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Dianne B. Kuhnell
Senior Paralegal

VIA HAND DELIVERY

August 2, 2010

RECEIVED

AUG 02 2010

**PUBLIC SERVICE
COMMISSION**

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

Re: Case No. 2010-00203

Dear Mr. Derouen:

Enclosed please find an original and twelve copies each of the *Responses of Duke Energy Kentucky, Inc. to First Set of Staff Data Requests* and *Responses of Duke Energy Kentucky, Inc. to First Set of Midwest ISO Data Requests* in the above captioned case.

Please date-stamp the extra two copies of the filing and return to me in the enclosed envelope.

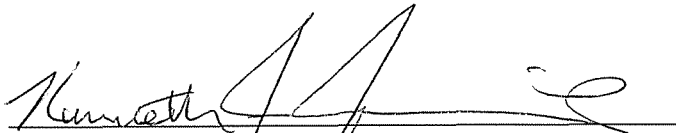
Sincerely,

Dianne B. Kuhnell
Senior Paralegal


VERIFICATION

State of Ohio)
) SS:
County of Hamilton)

The undersigned, Kenneth J. Jennings, being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as Director, Market and RTO Services that on behalf of Duke Energy Kentucky, Inc. says that I have supervised the preparation of the responses to the foregoing responses to information requests; and that the matters set forth in the foregoing response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquire.


Kenneth J. Jennings, Affiant

Subscribed and sworn to before me by Kenneth J. Jennings on this 29th day of July, 2010.


NOTARY PUBLIC

My Commission Expires:

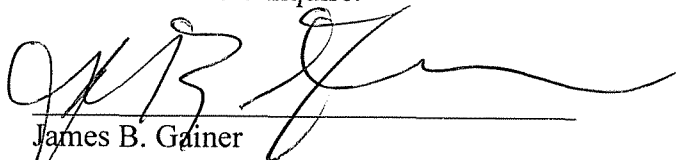


ANITA M. SCHAFER
Notary Public, State of Ohio
My Commission Expires
November 4, 2014

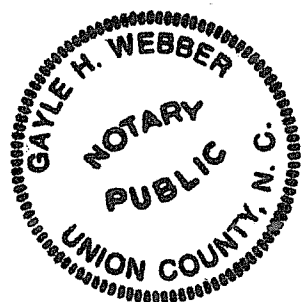
VERIFICATION

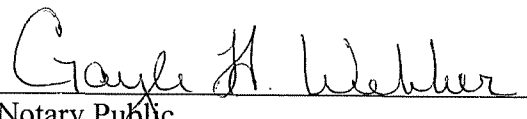
State of North Carolina)
) SS:
County of Mecklenburg)

James B. Gainer, being first duly sworn, states that he is Vice President of Federal Regulatory Policy of Duke Energy Kentucky, Inc.; that I have supervised the preparation of the responses to the foregoing responses to information requests; and that the matters set forth in the foregoing response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquire.


James B. Gainer

Subscribed and sworn to before me, this 26th day of July, 2010.





Notary Public
My commission expires: 09/13/11

VERIFICATION

State of Ohio)
) SS:
County of Hamilton)


The undersigned, Ronald C. Snead, being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as General Manager, System Planning and Business Services that on behalf of Duke Energy Kentucky, Inc. says that I have supervised the preparation of the responses to the foregoing responses to information requests; and that the matters set forth in the foregoing response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquire.



Ronald C. Snead, Affiant

Subscribed and sworn to before me by Ronald C. Snead on this 28th day of July, 2010.

ADELE M. DOCKERY
Notary Public, State of Ohio
My Commission Expires 01-05-2014



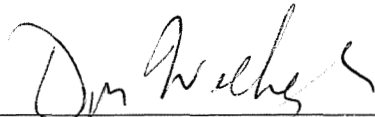
NOTARY PUBLIC

My Commission Expires: 1-5-2014

VERIFICATION

State of Ohio)
)
County of Hamilton)

The undersigned, William Don Wathen Jr., being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as General Manager Duke Energy & Vice President Rates-Ohio & Kentucky; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing responses to information requests; and that the matters set forth in the foregoing response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.



William Don Wathen Jr., Affiant

Subscribed and sworn to before me by William Don Wathen Jr. on this 27th day of July 2010.



NOTARY PUBLIC

My Commission Expires:



ANITA M. SCHAFER
Notary Public, State of Ohio
My Commission Expires
November 4, 2014

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**Duke Energy Kentucky
Case No. 2010-00203
Staff First Set Data Requests
Date Received: July 20, 2010**

STAFF-DR-01-001

REQUEST:

Refer to page 15, Item 23, of the application. Provide a comparison of the annual membership fees of the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") and PJM Interconnection, L.L.C. ("PJM").

RESPONSE:

The annual membership fee for the Midwest ISO is \$1,000 (after a one-time initial membership fee of \$5,000). The annual Membership fee for PJM for all of Duke Energy's entities is \$5,000. Duke Energy Kentucky's portion will be 1/5 of the total, or approximately \$1000.

PERSON RESPONSIBLE: Kenneth Jennings

STAFF-DR-01-002

REQUEST:

Refer to page 6, starting on line 7 and ending on page 7, line 1, of the Direct Testimony of James B. Gainer (“Gainer Testimony”). Mr. Gainer identifies three reasons for Duke Energy Ohio, Inc’s. (“Duke Ohio”) decision to withdraw from the Midwest ISO and join PJM.

- a. Ohio utilities have been in the Midwest ISO and PJM for several years. Explain the importance to the Public Utilities Commission of Ohio and Duke Ohio for the entire state to be in a single Regional Transmission Operator (“RTO”) footprint.
- b. Explain whether Duke Ohio would have chosen to join PJM absent the decision by FirstEnergy Company to withdraw from the Midwest ISO and join PJM.
- c. Explain whether, upon realignment with PJM, all of Duke Ohio’s generation will be located within PJM.
- d. The final reason identified by Mr. Gainier is that “[b]ased upon current PJM and Midwest ISO tariffs, PJM currently has lower RTO administration fees.” Provide the difference in the administration fees of the two RTOs and indicate for how long this difference has existed.

RESPONSE:

- a. Duke Energy believes that all Ohio utilities being in one RTO would reduce the regulatory burden placed on the Ohio Commission and Staff relative to following and participating in regulatory proceedings in one RTO versus two RTOs. As articulated by Mr. Gainer, allowing state regulators to work with a single RTO helps ensure reliable and cost-effective service for Ohio. The transfer will eliminate a market seam between the Ohio utilities. This will allow Ohio truly operate within a single market.

- b. Yes. Duke Energy Ohio would have chosen to join PJM even had FirstEnergy not done so for the reasons articulated in Mr. Gainer's testimony. Realigning with PJM will place Duke Energy Ohio's coal-fired generation in a single RTO. Duke Energy Ohio owns several gas-fired generating stations that are already in PJM. Additionally, ten of Duke Energy Ohio's coal-fired generating units are co-owned with other Ohio utilities, Dayton Power & Light and American Electric Power, that are currently members of PJM. This move presents many additional benefits for Duke Energy Ohio, including future investment planning and improved efficiencies in Ohio's competitive retail and wholesale markets.
- c. Upon realignment with PJM, all of Duke Energy Ohio's coal-fired generation will be located in PJM, and all but one gas-fired generating stations will be located in PJM. Duke Energy Ohio's Vermillion plant, located in Indiana may remain in the Midwest ISO.
- d. A review of the Midwest ISO and PJM administrative budgets for 2010-11 indicates the PJM administrative budget is lower than the Midwest ISO budget for years 2010-12 and is similar in magnitude in 2013 and 2014. After the move of ATSI (FirstEnergy) to PJM, the annual peak load for the PJM system will be higher than the Midwest ISO peak by at least 50%. This indicates there will be higher overall cost allocated to Midwest ISO load on a dollar per MWH basis.

PERSON RESPONSIBLE: James B. Gainer

**Duke Energy Kentucky
Case No. 2010-00203
Staff First Set Data Requests
Date Received: July 20, 2010**

STAFF-DR-01-003

REQUEST:

Refer to page 5, lines 5-6, of the Gainer testimony, which indicates that Duke Energy Indiana, Inc. ("Duke Indiana") will remain in the Midwest ISO. The footprints of both the Midwest ISO and PJM include portions of, and utilities based in, Indiana. If PJM's administration fees are lower than those of the Midwest ISO, explain why the decision has been made for Duke Indiana to remain in the Midwest ISO.

RESPONSE:

Duke Energy Ohio and Duke Energy Kentucky are leaving the Midwest ISO for the reasons articulated in the testimony submitted in this proceeding. Lower administration fees was a factor, but not the only factor that made PJM a better fit for Duke Energy Ohio and Kentucky. Duke Energy Indiana made its own business decision to remain in the Midwest ISO.

