTP Program will be offered on an experimental basis through December 31, 2008. The incremental cost of any special metering required for service under this Program beyond that normally provided under the applicable Standard Tariff shall be borne by the Customer. Customers must enter into a written service agreement with a minimum term of one year.

PROGRAM DESCRIPTION

The RTP Program is voluntary and offers Customers the opportunity to manage their electric costs by either shifting load from higher cost to lower cost pricing periods and adding new load during lower cost pricing periods or to learn about market pricing. Binding Price Quotes will be sent to each Customer on a day-ahead basis. The program is intended to be bill neutral to each Customer with respect to their historical usage through the use of a Customer Baseline Load (CBL) and the Company's Standard Offer Rates.

CUSTOMER BASELINE LOAD

The CBL is one complete year of Customer hourly load data that represents the electricity consumption pattern and level of the Customer's operation under the Standard Rate Schedule. The CBL is the basis for achieving bill neutrality for Customers billed under this Rate RTP, and must be mutually agreeable to both the Customer and the Company as representing the Customer's usage pattern under the Standard Rate Schedule (non-RTP). In the event that the Customer's electricity consumption pattern differs significantly from the established CBL, the Company may renegotiate the CBL with the Customer. Agreement on the CBL is a requirement for participation in the RTP Program.

RTP BILLING

Customers participating in the RTP Program will be billed monthly based on the following calculation:

$$\text{RTP Bill} = \text{BC} + \text{PC} + \sum_{t=1}^n \{ (\text{CC}_t + \text{ED}_t + \text{ASC}_t) \times (\text{AL}_t - \text{CBL}_t) \}$$

Where:

BC = Baseline Charge
PC = Program Charge

CC_t = Commodity Charge for hour t
ED_t = Energy Delivery Charge for hour t
ASC_t = Ancillary Services Charge for hour t
AL_t = Customer Actual Load for hour t
CBL_t = Customer Baseline Load in hour t
n = total number of hours in the billing period
t = an hour in the billing period

BASELINE CHARGE

The Baseline Charge is independent of Customer's currently monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

BASELINE CHARGE (Contd.)

The Baseline Charge will be calculated as follows:

$$BC = (\text{Standard Bill @ CBL})$$

Where:

BC = Baseline Charge
Standard Bill @ CBL = Customer's bill for a specific month on the applicable Rate Schedule including applicable Standard Contract Riders using the CBL to establish the applicable billing determinants.

The CBL shall be adjusted to reflect applicable metering adjustments under the Rate Schedule. All applicable riders shall be excluded from the calculation of the Baseline Charge.

PRICE QUOTES

The Company will send to Customer, within two hours after the wholesale prices are published by the Midwest Independent Transmission System Organization, Inc. ("Midwest ISO") each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one-day-ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes the day before they become effective.

COMMODITY CHARGE

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

$$\begin{aligned} \text{For kWh}_t \text{ above the CBL}_t, \quad CC_t &= \text{MVG}_t \times \text{LAF} \\ \text{For kWh}_t \text{ below the CBL}_t, \quad CC_t &= \text{MVG}_t \times 80\% \times \text{LAF} \end{aligned}$$

Where:

LAF = loss adjustment factor
= 1.0530 for Rate TS
= 1.0800 for Rate DP
= 1.1100 for Rate DS
MVG_t = Market Value Of Generation As Determined By Company for hour t

COMMODITY CHARGE (Contd.)

The MVG_t will be based on the expected market price of capacity and energy for the next day. The expected market price will be based on forecasts of market conditions for the next day using publicly available market indices and/or bona fide third-party price quotes to establish the expected market price.