PERSON RESPONSIBLE: James B. Gainer

STAFF-DR-01-004

REQUEST:

Refer to page 9, lines 9-11, and page 11, lines 15-17, of the Gainer Testimony. Refer also to page 9, lines 12-15, of the Dirc Testimony of William Don Wathen, Jr. (“Wathen Testimony”). Page 9 of the Gainer Testimony indicates the Duke Kentucky will be responsible for Midwest ISO Transmission Expansion Plan (“MTEP”) costs of projects currently underway and for those that will be approved by the time Duke Kentucky leaves the Midwest ISO. Page 11 of the Gainer Testimony indicates that Duke Kentucky will be assessed PJM regional transmission expansion planning process (“RTEPP”) costs for “[p]rojects currently underway.” Page 9 of the Wathen Testimony states that “[w]hen Duke Energy Kentucky joins PJM, it will be allocated a portion of the RTEPP costs for projects currently underway and going forward.”

- a. If Duke Kentucky leaves the Midwest ISO, explain whether it will be obligated to pay MTEP costs each year until the projects approved prior to exit are completed. If yes, include an estimate of the number of years such costs will be paid and the amounts to be paid each year. If no, estimate the year that all MTEP costs will be paid and the total amount of the payment.
- b. If Duke Kentucky leaves the Midwest ISO, explain whether it will receive any benefit, including any credit against the future cost to transmit power in return for its payment of MTEP costs.
- c. Provide the “start date” for RTEPP projects for which costs will be assessed to Duke Kentucky and explain how the date was determined.
- d. Identify the rules or regulations which require that a utility be responsible for RTEPP costs of projects underway prior to when it joins PJM, or any othe RTO.
- e. If Duke Kentucky joins PJM, explain whether it will be obligated to make a single, lump sum payment for the RTEPP costs of projects currently underway. If yes, provide an estimate of the amount of that payment. If no, provide an estimate of the number of years payments will be made for the RTEPP costs of

projects currently underway and an estimate of the amount of the payment in each year.

RESPONSE:

- a. Duke Energy Kentucky is responsible under the Agreement of Transmission Facilities Owners to Organize the Midwest Independent Transmission System Operator, Inc., A Delaware Non-Stock Corporation (MISO TOs Agreement”) [Original Sheet 76, Art 5 Section 2] for obligations relating to the construction of new facilities pursuant to an approved plan. Duke Energy Kentucky is responsible for facilities approved prior to its exit from the Midwest ISO. Duke Energy Kentucky will negotiate with the Midwest ISO to establish its financial obligations prior to exit. Under the Midwest ISO TOs Agreement, there are no stated periods for payments and the payments will be negotiated.
- b. Unknown at this time. Any credits, if any, would be negotiated with Midwest ISO upon exiting.
- c. Under the currently FERC-approved PJM tariff, members in PJM pay a share of all transmission projects approved under the RTEPP provisions. Duke Energy Kentucky will pay its share of RTEPP costs consistent with the transfer date into PJM.
- d. Schedule 12 of the PJM OATT. See PJM Interconnection, L.L.C., FERC Electric Tariff Sixth Revised Volume No. 1, Fourth Revised Sheet No. 270A.
- e. Duke Energy Kentucky will be assessed its share of PJM RTEPP costs on a daily basis. RTEPP costs are derived from transmission expansion project costs approved under the RTEPP provisions of the PJM Tariff.

PERSON RESPONSIBLE: James B. Gainer

**Duke Energy Kentucky
Case No. 2010-00203
Staff First Set Data Requests
Date Received: July 20, 2010**

STAFF-DR-01-005

REQUEST:

Refer to the Gainer Testimony at page 11, line 5 and the Direct Testimony of John D. Swez at page 13, line 7. Provide the current estimate of the cost of Duke Kentucky's integration into PJM.

RESPONSE:

The costs estimates provided to the Commission in the Gainer and Swez testimonies are the most current estimates.

PERSON RESPONSIBLE: Bob Burner

**Duke Energy Kentucky
Case No. 2010-00203
Staff First Set Data Requests
Date Received: July 20, 2010**

STAFF-DR-01-006

REQUEST:

Refer to the June 25, 2010 Federal Energy Regulatory Commission ("FERC") filing of Duke Ohio and Duke Kentucky at page 12, paragraph 12, paragraph vi. Identify and describe any changes in the way grandfathered agreements will be treated as a result of Duke Kentucky joining PJM, including the impact on affected Kentucky customers.

RESPONSE:

The transition to PJM will have no effect on the way grandfathered agreements are treated. By the time Duke Energy Kentucky transitions into PJM, grandfathered agreements between East Kentucky Power Cooperative and Duke Energy Kentucky should be converted to OATT Service, as agreed to in a recently filed Interconnection Agreement between Duke Energy Kentucky and East Kentucky Power Cooperative. See Attachment STAFF-DR-01-006.

PERSON RESPONSIBLE: Ronald C. Snead

Original Sheet No. 1

Midwest ISO
FERC Electric Tariff,
Fourth Revised Volume No. 1
Original Service Agreement No. 2168

INTERCONNECTION AGREEMENT

BETWEEN

DUKE ENERGY BUSINESS SERVICES, LLC.
acting as agent for Duke Energy Ohio, Inc.
and Duke Energy Kentucky, Inc.,

AND

EAST KENTUCKY POWER COOPERATIVE, INC.

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

Original Sheet No. 2

Midwest ISO
FERC Electric Tariff,
Fourth Revised Volume No. 1
Original Service Agreement No. 2168

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Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

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**Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010**

Effective: March 1, 2010

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Midwest ISO
FERC Electric Tariff,
Fourth Revised Volume No. 1
Original Service Agreement No. 2168

INTERCONNECTION AGREEMENT

This Interconnection Agreement is made and entered into as of 1st day of March 2010 (the "Agreement"), by and among DUKE ENERGY BUSINESS SERVICES, LLC. (Duke Energy"), a corporation organized and existing under the laws of the State of Delaware, acting as agent for and on behalf of its operating companies Duke Energy Ohio, Inc., a public utility corporation organized and existing under the laws of the State of Ohio ("Duke Energy Ohio"), and Duke Energy Kentucky, Inc., a public utility corporation organized and existing under the laws of the State of Kentucky ("Duke Energy Kentucky") and EAST KENTUCKY POWER COOPERATIVE, INC., a company organized and existing under the laws of the Commonwealth of Kentucky ("East Kentucky"). Duke Energy and East Kentucky are sometimes referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH

WHEREAS, Duke Energy Ohio, Duke Energy Kentucky and East Kentucky each owns electric facilities and is engaged in generation, transmission, distribution (solely in the case of Duke Energy) and sale of electric power and energy; and

WHEREAS, all the terms and conditions of this Agreement entered into by Duke Energy are binding upon Duke Energy Ohio and Duke Energy Kentucky, and Duke Energy has the authority to act on behalf of Duke Energy Ohio and Duke Energy Kentucky and is authorized to enter into and to perform its obligations under this Agreement; and

WHEREAS, Duke Energy is a participating transmission owner in the Midwest ISO and the Midwest ISO has functional control of the operation of Duke Energy's Transmission system and is responsible for providing transmission and interconnection service on the transmission facilities under its functional control; and

WHEREAS, the Federal Energy Regulatory Commission ("FERC") requires the Midwest ISO to be a signatory to this Agreement in order to ensure that the Midwest ISO is kept fully apprised of the matters addressed herein so that the Midwest ISO may be kept aware of any reliability and planning issues that may arise; and

WHEREAS, Duke Energy and East Kentucky desire to continue to interconnect their respective transmission systems and provide for future interconnections or delivery points on the terms and conditions set forth below; and

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

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Midwest ISO
FERC Electric Tariff,
Fourth Revised Volume No. 1
Original Service Agreement No. 2168

WHEREAS, East Kentucky and The Cincinnati Gas & Electric Company n/k/a Duke Energy Ohio, Inc., have previously entered into an Interconnection Agreement, dated March 1, 1984 ("Two Party 1984 Agreement"), as subsequently modified, pursuant to which the systems of the Transmission-Owning Parties are presently interconnected and operated in parallel through certain transmission facilities; and

WHEREAS, East Kentucky, The Cincinnati Gas & Electric Company n/k/a Duke Energy Ohio, Inc., and The Union Light Heat & Power Company n/k/a Duke Energy Kentucky, Inc. have previously entered into an Interconnection Agreement, dated March 1, 1984 ("Three Party 1984 Agreement"), as subsequently modified, pursuant to which the systems of the Transmission-Owning Parties are presently interconnected and operated in parallel through certain transmission facilities; and

WHEREAS, the Transmission-Owning Parties wish to replace the Two Party 1984 Agreement and the Three Party 1984 Agreement and all subsequent modifications or addenda to said agreements, and set the terms and conditions upon which they may continue the interconnected operation of their respective systems, pursuant to the provisions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

SECTION 1.0 DEFINITIONS

1.1 Defined Terms. Terms used in this Agreement with initial capitalization not otherwise defined below shall have the meanings specified in the Midwest ISO Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff").