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

ENERGY DELIVERY CHARGE

The hourly Energy Delivery Charge is a charge for using the transmission and distribution system to deliver energy to the Customer. The applicable hourly Energy Delivery Charge (Credit) shall be applied on a hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Service	\$0.006053 per kW Per Hour
Primary Service	\$0.005540 per kW Per Hour
Transmission Service	\$0.002008 per kW Per Hour

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

ANCILLARY SERVICES CHARGE

The hourly Ancillary Services Charge is a charge for:

- Scheduling, System Control & Dispatch
- Reactive and Voltage Control
- Regulation and Frequency Response
- Spinning Reserve
- Supplemental Reserve

The applicable hourly Ancillary Services Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Delivery.....	\$0.000760 per kW Per Hour
Primary Delivery.....	\$0.000740 per kW Per Hour
Transmission Delivery	\$0.000721 per kW Per Hour

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

APPLICABLE RIDERS

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 78, Rider DSMR, Demand Side Management Rider
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

PROGRAM CHARGE

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$183.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program.

Customer may purchase from either Company or any other third-party suppliers any other necessary equipment or software packages to facilitate participation in this program. While Customers are encouraged to use such equipment or software packages to maximize benefits under this Program, it is not a requirement for program participation. It is Customer's responsibility to ensure the compatibility of third-party equipment or software packages with any Company owned equipment or software packages.

SPECIAL TERM AND CONDITIONS

Except as provided in this Rate RTP, all terms, conditions, rates, and charges outlined in the Standard Rate Schedule will apply. Participation in the RTP Program will not affect Customer's obligations for electric service under the Standard Rate Schedule.

Customers who terminate their service agreement under this Rider RTP after the initial one (1) year term shall be ineligible to return to the program for twelve (12) months from the termination date.

The primary term of service is one (1) year consisting of a consecutive twelve month period.

Customers returning to the standard tariff shall have any historical demands in excess of the CBL, waived for purposes of calculating applicable billing demands.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

EMERGENCY ELECTRIC PROCEDURES

APPLICABILITY

In the event of an energy emergency which necessitates curtailment of electric service, Duke Energy Kentucky, Inc. may curtail electrical service to its customers in the manner set forth herein, either at its sole discretion, or under applicable policies, guidelines, directives or procedures issued by the East Central Area Reliability Council (ECAR), National Electric Reliability Council (NERC), the Midwest Independent Transmission System Operator, Inc. (Midwest ISO), or their successor organizations, or when required by the Kentucky Public Service Commission (Commission).

PROCEDURES

I. General Rules Applicable to Energy Emergency

Emergency electrical procedures may be necessary in the event of electric supply shortages, transmission constraints, or other emergency conditions in the assigned service area of Duke Energy Kentucky, Inc. and/or outside the assigned service area of Duke Energy Kentucky, Inc.

An emergency means an anticipated or existing shortage in the supply of or constraint in the transmission or distribution of electrical energy, which cannot be avoided by market purchases of energy or transmission capacity and which has or may adversely affect the operation or reliability of generating or transmission and distribution facilities.

In the event of an emergency, Duke Energy Kentucky, Inc. may take any remedial measure that it deems reasonably necessary to alleviate the emergency condition or that may be required either by the Commission or under applicable policies, guidelines, directives or procedures issued by ECAR (including the then current revision of ECAR Document No. 3, Emergency Operations), NERC, the Midwest ISO, or their successor organizations, or Duke Energy Kentucky, Inc.'s emergency plan. During an emergency, Duke Energy Kentucky, Inc. will follow the procedures set forth herein with regard to essential customers as defined in section II, below. Duke Energy Kentucky, Inc. will take the remedial measures to alleviate the emergency conditions as set forth in section III, below.

II. Essential Customers

Essential customers are defined as follows:

- (A) hospitals and emergency care facilities, which shall be limited to those facilities providing medical care and performing in-patient surgery on patients;
- (B) federal, Commonwealth and county prisons and detention institutions;
- (C) police and fire stations, Kentucky national guard facilities, military bases, and federal facilities essential to the national defense;
- (D) "critical customers," which means any customer or consumer on a medical or life support system for whom an interruption of service would be immediately life threatening and who is enrolled in Duke Energy Kentucky, Inc.'s program for critical customers;
- (E) radio and television stations used to transmit emergency messages and public information broadcasts relating to emergencies;

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II. Essential Customers (Contd.)