1.1.1 "Abnormal Condition" means, in respect of a Party's Interconnection Facilities or Transmission System, any condition on such Interconnection Facilities or Transmission System which is outside normal operating parameters, such that such Interconnection Facilities or Transmission System are operating outside their normal ratings or reasonable operating limits have been exceeded but which has not resulted in an Emergency Condition. An Abnormal Condition may include, but is not limited to, high or low deviations in voltage, frequency, power flow, equipment temperature, equipment pressures, and other equipment and operating parameters.

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

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Midwest ISO
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- 1.1.2 "Affiliate" means, with respect to any Person, (a) each entity that such Person Controls, (b) each Person that Controls such Person, and (c) each entity that is under common Control with such Person.
- 1.1.3 "Agreement" means this Agreement, including all exhibits, attachments, and appendices hereto that may from time to time exist.
- 1.1.4 "Assignment" has the meaning provided in Section 13.2 of this Agreement.
- 1.1.5 "Control" means the possession, directly or indirectly, through one or more intermediaries, of the following:
- (a) (i) in the case of a corporation, fifty percent (50%) or more of the outstanding voting securities thereof; (ii) in the case of a limited liability company, partnership, limited partnership or venture, the right to fifty percent (50%) or more of the distributions there from (including liquidating distributions); (iii) in the case of a trust or estate, including a business trust, fifty percent (50%) or more of the beneficial interest therein; and (iv) in the case of any other entity, fifty percent (50%) or more of the economic or beneficial interest therein; and
 - (b) in the case of any entity, the power or authority, through ownership of voting securities, by contract or otherwise, to exercise a controlling influence over the management of the entity.
- 1.1.6 "Default" has the meaning provided in Section 14.4 of this Agreement.
- 1.1.7 "Defaulting Transmission-Owning Party" has the meaning provided in Section 14.4 of this Agreement.
- 1.1.8 "Delivery Point" means a location where a Party's load is served from the other Party's electric transmission system or distribution system.
- 1.1.9 "Dispute" has the meaning provided in Section 19.3.1 of this Agreement.
- 1.1.10 "Dispute Notice" has the meaning provided in Section 19.3.3 of this Agreement.
- 1.1.11 "Disputing Party" has the meaning provided in Section 19.3.3 of this Agreement.
- 1.1.12 "Duke Energy" has the meaning provided in the preamble to this Agreement.

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- 1.1.13 "Duke Energy Kentucky" has the meaning provided in the preamble to this Agreement.
- 1.1.14 "Duke Energy Ohio" has the meaning provided in the preamble to this Agreement.
- 1.1.15 "Duke Energy-Owned Interconnection Facilities" means all those facilities owned, operated or controlled by Duke Energy, Duke Energy Ohio or Duke Energy Kentucky which, in conjunction with the East Kentucky-Owned Interconnection Facilities, are necessary to effect the transfer of energy to and from the Transmission Systems, as such facilities are identified and described in Facility Schedule(s), and shall include any modifications, additions or upgrades made to those facilities.
- 1.1.16 "Duke Energy Transmission System" means the transmission facilities (including conductors, circuit breakers, switches, transformers and other associated equipment used to control the transfer of energy from one place to another) owned, operated or controlled by Duke Energy, Duke Energy Ohio or Duke Energy Kentucky, including any modifications, additions or upgrades made thereto.
- 1.1.17 "East Kentucky" has the meaning provided in the preamble to this Agreement.
- 1.1.18 "East Kentucky-Owned Interconnection Facilities" means all those facilities owned, operated or controlled by East Kentucky which, in conjunction with the Duke Energy-Owned Interconnection Facilities, are necessary to effect the transfer of energy to and from the Transmission Systems, as such facilities are identified and described in Facility Schedule(s), and shall include any modifications, additions or upgrades made to those facilities.
- 1.1.19 "East Kentucky Transmission System" means the transmission facilities (including conductors, circuit breakers, switches, transformers and other associated equipment used to control the transfer of energy from one place to another) owned, operated or controlled by East Kentucky, including any modifications, additions or upgrades thereto.
- 1.1.20 "Emergency Condition" means, in respect of a Party's Interconnection Facilities or Transmission System, a condition or situation that is imminently likely (a) to endanger life or property or (b) to cause a material adverse effect on the security of, or damage to, such Transmission System or Interconnection Facilities or the

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electric systems of others to which such Transmission System is directly connected.

- 1.1.21 "Facility Schedule" means the terms and conditions agreed to by the Parties attached hereto as Appendix A and incorporated herein by reference, which specify the responsibilities of the Parties for the ownership, operation and maintenance applicable to each Point of Interconnection.
- 1.1.22 "FERC" means the Federal Energy Regulatory Commission or any successor agency.
- 1.1.23 "Force Majeure" means any cause beyond the reasonable control of the Party affected, including acts of God, flood, drought, earthquake, storm, fire, lightning, epidemic, war, acts of public enemy, terrorist acts, sabotage, insurrection, riot, civil disturbance or disobedience, labor disputes, labor or material shortage, explosions, breakage or accident to machinery or equipment (which is caused by an event of Force Majeure), orders, regulations or restrictions imposed by governmental, military or lawfully established civilian authorities, provided that "Force Majeure" shall not include any act of negligence or intentional wrongdoing by such Party.
- 1.1.24 "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision is made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. "Good Utility Practice" is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather, intended to include acceptable practices, methods or acts generally accepted in the region, but are not necessarily codified.
- 1.1.25 "Indemnified Party" has the meaning provided in Section 15.1 of this Agreement.
- 1.1.26 "Indemnifying Party" has the meaning provided in Section 15.1 of this Agreement.
- 1.1.27 "Initial Term" has the meaning provided in Section 14.1 of this Agreement.
- 1.1.28 "Interconnection Facilities" means the Duke Energy-Owned Interconnection

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Midwest ISO
FERC Electric Tariff,
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Facilities and the East Kentucky-Owned Interconnection Facilities.

- 1.1.29 "Midwest ISO" means the Midwest Independent Transmission System Operator, Inc., or any other independent system operator or regional transmission organization or group that is responsible for functional control of Duke Energy's transmission system, or any successor organization(s).
- 1.1.30 "Open Access Transmission Tariff" or "OATT" means East Kentucky's Open Access Transmission Tariff, as accepted for filing by FERC, as the same may be amended from time to time.
- 1.1.31 "Operating Committee" has the meaning provided in Section 3.2 of this Agreement.
- 1.1.32 "Parent" means, with respect to any Person, the Person that Controls such Person and that is not itself controlled by any other Person.
- 1.1.33 "Party" and "Parties" has the meaning provided in the preamble to this Agreement.
- 1.1.34 "Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint-stock company, a trust, an unincorporated organization or any governmental or political subdivision thereof.
- 1.1.35 "Point of Interconnection" and "Points of Interconnection" shall mean the point or points at which the Transmission Systems are connected as specified in Appendix A attached to this Agreement, as the same may be added, deleted or otherwise changed from time to time in accordance with this Agreement.
- 1.1.36 "Reliability Coordinator" or "RC" means the Person that performs the functions of the Reliability Coordinator under the OATT or Tariff.
- 1.1.37 "Renewal Term" has the meaning provided in Section 14.1 of this Agreement.
- 1.1.38 "Representatives" means, in respect of a Party, such Party's Parent, subsidiaries, Affiliates, members, managers, shareholders, directors, officers, employees, agents, successors or assigns.
- 1.1.39 "RFC" means the ReliabilityFirst Corporation, a regional reliability organization.
- 1.1.40 "RUS" means the Rural Utilities Service of the United States Department of

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

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Midwest ISO
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Agriculture, or any successor agency.

- 1.1.41 "SERC" means the SERC Reliability Corporation, a regional reliability organization.
- 1.1.42 "System Operator" means, with respect to each Party, the operation personnel in the control center for such Party that is responsible for the real time monitoring and operation of such Party's Transmission System.
- 1.1.43 "Tariff" means the Open Access Transmission, Energy and Operating Reserve Markets Tariff filed by the Midwest ISO with the FERC and as it may be amended from time to time, or any successor tariff.
- 1.1.44 "Transmission Service" means the service obtained by a Party under the other Party's OATT or Tariff, whichever is appropriate, or, if no such OATT or Tariff exists, under bilateral agreement, to transmit capacity and energy over the other Party's Transmission System.
- 1.1.45 "Transmission Systems" means the Duke Energy Transmission System, the East Kentucky Transmission System, or both, as the context requires.
- 1.2. Interpretation. Except as otherwise expressly provided herein, the rules of interpretation and construction set forth below shall apply to this Agreement:
- 1.2.1 all defined terms in the singular shall have the same meaning when used in the plural and vice versa;
- 1.2.2 the words "hereof," "herein" and "hereto" and similar words refer to this entire Agreement and not to any particular Section, Appendix or any other subdivision of this Agreement;
- 1.2.3 the capitalized terms "Section" and "Appendix" refer, respectively, to sections of, or appendices to, this Agreement;
- 1.2.4 reference to any law, statute, rule, regulation, tariff, notification or statutory provision shall be construed as a reference to such law, statute, rule, regulation, tariff, notification or statutory provision as it applies to this Agreement and the Parties and as it may have been, or may from time to time be, amended, modified or re-enacted;
- 1.2.5 the words "includes" and "including" and similar phrases shall mean "including

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Vice President, System Operations
Issued on: March 1, 2010

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without limitation";

- 1.2.6 the captions, section numbers and headings in this Agreement are included for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement;
- 1.2.7 the word "or" may not be mutually exclusive, and can be construed to mean "and" where the context requires there to be a multiple rather than as alternative obligation; and
- 1.2.8 reference to a particular Party or Person includes such Party's or Person's successors and assigns to the extent not prohibited by this Agreement.

SECTION 2.0
POINTS OF INTERCONNECTION, CONTINUING OBLIGATIONS AND
RESPONSIBILITIES

- 2.1 Points of Interconnection. The Points of Interconnection between the Parties are specified herein, and shall be operated and maintained in accordance with the terms and conditions in this Agreement, including the Facility Schedule(s) listed in Appendix A of this Agreement and the One-line Diagrams included in Appendix B of this Agreement.
- 2.2 Delivery Points. The Delivery Points shall be operated and maintained in accordance with the terms and conditions in this Agreement. The Delivery Points are included in Appendix C of this Agreement.
- 2.3 Service Conditions.
 - 2.3.1 The Points of Interconnection and Delivery Points, other than those designated as normally open on Appendix A of this Agreement, shall be operated in continuous synchronization through such interconnection, except in cases of interruption of such synchronous operation due to (a) mutually agreed upon maintenance, (b) directives from the Midwest ISO or the RC in accordance with applicable North American Electric Reliability Council standards or (c) Force Majeure. If synchronous operation is interrupted, the Parties shall cooperate so as to remove the cause of such interruption as soon as practicable, consistent with Good Utility Practice.
 - 2.3.2 All Points of Interconnection and Delivery Points shall conform to such operating guidelines as the Operating Committee shall agree upon.

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2.4 Additional Services.

- 2.4.1 This Agreement is applicable only to the physical interconnection of the Parties' Transmission Systems and Interconnection Facilities at the Points of Interconnection and Delivery Points and does not obligate either Party to receive or provide any service. Other services provided by one Party to the other Party shall be governed by such other agreements as the Parties may enter into from time to time.
- 2.4.2 This Agreement provides only for the physical interconnection of the Parties' transmission facilities at the designated Points of Interconnection and Delivery Points. Transmission service, or any other service, must be acquired by the desiring Party through appropriate processes outside of this Agreement. In furtherance of the foregoing, a Party whose load or contractual load is isolated onto the other Party's Transmission System shall be responsible for making arrangements to obtain Transmission Service with respect to such load.
- 2.4.3 No Party shall be obligated to deliver reactive power for the benefit of the other Party. No Party shall be obligated to receive reactive power when to do so might introduce objectionable operating conditions on its system. Subject to the foregoing, the Parties, through the Operating Committee, shall establish from time to time (a) voltage levels to be maintained and (b) operating procedures for establishing and maintaining an equitable distribution of reactive power.

2.5 Safety.

- 2.5.1 Responsibility for Safety of Employees. Etc. Except as otherwise provided in Section 16.0 of this Agreement, each Party shall be solely responsible for and assume all liability for the safety and supervision of its respective employees, agents, representatives and subcontractors.
- 2.5.2 Compliance with Applicable Laws. All work performed hereunder by any Party, will be performed in accordance with Good Utility Practice and all applicable laws, rules and regulations pertaining to the safety of persons or property.

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Vice President, System Operations
Issued on: March 1, 2010

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SECTION 3.0
OPERATION AND MAINTENANCE; OPERATING COMMITTEE

3.1 Operation and Maintenance. Unless otherwise provided by the Facility Schedules, each Party shall, at its own risk and expense (a) use commercially reasonable efforts to operate and maintain the facilities (including its Transmission System and Interconnection Facilities) and equipment that are owned, controlled, or operated by it or on its behalf, or hereafter may be owned, controlled or operated by it or on its behalf, and (b) design and install equipment and facilities (including all apparatus and necessary protective devices) on its side of each Point of Interconnection or Delivery Point, in each case, in accordance with Good Utility Practice so as to reasonably minimize the likelihood of a disturbance originating on its Transmission System or Interconnection Facilities from affecting or impairing the other Party's Transmission System or Interconnection Facilities or other transmission systems to which it is interconnected. With respect to Duke Energy, such design and installation will be carried out in coordination with the Midwest ISO as required by the terms of the Tariff.

3.2 Operating Committee.

3.2.1 Representatives. The Parties shall establish a committee of authorized representatives to be known as the Operating Committee. Each Party shall designate in writing delivered to the other Party, its representative on the Operating Committee (and the person or persons who may serve as an alternate or alternates whenever such representative is unable to act). Such representative and alternate(s) shall be familiar with the Transmission System and Interconnection Facilities of the Party he or she represents, and shall be fully authorized to perform the functions delegated to the Operating Committee.

3.2.2 Authority of the Operating Committee. The Operating Committee shall be authorized to address the following:

3.2.2.1 Coordination of maintenance of the Transmission Systems and Interconnection Facilities but only to the extent such maintenance is not subject to directives from the RC or the Midwest ISO.

3.2.2.2 Control of time, frequency, energy flow, power factor, voltage and other similar matters bearing upon the satisfactory synchronous operation of the Transmission Systems and Interconnection Facilities.

3.2.2.3 Establishment of criteria, rules and standards for the testing and

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Vice President, System Operations
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calibration of metering equipment required pursuant to Section 5.0 of this Agreement.

3.2.2.4 Monitoring and confirming the Parties' compliance with Section 2.4.3 of this Agreement.

3.2.2.5 Such other functions not specifically provided for herein which the Parties mutually agree upon.

3.2.3 No Authority to Amend. The Operating Committee shall not have authority to modify any of the terms or conditions of this Agreement. The Operating Committee may, to the extent appropriate, solicit input from the RC or the Midwest ISO, and in any event shall perform its functions consistent with any directives of the RC or the Midwest ISO.

3.2.4 Disputes. If the Operating Committee is unable to take action on any matter to be acted upon by it under this Agreement because of a dispute between the representatives as to such matter, then the matter shall be resolved in accordance with Section 19.3 of this Agreement.

SECTION 4.0

RIGHTS OF ACCESS; EQUIPMENT INSTALLATION AND REMOVAL

4.1 Rights of Access. Each Party shall permit duly authorized representatives and employees of the other Party to enter upon its premises for the purpose of (a) inspecting, testing, repairing, renewing or exchanging any of the equipment owned by such other Party located on its premises or (b) performing any work necessary in the performance of this Agreement, in each case, upon reasonable notice to the Party, at reasonable times and in compliance with Good Utility Practice and the Party's reasonable rules and regulations.

4.2 Equipment Installation. Each Party shall permit duly authorized representatives and employees of the other Party to install, maintain and operate on its premises the necessary equipment, apparatus and devices required for the performance of this Agreement. Any such installation, maintenance and operation to be performed, except in Emergency Conditions, shall be performed after reasonable notice of the schedule of activity is submitted to the Party, at reasonable times and in compliance with Good Utility Practice and the Party's reasonable rules and regulations. Any equipment, apparatus and devices installed pursuant to this Section 4.2 shall be clearly marked by the Party with appropriate ownership identification.

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Vice President, System Operations
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- 4.2.1 Hebron Interconnection Point. East Kentucky shall grant Duke Energy a permanent easement for the Duke Energy-Owned Interconnection Facilities and other Duke-owned facilities, as agreed to by the Parties, installed in the future on East Kentucky property east of the interconnection facilities.
- 4.2.2 Webster Road Interconnection Point. East Kentucky shall grant Duke Energy a permanent easement for the Duke Energy-Owned Interconnection Facilities and other Duke-owned facilities, as agreed to by the Parties, installed in the future on East Kentucky property.
- 4.3 Equipment Removal. Any and all equipment, apparatus, devices and facilities placed or installed, or caused to be placed or installed by one Party on, or in, the premises of the other Party, shall be and remain the property of the Party owning and installing such equipment, apparatus, devices or facilities, regardless of the mode and manner of annexation or attachment to real property, unless mutually agreed otherwise by the Parties. Except as provided for in Sections 4.2.1 and 4.2.2, upon the termination of any Point of Interconnection in accordance with this Agreement, the Party owning and installing such equipment, apparatus, devices or facilities at the Point of Interconnection shall have the right (a) to sell such equipment, apparatus, devices or facilities to the other Party if the other Party wishes to purchase such equipment, apparatus, devices or facilities, or (b) enter the premises of the other Party and remove, at the owning Party's cost, such equipment, apparatus, devices or facilities that are salvageable upon reasonable notice to the other Party, at reasonable times and in compliance with Good Utility Practice and the other Party's reasonable rules and regulations.