- (F) water pumping plants essential to the supply of potable water to a community;
- (G) sewage plants essential to the collection, treatment or disposal of a community's sewage;
- (H) emergency management and response facilities and the county-wide "911" system;
- (I) nursing homes;
- (J) central office telephone switching stations; and
- (K) blood banks.

Duke Energy Kentucky, Inc. does not guarantee a continuous and uninterrupted flow of power to any customer. Power interruptions may occur due to many causes other than the emergency procedures set forth herein. Further, essential customers should expect that their power may be interrupted in the event of an emergency due to the nature of the emergency and the normal configuration of electric supply systems.

Essential customers are responsible for anticipating the possibility that power may be interrupted and for developing contingency plans if continuity of service is essential. Such contingency plans may include installing on-site backup generation, uninterruptible power supplies, other alternative power sources or evacuation to another location.

Duke Energy Kentucky, Inc. will make reasonable efforts to maintain service to essential customers during an emergency and will attempt to minimize the time period of any interruption, when practical. Duke Energy Kentucky, Inc. may, however, curtail power to essential customers during an emergency. Duke Energy Kentucky, Inc. will attempt to identify essential customers and maintain a list of these customers for its load curtailment plans. Duke Energy Kentucky, Inc. will verify and update this list annually and review its curtailment rotation schedules in an attempt to minimize the number of essential customers affected by curtailment.

Residential customers may request to participate in Duke Energy Kentucky, Inc.'s program for critical customers. Residential customers requesting to participate in this program must initially obtain a Medical Certificate from a licensed physician as to the need for and use of life support equipment in their household and must submit the certificate to Duke Energy Kentucky, Inc. along with their request to enroll in the program.

Upon enrollment in the program, Duke Energy Kentucky, Inc. will notify the customer in writing of the customer's options and responsibilities during an interruption, such as the need for backup generation, uninterruptible power supplies, other alternative power sources or evacuation to another location. Duke Energy Kentucky, Inc. will also notify these customers that it cannot guarantee a continuous and uninterrupted flow of power. Duke Energy Kentucky, Inc. will annually verify the customers' eligibility to continue to participate in the program.

Any non-residential customer may apply to be considered an essential customer, provided they must notify Duke Energy Kentucky, Inc. in writing of this request and provide the specific reasons why they should be considered an essential customer. Duke Energy Kentucky, Inc. will respond in writing within ten days of receipt of the request informing the customer whether, in Duke Energy Kentucky, Inc.'s sole discretion, they will be classified as a non-residential essential customer. Non-residential essential customers are also encouraged to develop contingency plans for use during an emergency, such as the need for backup generation, uninterruptible power supplies, other alternative power sources or evacuation to another location.

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II. Essential Customers (Contd.)

Essential customers should prepare to implement their contingency plans any time that Duke Energy Kentucky makes a public appeal for voluntary conservation, due to the possibility that Duke Energy Kentucky, Inc. may experience an emergency during such time that Duke Energy Kentucky, Inc. makes public appeals for voluntary conservation.

If Duke Energy Kentucky, Inc. has adequate advance notice that an emergency may occur, then Duke Energy Kentucky, Inc. will attempt to call critical customers to alert them of the possibility of a power interruption. Due to the frequently sudden onset of an emergency and the time necessary to contact all critical customers, Duke Energy Kentucky, Inc. may not be able to contact critical customers in advance of an emergency.

III. Remedial Measures in the Event of Emergency

In case of an emergency, Duke Energy Kentucky, Inc. will exercise the following series of load reduction measures to match the load with available generation. These measures are arranged in order of severity of the measures necessary to alleviate the emergency conditions presented. In the case of a sudden or unanticipated emergency, the urgency of the situation may require Duke Energy Kentucky, Inc. to immediately implement the more severe measures.

Pricing Signals and Special Contracts

Duke Energy Kentucky, Inc. offers a variety of pricing signals using approved tariffs and special contracts to encourage customers to reduce their load when generation is in short supply. Participating customers may elect to voluntarily reduce their demand based on the terms of these tariffs and contracts.

Internal Conservation

Duke Energy Kentucky, Inc. will reduce its own energy consumption by instructing its employees to adjust thermostats, turn off lights and reduce other non-essential loads at Duke Energy Kentucky, Inc.'s facilities.