SECTION 5.0 DELIVERY AND METERING

5.1 Delivery.

- 5.1.1 Interconnection Points. All energy delivered to or flowing through a Point of Interconnection shall be in the form of three-phase, sixty (60) hertz alternating current.
- 5.1.2 Delivery Points. All electric energy delivered under this Agreement shall be of the character commonly known as three-phase, 60 Hz energy and shall be delivered at the Delivery Point(s) specified under Appendix C of this Agreement at standard nominal voltages or such other voltages as may be specified in Appendix C of this Agreement.

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- 5.2 Testing and Sealing of Meters. All metering equipment installed in accordance with this Agreement shall be tested and calibrated, and its accuracy of registration maintained, by its owner in accordance with its owner's established criteria, rules and standards until such time as the Operating Committee establishes its own criteria, rules and standards. All meters shall be sealed, and such seals may be broken only by its owner on such occasions when the meters are to be inspected, tested, calibrated or adjusted. Each Party shall comply with any reasonable request of the other Party concerning (a) the testing, calibration and sealing of meters, (b) the presence of a representative of the other Party when the seals are broken and tests are made, and (c) other matters affecting interchange measurements. If either Party believes that there has been a meter inaccuracy, failure or stoppage, that Party shall immediately notify the other Party.
- 5.3 Meter Inaccuracy. If, at any time, any metering equipment is found to be inaccurate by a margin of greater than that allowed under any applicable Midwest ISO, RFC, SERC (or any replacement entity to which either Party becomes subject in the future), Operating Committee, or any other applicable mandatory criteria, rules and standards, each Party shall cause its metering equipment to be made accurate or replaced; provided that, in the event of a conflict between any Midwest ISO, RFC, SERC, Operating Committee or other applicable mandatory criteria, rules and standards, the Operating Committee criteria, rules and standard shall govern. Meter readings for the period of inaccuracy shall be adjusted, for accounting purposes, by correcting all measurements made by the inaccurate meter for (a) the actual period during which inaccurate measurements were made, if the period can be determined, or if not, (b) the period immediately preceding the test of the metering equipment equal to one-half the time from the date of the last previous test of the metering equipment; provided that the estimated period covered by the correction under this Section 5.3(b) shall not exceed six (6) months.
- 5.4 Losses.
- 5.4.1 Interconnection Points. If a metering point, as shown in the Facility Schedule(s), and the applicable Point of Interconnection are not at the same location, the metering equipment shall record delivery of energy in a manner that accounts for losses occurring between the metering point and the applicable Point of Interconnection. Losses occurring between the metering point and the applicable Point of Interconnection shall be allocated pursuant to the applicable tariff or other applicable agreement then in effect between the Parties.
- 5.4.2 Delivery Points. Energy losses assigned to Delivery Point(s) will be determined and mutually agreed by the Parties based on the following guidelines.

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- a. The most current system data that is readily and practically available for actual energy losses for each Party.
 - b. The specific configuration of the electric transmission and distribution system components supplying each Delivery Point at the time of the calculations.
 - c. The Parties shall utilize the same basic method(s) to determine the energy losses and the method(s) will be applicable to all documented delivery points.
- 5.5 Communications with Meters. Access to the meters discussed in Section 5.0 shall be permitted in accordance with the provisions of Section 4.1 of this Agreement. Both Parties will be permitted to communicate electronically to the meters discussed in Section 5.0 of this Agreement in accordance with the provisions of Section 4.2 of this Agreement.

SECTION 6.0 RECORDS AND BILLING

- 6.1 Maintenance of Books and Records. Each Party shall maintain, in accordance with normal utility accounting procedures, complete books and records of its respective costs and expenses incurred in connection with any upgrades to or new Points of Interconnection pursuant to Section 7.0 of this Agreement. Each Party will make available to the other Party for inspection, through its employees, agents or independent public accountant, all records used to establish charges, if any, in accordance with this Agreement. All inspections will be performed at the inspecting Party's own expense during normal business hours in the offices of the Party in possession of such records, upon reasonable notice.
- 6.2 Duration. All books, records and other pertinent data associated with this Agreement shall be maintained for the most recent historical four (4) years during the term of this Agreement and for two (2) years following the expiration or early termination of this Agreement.
- 6.3 Billing. If a Party is owed a payment or other amount under this Agreement, then such Party shall invoice the other Party for such payment or amount and the other Party shall pay the undisputed amount of such payment or amount within twenty (20) calendar days of the date of the invoice. Interest on unpaid amounts shall accrue at the applicable prime rate for each calendar month, or part thereof, published in the Federal Reserve Statistical Release H.15, or its successor publication, rounded to the nearest one-hundredths of one percent (.01%), but in no event more than the maximum allowed by applicable law, and

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Vice President, System Operations
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shall accrue and be payable from the date due until the date upon which payment is made. Unless otherwise agreed upon, a calendar month shall be the standard monthly period for the purpose of settlements under this Agreement.

- 6.4 Billing Disputes. In the event a Party wishes to contest a portion of an invoiced amount, such Party shall pay the portion not contested, and interest shall accrue pursuant to Section 6.3 of this Agreement on the unpaid portion while resolution of the contested amount is pending, from the date such payment was due until the date on which payment is made, and shall apply only to that portion of the disputed amount which is determined to be payable.

SECTION 7.0

REQUESTED UPGRADES AND ADDITIONAL POINTS OF INTERCONNECTION

- 7.1 Requested Upgrades or Additional Point of Interconnection. If a Party believes that upgrades to one or more Points of Interconnection are necessary or that one or more additional Points of Interconnection are necessary, then such Party shall promptly notify the other Party in writing, including, as appropriate, a description of the Point(s) of Interconnection which the Party desires to upgrade and the reasons why, the desired location and designation of any additional Point(s) of Interconnection, the desired in-service date for the requested upgrade(s) or additional Point(s) of Interconnection, and any other information relevant to the requested upgrade or additional Point(s) of Interconnection, including any relevant studies or analyses. The Parties shall cooperate to study or cause to be studied the requested upgrades or additional Point(s) of Interconnection in accordance with their applicable interconnection procedures, and consistent with any applicable directives from the RC or the Midwest ISO.
- 7.2 Facility Schedules. If the Parties mutually agree to upgrade a Point of Interconnection or to add a Point of Interconnection pursuant to Section 7.1 of this Agreement, then the Parties shall amend the appropriate Facility Schedule and One-line Diagram, or add a new Facility Schedule and One-line Diagram, which shall be separately executed and attached hereto, and the upgrade or additional Point of Interconnection shall be effective as of the date such amendment(s) are accepted for filing by FERC.
- 7.3 Requested Upgrades or Additional Delivery Point. If a Party believes that upgrades to one or more Delivery Points are necessary or that one or more additional Delivery Points are necessary, then such Party shall promptly notify the other Party in writing, including, as appropriate, a description of the Delivery Point(s) which the Party desires to upgrade and the reasons why, the desired location and designation of any additional Delivery Point(s), the desired in-service date for the requested upgrade(s) or additional Delivery

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Vice President, System Operations
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Point(s), and any other information relevant to the requested upgrade or additional Delivery Point(s), including any relevant studies or analyses. The Parties shall cooperate to study or cause to be studied the requested upgrades or additional Delivery Point(s) in accordance with their applicable interconnection procedures, and consistent with any applicable directives from the RC or the Midwest ISO.

- 7.4 No Waiver. Nothing in this Section 7.0 shall waive or limit in any way, a Party's rights under applicable provisions of the Federal Power Act and the FERC's rules and regulations promulgated there under to request an upgrade to a Point of Interconnection or add a Point of Interconnection.

SECTION 8.0
INFORMATION AND OTHER REQUIREMENTS

- 8.1 Upon request, a Party shall promptly provide to the other Party such engineering information, including load forecasts and generation data, regarding plans, practices and conditions of operation and equipment as is reasonably necessary to enable the other Party to adequately plan, design and install, for practical and efficient operation, its Transmission System and Interconnection Facilities in accordance with this Agreement.

SECTION 9.0
ABNORMAL OR EMERGENCY CONDITION

- 9.1 Notification. If a Party reasonably determines (or is informed by the Reliability Coordinator or the Midwest ISO) that an Abnormal Condition or Emergency Condition affecting its Transmission System or Interconnection Facilities which may reasonably be expected to damage or to adversely affect the security or operations of the other Party's Transmission System and Interconnection Facilities, then the Party shall provide prompt notification by telephone thereof to the other Party's System Operator. Such notifications shall indicate, to the extent known, the expected damage to, or adverse effect of, the Abnormal Condition or Emergency Condition on the security or operation of the other Party's Transmission System and Interconnection Facilities, its expected duration and any recommended corrective action to be taken.
- 9.2 Actions By Parties.
- 9.2.1 If a Party reasonably determines (or is informed by the RC or the Midwest ISO) that an Abnormal Condition or Emergency Condition affecting its Transmission System or Interconnection Facilities exists, then it may take such action(s), consistent with Good Utility Practice, as may be reasonable to prevent, avoid or

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Vice President, System Operations
Issued on: March 1, 2010

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mitigate (a) any danger to life or property or (b) any material adverse effect to the security of, or damage to its Transmission System, Interconnection Facilities or the electric systems of others to which its Transmission System is directly connected, in each case, that is caused by such Abnormal Condition or Emergency Condition. Consistent with Good Utility Practice, the Party responding to an Emergency Condition shall endeavor in good faith to avoid or minimize any adverse impacts on the other Party's system.

9.2.2 If a Party believes in its good faith judgment that the continued operation of the other Party's Interconnection Facilities is creating or contributing to an Emergency Condition on the Party's Interconnection Facilities or Transmission System, then the Party may, consistent with Good Utility Practice, temporarily isolate the other Party's Interconnection Facilities, provided that the Party shall make reasonable efforts, consistent with Good Utility Practice, to notify the other Party prior to such isolation. Consistent with Good Utility Practice, the Party responding to an Emergency Condition shall endeavor in good faith to avoid or minimize any adverse impacts on the other Party's system.

9.3 Actions by Party. In addition to any rights provided for in this Section 9.0, a Party may exercise any of its rights under the applicable Tariff or OATT with respect to an Emergency Condition.

SECTION 10.0 FORCE MAJEURE

10.1 No Breach or Default. No Party shall be considered in breach or Default of its obligations under this Agreement if and to the extent that such Party is prevented from performing such obligations by reason of Force Majeure.

10.2 Notice. If a Party is prevented from performing its obligations under this Agreement because of Force Majeure, it shall so notify the other Parties within a reasonable time after the occurrence of such Force Majeure.

10.3 Duration of Force Majeure. A Party shall be excused from whatever performance is affected by Force Majeure only for the duration of the Force Majeure and only for so long as such Party uses reasonable efforts to attempt to alleviate or remove the cause of its failure to perform, consistent with Good Utility Practice, provided that no Party shall be obligated to appeal from any administrative or judicial ruling, or to agree to any settlement of any strike or labor disturbance, which, in the affected Party's opinion, may

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Vice President, System Operations
Issued on: March 1, 2010

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be inadvisable or detrimental.

- 10.4 Obligation to Make Payments. Notwithstanding any provision in this Agreement to the contrary, no Party shall be relieved from its obligation to make payments under this Agreement due to Force Majeure.

SECTION 11.0 WAIVERS

Any waiver at any time by any Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay short of the statutory period of limitation in asserting or enforcing any right shall not be deemed a waiver of such right.

SECTION 12.0 NOTICES

Unless otherwise expressly provided for in this Agreement, all notices and communications between or among the Parties pursuant to this Agreement shall be: (a) in writing, by facsimile or by email; (b) delivered to the other Party or Parties at the address, facsimile number or email address listed below; and (c) deemed to have been duly delivered: (i) upon personal delivery thereof, including by overnight mail or next Business Day or courier service; (ii) in the case of notice by United States mail, if sent by certified or registered mail, postage prepaid, return receipt requested, upon receipt thereof; (iii) in the case of notice by facsimile, upon transmission thereof (if successful transmission is confirmed by the facsimile machine), provided that in addition to such transmission a confirmation copy of the notice is also provided promptly by either of the methods set forth in clause (i) or (ii) above; or (iv) in the case of email, upon transmission thereof, provided that in addition to such transmission a confirmation copy of the notice is also provided by either of the methods set forth in clause (i) or (ii) above, and provided that the sender does not receive any message indicating that the email message was not delivered to the persons to which notices are to be delivered pursuant to this Agreement. All communications between or among the Parties pursuant to this Agreement shall be addressed as provided below, or to such other address as any Party may designate by written notice to the other Parties given in accordance with this Section 12.0:

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Vice President, System Operations
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If to Duke Energy:

Duke Energy Business Services, LLC
Attn: General Manager, System Operations
1000 East Main Street
Plainfield, IN 46168
Telephone: (317) 838-1149
Facsimile: (317) 838-6846
Email: Tony.Geswein@duke-energy.com

If to East Kentucky:

East Kentucky Power Cooperative, Inc.
Attn: John Twitchell
P.O. Box 707
Winchester, Kentucky 40392-0707
Telephone: (859) 745-9706
Facsimile: (859) 744-6008
Email: john.twitchell@ekpc.coop

SECTION 13.0
SUCCESSORS, ASSIGNS,
AND THIRD PARTY BENEFICIARIES

- 13.1 **Binding On Parties, Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties and their permitted successors and assigns. No person shall have any rights, benefits or interests, direct or indirect, arising from this Agreement except the Parties, their permitted successors and assigns. The Parties expressly disclaim any intent to create any rights in any Person as a third party beneficiary of this Agreement.
- 13.2 **Assignment.** Except as provided below, no Party may assign, transfer, sell, convey or otherwise dispose of in any manner, directly or indirectly (collectively, "Assignment"), all or any portion of this Agreement or its rights, benefits, duties, obligations and liabilities under this Agreement, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld. Any Assignment made without such prior written consent shall be null and void; provided, however, that such written consent shall not be required by a Party in connection with an Assignment to (a) a successor entity to which all or substantially all of the business and assets of such Party are transferred; or (b) an Affiliate or wholly-owned direct or indirect subsidiary of the Parent

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of such Party capable of assuming and performing its obligations hereunder, provided that each such assignee pursuant to clause (a) and (b) above assumes in writing all rights, benefits, duties, obligations and liabilities of the assigning Party arising under this Agreement and provided that such Affiliate is of equal or better creditworthiness as the assignor on the date of assignment and is otherwise fully capable of assuming and performing its obligations hereunder. Notwithstanding the foregoing, nothing in this Agreement shall limit in any way any Party's rights to intervene in and/or protest any filing made by any other Party with the FERC or any other government authority in regards to the sale, merger or transfer of all or substantially all of the business and assets of a Party, including its Transmission System and Interconnection Facilities.

- 13.3 Assigning Party to Remain Responsible. Any Assignments authorized as provided for in Section 13.2 of this Agreement will not operate to relieve the Assigning Party of any of its duties, obligations or liabilities arising under this Agreement up to the date of such Assignment unless, and only to the extent that, the other Party consents in writing, which consent shall not be unreasonably withheld.

SECTION 14.0

TERM AND TERMINATION OF AGREEMENT; DEFAULT

- 14.1 Term. This Agreement shall be effective as of the date hereof, subject to its approval or acceptance for filing by the FERC and RUS, and shall continue in effect until the date falling on the twentieth (20th) anniversary of the date hereof (the "Initial Term"), and, thereafter, for successive twelve (12) month periods ("Renewal Terms"). Either Party may terminate this Agreement after the Initial Term by providing to the other Party at least twelve (12) month's advance written notice of its intent to terminate this Agreement, in which case this Agreement shall terminate at the end of such notice period without regard to the expiration of any Renewal Term. Notwithstanding the above, this Agreement may be terminated earlier (a) if the Parties mutually agree and provide notice to the Midwest ISO or (b) as otherwise expressly provided for in this Agreement. Notwithstanding anything to the contrary contained in this Section 14.1, no termination shall become effective until the Parties have complied with all laws and regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC. Termination of this Agreement shall not terminate the physical Interconnections absent agreement of the Parties or a final order of the FERC authorizing discontinuance of any or all of the Interconnections.
- 14.2 Effect of Expiration or Termination of Agreement on Liabilities and Obligations. Expiration or early termination of this Agreement shall not relieve any Party of its duties,

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Vice President, System Operations
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obligations and liabilities arising hereunder prior to the date such expiration or early termination becomes effective, or of its duties, obligations or liabilities that survive termination by operation of the express terms of this Agreement or by operation of law.

14.3 Effectiveness of Certain Provisions After Expiration or Termination of Agreement. The applicable provisions of this Agreement (including Sections 15, 16, and 19) will continue in effect after expiration or early termination hereof to the extent necessary to provide for final billings, if any, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

14.4 Default. A Party (a "Defaulting Party") shall be in default under this Agreement (each, a "Default") if:

14.4.1 the Defaulting Party fails to perform any of its material duties or obligations under this Agreement, which failure continues for thirty (30) days after written notice thereof from the other Party; provided that if such failure (other than the failure to make payment of any amounts due and payable hereunder) is not capable of being cured within such thirty (30)-day period with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time, so long as the Defaulting Party is exercising reasonable diligence to cure such failure.

14.5 Remedies of Parties Upon Default. Upon a Default by a Party, the other Party may, at its option, (a) take action to terminate this Agreement by providing written notice of termination to the Defaulting Party and the Midwest ISO and requesting the FERC to terminate this Agreement, provided that any such termination shall not take effect until the FERC authorizes such requested termination, and/or (b) take any other action at law or in equity as may be permitted under this Agreement, or available to such Party under applicable law, to enforce the performance or observance of any rights, remedies, duties, obligations or liabilities under this Agreement.