Voltage Reduction

Duke Energy Kentucky, Inc. may reduce voltages. However, Duke Energy Kentucky, Inc. will not reduce voltage more than 5% below normal allowable ranges.

Public and Targeted Appeals for Voluntary Conservation

Duke Energy Kentucky, Inc. will issue news releases to request customers to voluntarily conserve electricity, with suggestions on how to conserve. Duke Energy Kentucky, Inc. will also contact large commercial and industrial customers (1000 kW or more) requesting them to conserve energy.

Depending on the nature of the emergency, Duke Energy Kentucky, Inc. will issue additional news releases advising customers of a more critical need for voluntary conservation and also notifying customers that Duke Energy Kentucky, Inc. may implement rotating blackouts if the emergency conditions are not alleviated. Duke Energy Kentucky, Inc. will contact large commercial and industrial customers (1000 kW or more) requesting them to curtail all non-essential load.

Automatic Reserve Sharing

Automatic Reserve Sharing is a standard method for utilities to aid an adjoining, interconnected utility whose power reserves are low by transmitting power through the interconnection points to raise the reserves of the affected utility. In time of emergency, Duke Energy Kentucky, Inc. may utilize Automatic Reserve Sharing.

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III. Remedial Measures in the Event of Emergency (Contd.)

Manual, Involuntary Load Curtailment

Duke Energy Kentucky, Inc. may implement manual load curtailment, which is a controlled process of rotating customer outages during extreme emergencies. NERC policies may require manual curtailment when Duke Energy Kentucky, Inc. experiences an emergency. NERC policies may also require manual curtailment when the reliability of the Eastern Interconnect is threatened by supply or transmission problems unrelated to conditions within Duke Energy Kentucky, Inc.'s transmission system.

Automatic Load Curtailment

Duke Energy Kentucky, Inc. may implement automatic load curtailment, which is a process where under-frequency relays are used to shed load as soon as the relays detect problems based upon the system frequency. NERC policies may require automatic curtailment when Duke Energy Kentucky, Inc. experiences an emergency or when the Eastern Interconnect is threatened by transmission system reliability problems unrelated to conditions affecting Duke Energy Kentucky's transmission system.

IV. Curtailment Procedures

Involuntary load curtailment is generally accomplished via remote control of circuits that feed large individual customers and/or general distribution loads. Most general distribution circuits supply many customers including one or more essential customers. Duke Energy Kentucky, Inc. will analyze circuits for curtailment eligibility based upon the ability to perform curtailment via remote control and upon the type of load the circuits serve. Duke Energy Kentucky, Inc. will attempt to limit the number of essential customers affected by involuntary load curtailments; however, given the number of circuits within Duke Energy Kentucky, Inc.'s system and the number of customers served by Duke Energy Kentucky, Inc., it is likely that Duke Energy Kentucky, Inc. will interrupt power to some essential customers if involuntary load curtailment procedures become necessary to alleviate emergency conditions. Duke Energy Kentucky, Inc. will adjust manual involuntary curtailment schedules and attempt to provide advance notification to essential customers if involuntary load curtailment occurs.

Duke Energy Kentucky, Inc. will advise the Commission of the nature, time and duration of all implemented emergency conditions and procedures which affect normal service to customers.

Duke Energy Kentucky, Inc. may initiate the following actions, as it deems appropriate, in the event of an emergency where curtailment is imminent or necessary.

- (A) If Duke Energy Kentucky, Inc. is unable to balance its generation and interchange schedules to its load after using all available resources, Duke Energy Kentucky, Inc. may, at its discretion, declare an emergency Commonwealth to the NERC/ECAR Security Coordinator.
- (B) Duke Energy Kentucky, Inc. may enter into power purchases to the extent that generation resources are reasonably available and transmission loading will allow.
- (C) Duke Energy Kentucky, Inc. may use any or all of the remedial measures in section III, above.
- (D) If the transmission system frequency is above 59.8 Hz and Duke Energy Kentucky, Inc. cannot reasonably balance resources to load, then Duke Energy Kentucky, Inc. may curtail firm load to balance resources to load.
- (E) If the transmission system frequency is at or below 59.8 Hz, then Duke Energy Kentucky, Inc. may curtail firm load to balance resources to load.