14.6 Remedies Cumulative. No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue any other available remedies.

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SECTION 15.0
INDEMNITY

- 15.1 **Indemnity.** Each Party (the "Indemnifying Party") shall, at its own cost and expense, defend, indemnify and hold harmless the other Party and its Representatives (each an "Indemnified Party") from and against any and all loss, liability, damages, claims, demands, actions, causes of action, costs or expenses, including damage and liability for bodily injury to or death of persons, or damage to property (including reasonable attorneys' fees and expenses) to extent arising out of, in connection with or resulting from: (a) the Indemnifying Party's breach of its obligations under this Agreement; or (b) the negligence or willful misconduct of the Indemnifying Party or any of its Representatives, except, in each case, to the extent to which such loss, liability, damages, claims, demands, actions, causes of action, costs or expenses are caused by the negligence or willful misconduct of the Indemnified Party.
- 15.2 **Cooperation Regarding Claims.** If any Indemnified Party receives notice or has knowledge of any claim that may result in a claim for indemnification by such Indemnified Party against the Indemnifying Party pursuant to Section 15.1, such Indemnified Party shall promptly give the Indemnifying Party notice of such claim, including a reasonably detailed description of the facts and circumstances relating to such claim, a complete copy of all notices, pleadings and other papers related thereto, and in reasonable detail the basis for its claim for indemnification with respect thereto. Failure to promptly give such notice or to provide such information and documents shall not relieve the Indemnifying Party from the obligation hereunder to respond to or defend the Indemnified Party against such claim unless such failure shall materially diminish the ability of the Indemnifying Party to respond to or to defend the Indemnified Party against such claim. The Indemnifying Party, upon its acknowledgment in writing of its obligation to indemnify the Indemnified Party in accordance with this Section 15.0, shall be entitled to assume the defense or to represent the interest of the Indemnified Party with respect to such claim, which shall include the right to select and direct legal counsel and other consultants, appear in proceedings on behalf of such Indemnified Party and to propose, accept or reject offers of settlement, all at its sole cost. If and to the extent that any such settlement is reasonably likely to involve injunctive, equitable or prospective relief or materially and adversely affect the Indemnified Party's business or operations other than as a result of money damages or other money payments, then such settlement will be subject to the reasonable approval of the Indemnified Party. Nothing herein shall prevent an Indemnified Party from retaining its own legal counsel and other consultants and participating in its own defense at its own cost and expense.

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Vice President, System Operations
Issued on: March 1, 2010

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- 15.3 **Indemnified Party.** If an Indemnified Party is entitled to indemnification under this Section 15.0 as a result of a claim by a third party, and the Indemnifying Party fails to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle, consent to the entry of any judgment with respect to, or pay in full, such claim.

SECTION 16.0 LIMITATION OF LIABILITY

16.1 **Responsibility of the Parties.**

- 16.1.1 Except as otherwise provided in Sections 14.0 and 15.0 of this Agreement, neither Party shall be responsible for or liable to the other Party or any of its Affiliates or any of their respective Representatives for injury to any person or damage to any property, equipment or facilities owned by the other Party or its Affiliates (including its Transmission System and Interconnection Facilities) regardless of who brings the claim and regardless of who caused the injury or damage (including injury or damage arising, occurring or resulting from, in any manner, the receiving, transmission, control, use, application or distribution by the other Party of electricity), and such other Party will not seek recovery or reimbursement from the Party for such injury or damage. The obligations under this Section 16.1 are not limited in any way by any limitation on any Party's insurance.
- 16.1.2 Notwithstanding any provision to the contrary contained in this Agreement, no Party shall be liable to any other Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and consistent with Good Utility Practice.
- 16.1.3 Unless otherwise provided for in the Facility Schedules or agreed to in writing by the Parties, neither Party assumes any responsibility, in whole or in part, with respect to the construction, installation, maintenance or operation of the other Party's Transmission System, Interconnection Facilities or other facilities or equipment of any kind which are owned, controlled or operated by or on behalf of the other Party on the other Party's side of a Point of Interconnection.
- 16.2 **No Consequential Damages.** No Party nor any of its Representatives shall be liable under this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, to another Party or any of its Representatives for incidental, punitive, special, indirect, multiple, exemplary or consequential damages (including, without limitation,

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Effective: March 1, 2010

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lost profits or revenue, or loss of goodwill) relating to or resulting from performance or non-performance of this Agreement or otherwise.

SECTION 17.0 SEVERABILITY

If any provision of this Agreement or the application thereof to any person or circumstances is, to any extent, held to be invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable, will not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

SECTION 18.0 APPROVALS AND AMENDMENT

- 18.1 Regulatory Approval. The Parties agree to support the filing of this Agreement with the FERC and RUS. Any material changes or conditions imposed by any governmental authority with competent jurisdiction, any of which are unacceptable to a Party after the Parties' good faith attempt to negotiate a resolution to such objectionable change or condition, shall be cause for termination of this Agreement upon thirty (30) days' prior written notice by the non-consenting Party to the other Parties.
- 18.2 Withdrawal from the Midwest ISO. If at any time Duke Energy elects to withdraw from the Midwest ISO, then it shall so notify the other Party. Effective as of the date of such withdrawal, the Midwest ISO shall no longer have functional control of the operation of Duke Energy's Interconnection Facilities and Transmission System and shall no longer be responsible for providing transmission and interconnection service on such Transmission System. The Parties agree that they shall amend this Agreement as may reasonably be necessary to recognize any changes to this Agreement that result from Duke Energy's withdrawal from the Midwest ISO.
- 18.3 Section 205 Rights. Notwithstanding any provision in this Agreement to the contrary, the Parties may unilaterally make application to the FERC under Section 205 of the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder for a change in any rate, term, condition, charge, classification of service, rule or regulation under or related to this Agreement. Notwithstanding any provision in this Agreement to the contrary, the Midwest ISO may unilaterally make application to the FERC under Section 205 of the Federal Power Act and pursuant to FERC's rules and regulations promulgated there under for a change in any term, condition, classification of service,

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Vice President, System Operations
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rule or regulation under or related to this Agreement. The standard of review the FERC shall apply when acting on proposed modifications to this Agreement, either on the Commission's own motion or on behalf of a signatory or a non-signatory, shall be the 'just and reasonable' standard of review rather than the 'public interest' standard of review. In the event that a Party exercises its rights under this Section 18.3, it shall provide to the other Parties a copy of its filing with the FERC exercising such rights on the first business day immediately following the date on which such filing is made with the FERC.

18.4 206 Rights. Notwithstanding any provision in this Agreement to the contrary, the Parties may exercise their rights under Section 206 of the Federal Power Act and pursuant to the FERC's rules and regulations promulgated there under with respect to any rate, term, condition, charge, classification of service, rule or regulation for any services provided under this Agreement over which the FERC has jurisdiction. The standard of review the FERC shall apply when acting on proposed modifications to this Agreement, either on the Commission's own motion or on behalf of a signatory or a non-signatory, shall be the 'just and reasonable' standard of review rather than the 'public interest' standard of review. In the event that a Party exercises its rights under this Section 18.4, it shall provide to the other Parties a copy of its filing with the FERC exercising such rights on the first business day immediately following the date on which such filing is made with the FERC.

18.5 Amendments. Except as provided for in this Section 18.0, this Agreement may only be modified, amended, changed or supplemented in writing signed by all of the Parties. Any amendment executed pursuant to the terms of this Section 18.5 shall not be effective until approved or accepted for filing by FERC.

SECTION 19.0

GOVERNING LAW; DISPUTE RESOLUTION AND INTERPRETATION

19.1 Applicable Law. This Agreement and all rights, obligations and performances hereunder are subject to all applicable federal and state laws and to all duly promulgated orders and other duly authorized action of any governmental authority with competent jurisdiction.

19.2 Governing Law. This Agreement is to be governed by and construed in accordance with federal law where applicable and, when not in conflict with or preempted by federal law, applicable laws of the State of Kentucky.

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Vice President, System Operations
Issued on: March 1, 2010

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19.3 Dispute Resolution.