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IV. Curtailment Procedures (Contd.)

(F) If the transmission system frequency is at or below 59.7 Hz, then Duke Energy Kentucky, Inc. may curtail firm load to assist in maintaining regional system integrity.

Automatic under-frequency load shedding may occur in the event of a sudden decline of the frequency on the ECAR System or a sudden breakup that isolates all or parts of the Kentucky transmission system from other interconnected transmission systems. The under-frequency load shed may occur according to the following schedule, with each step shedding approximately an additional five percent of load as compared to the system load:

<u>Step</u>	<u>Freq-Hz</u>	<u>Approximate % Load Shed</u>
1	59.5	5.0
2	59.3	5.0
3	59.1	5.0
4	58.9	5.0
5	58.7	5.0

Under these circumstances, Duke Energy Kentucky, Inc. will interrupt power of selected distribution circuits and lines serving customers throughout its assigned service area at Duke Energy Kentucky, Inc.'s sole discretion.

If automatic load shedding has occurred and frequency is still declining, Duke Energy Kentucky, Inc. may take any additional actions that it deems reasonably necessary to arrest the decline. This may include additional load shedding and coordinated network separations.

If necessary to resynchronize the isolated area or to curtail the decline in frequency, Duke Energy Kentucky, Inc. may take the following steps in the sequence set forth below:

- (A) Duke Energy Kentucky, Inc. may, at its discretion, interrupt power to controlled service loads and to loads rendered service under interruptible tariffs.
- (B) Duke Energy Kentucky, Inc. may reduce voltage up to five percent when deemed appropriate.
- (C) Duke Energy Kentucky, Inc. may manually shed load.

Duke Energy Kentucky, Inc. shall not be liable for power interruptions attributable to:

- (A) the availability of or malfunctions in generation or transmission facilities;
- (B) malfunctions in the local distribution system due to conditions beyond Duke Energy Kentucky, Inc.'s control, such as storms, floods, vandalism, strikes, fires, or accidents caused by third parties;
- (C) Duke Energy Kentucky, Inc. following any applicable orders, policies, guidelines, directives or procedures issued by the Commission, governmental authorities, East Central Area Reliability Council (ECAR), National Electric Reliability Council (NERC), the Midwest ISO, or their successor organizations; provided that Duke Energy Kentucky, Inc. makes reasonable efforts to restore service as soon as reasonably practicable.

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V. Transmission Emergency Rules

Notwithstanding the above procedures, when Duke Energy Kentucky, Inc. experiences on its transmission facilities an emergency or other event that necessitates the curtailment or interruption of service, Duke Energy Kentucky, Inc. will not curtail or interrupt retail electric service within Duke Energy Kentucky, Inc.'s certified territory, except for service to those customers who have agreed to receive interruptible service, until after Duke Energy Kentucky, Inc. has interrupted service to all other Duke Energy Kentucky, Inc. customers whose interruption may relieve the emergency or other event.

Notwithstanding the foregoing, Duke Energy Kentucky, Inc. may be liable for damages resulting from power interruptions attributable to its gross negligence or willful misconduct.

The provisions of these Emergency Electrical Procedures are subject to the provisions of Duke Energy Kentucky, Inc.'s Retail Electric Tariff, as then in effect and approved by the Commission, including but not limited to the provisions of Duke Energy Kentucky, Inc.'s General Terms And Conditions For Electric Service.

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RATE MDC
METER DATA CHARGES

APPLICABILITY

This optional program applies to customers located in the Company's service territory that have meter pulse equipment and/or interval metering equipment and who elect to enroll in the En-Focus program.

EN-FOCUS™

Customers electing the En-Focus option will be required to enroll online, and will be required to accept the Terms and Conditions of the En-Focus program, presented to the customer at the time of enrollment.

Electronic monthly interval data with graphical capability
accessed via the Internet (En-Focus™)

\$20.00 per month

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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