- 19.3.1 Any controversy, claim or dispute of whatsoever nature or kind between the Parties arising out of or in connection with this Agreement or its validity or interpretation (each a "Dispute") shall be resolved pursuant to the procedures of this Section 19.3.
- 19.3.2 If a Dispute arises between the Parties with respect to the Tariff, OATT or other applicable open access transmission tariff, then the Dispute shall be resolved in accordance with the dispute resolution terms therein. All other Disputes arising between the Parties shall be resolved in accordance with Section 19.3.3 of this Agreement.
- 19.3.3 Either Party to a Dispute arising out of or in connection with this Agreement may provide written notice thereof to the other Party, including a reasonably detailed description of the subject matter of the Dispute (the "Dispute Notice"). The Dispute Notice shall identify the other Party to the Dispute, which shall participate in the Dispute resolution process. The Party in receipt of a Dispute Notice shall inform the other Party in writing whether it will participate in the Dispute resolution process. The Party providing the Dispute Notice and the other Party identified in the Dispute Notice as a Party to the Dispute shall be referred to as a "Disputing Party."
- 19.3.4 Upon the issuance or receipt of a Dispute Notice, each Disputing Party shall promptly designate a senior executive to be responsible for the subject matter of the Dispute who shall have authority to resolve the Dispute. The senior executives shall promptly meet at a time and place mutually acceptable to the senior executives.
- 19.3.5 Disputes which are not resolved by the designated senior executives or authorized representatives within thirty (30) days of their first meeting, or such later date as the senior executives or authorized representatives may mutually agree, may, upon mutual agreement of the Parties, be submitted to arbitration in accordance with the following provisions of this Section 19.3.5. In the event the Parties do not agree to submit such dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law, consistent with the terms of this Agreement.
- 19.3.5.1 Any arbitration initiated under this Section 19.3.5 shall be conducted before a single neutral arbitrator appointed by the Disputing Parties,

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Vice President, System Operations
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unless the Parties are unable to agree on a single arbitrator. If the Disputing Parties fail to reach agreement on a single arbitrator within ten (10) days of referral of the dispute to arbitration, the arbitration will be conducted by a panel of three arbitrators. In such event, each Disputing Party shall select an arbitrator and provide notice thereof to the other Disputing Party. All arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with either of the Disputing Parties, except prior arbitrations. The respective selected arbitrators shall promptly meet and select a third neutral arbitrator who shall preside over the arbitral proceedings. If the two (2) arbitrators cannot agree on a third arbitrator, then the matter shall be resolved pursuant to the Commercial Arbitration Rules of the American Arbitration Association.

- 19.3.5.2 Except as otherwise expressly set forth herein to the contrary, the arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in force and effect.
- 19.3.5.3 Unless otherwise agreed by the Disputing Parties, the arbitrators shall, subject to the immediately following sentence, render a decision within ninety (90) days of appointment and shall notify the Disputing Parties in writing of such decision and the reasons therefore. Due account of the nature of the dispute, the need (if any) for and extent of discovery, and other matters affecting litigation of the matter in a manner that promotes expediency and cost efficiency without depriving either Party of a fair opportunity to present its case, shall be taken in determining the procedures and timetables for the arbitration.
- 19.3.5.4 The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change this Agreement in any manner.
- 19.3.5.5 The decision of the arbitrator(s) shall be final and binding upon the Disputing Parties, and judgment on the award may be entered into any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on grounds that the conduct of the arbitrator(s), or the decision itself, violated standards set forth in Federal

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Vice President, System Operations
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Arbitration Act, or that the arbitrator(s) exceeded their jurisdiction.

19.3.5.6 Each Disputing Party shall be responsible for its own costs incurred during the arbitration process and shall equitably share the costs of the arbitrators. The Parties shall equally share the cost of a single arbitrator. If the dispute is arbitrated before more than one arbitrator, each Party shall bear the cost of the arbitrator appointed by that Party and shall equally share the cost of the neutral arbitrator.

19.4 No Presumption. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the Party causing this Agreement to be drafted.

19.5 Conflicts Between Main Body of Agreement and Appendices. In the event of a conflict between the main body of this Agreement and any Appendices hereto, the terms of the main body of this Agreement shall govern.

SECTION 20.0 ENTIRE AGREEMENT

This Agreement states the rights of the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, oral or written, with respect thereto, including: (a) that certain Two Party 1984 Agreement, dated as of March 1, 1984, between East Kentucky and The Cincinnati Gas & Electric Company n/k/a Duke Energy Ohio; (b) that certain Three Party 1984 Agreement, dated as of March 1, 1984, among East Kentucky, The Cincinnati Gas & Electric Company n/k/a Duke Energy Ohio and The Union Light, Heat and Power Company n/k/a Duke Energy Kentucky, in each case, as the same may have been modified, amended, changed or supplemented prior to the date hereof.

SECTION 21.0 CANCELLATION OF PRIOR AGREEMENTS

When this Agreement becomes effective pursuant to Section 14.0 of this Agreement, this Agreement shall cancel and supersede in its entirety the Two Party 1984 Agreement and the Three Party 1984 Agreement and all subsequent modifications or addenda to said agreements, with the exception of Rate Schedule A, Concurrent Exchange Service, of the Three Party 1984 Agreement, which shall not be terminated until network transmission service is setup and complete under the applicable Tariff or OATT for the Delivery Points included in Appendix C of this Agreement. Both Parties shall complete network transmission agreements as soon as

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Vice President, System Operations
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practicable.

**SECTION 22.0
COUNTERPARTS**

This Agreement may be executed in separate or multiple counterparts, all of which shall evidence a single agreement.

**SECTION 23.0
EFFECT OF MIDWEST ISO SIGNATURE**

The Parties acknowledge and understand that the signature of the authorized officer of the Midwest ISO on this Agreement is for the limited purpose of acknowledging that the representative of the Midwest ISO has read the terms of this Agreement. The Parties and the Midwest ISO further state that they understand that FERC desires that the Parties keep the Midwest ISO fully apprised of the matters addressed herein as well as any reliability and planning issues that may arise under this Agreement, and that the signature of the officer of the Midwest ISO shall not in any way be deemed to imply that the Midwest ISO is taking responsibility for the actions of either Party, that the Midwest ISO has any affirmative duties under this Agreement or that the Midwest ISO is liable in any way under this Agreement.

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

Original Sheet No. 33

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IN WITNESS HEREOF, this Interconnection Agreement has been duly executed by the Parties hereto as of the date first above written.

EAST KENTUCKY POWER COOPERATIVE, INC.

By: 

Name: John Twitchell
Title: Senior Vice President, G&T Operations

DUKE ENERGY BUSINESS SERVICES, LLC.,
acting as agent for Duke Energy Ohio, Inc.
and Duke Energy Kentucky, Inc.

By: _____

Name: Vohn N. Peeler
Title: Vice President, System Operations

The signature below of the authorized officer of the Midwest ISO is for the limited purpose of acknowledging that as authorized officer of the said Midwest ISO has read this Agreement.

MIDWEST INDEPENDENT TRANSMISSION
SYSTEM OPERATOR, INC.

By: _____

Name: William C. Phillips
Title: Vice President, Interregional
Coordination and Policy

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

Original Sheet No. 33

Midwest ISO
FERC Electric Tariff,
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IN WITNESS HEREOF, this Interconnection Agreement has been duly executed by the Parties hereto as of the date first above written.

EAST KENTUCKY POWER COOPERATIVE, INC.

By: _____
Name: John Twitchell
Title: Senior Vice President, G&T Operations

DUKE ENERGY BUSINESS SERVICES, LLC.,
acting as agent for Duke Energy Ohio, Inc.
and Duke Energy Kentucky, Inc.

By: V. Nelson Peeler
Name: Vohn N. Peeler
Title: Vice President, System Operations

The signature below of the authorized officer of the Midwest ISO is for the limited purpose of acknowledging that as authorized officer of the said Midwest ISO has read this Agreement.

MIDWEST INDEPENDENT TRANSMISSION
SYSTEM OPERATOR, INC.

By: _____
Name: William C. Phillips
Title: Vice President, Interregional
Coordination and Policy

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

Original Sheet No. 33

Midwest ISO
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IN WITNESS HEREOF, this Interconnection Agreement has been duly executed by the Parties hereto as of the date first above written.

EAST KENTUCKY POWER COOPERATIVE, INC.

By: _____
Name: John Twitchell
Title: Senior Vice President, G&T Operations

DUKE ENERGY BUSINESS SERVICES, LLC.,
acting as agent for Duke Energy Ohio, Inc.
and Duke Energy Kentucky, Inc.

By: _____
Name: Vohn N. Peeler
Title: Vice President, System Operations

The signature below of the authorized officer of the Midwest ISO is for the limited purpose of acknowledging that as authorized officer of the said Midwest ISO has read this Agreement.

MIDWEST INDEPENDENT TRANSMISSION
SYSTEM OPERATOR, INC.

By: _____
Name: William C. Phillips
Title: Vice President, ~~Interregional-
Coordination and Policy~~ Standards Compliance & Strategy
03-02-10

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

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APPENDIX A

List of Facility Schedules

(Points of Interconnection)

FACILITY SCHEDULE NO. 1

1. Name: Boone-Mt Zion Interconnection Point
2. Facility Location: At a point near Mt Zion, Kentucky along the Boone-Buffington 138 kV line.
3. Duke Energy-Owned Interconnection Facilities: 138 Interconnection Metering, 3.67 miles of 138 kV, single circuit transmission line.
4. East Kentucky-Owned Interconnection Facilities: 5.95 miles of 138 kV, single circuit transmission line.
5. Operation and Maintenance Responsibilities: Each Party is responsible for the operation and maintenance of the Interconnection Facilities it owns.
6. One-Line Diagram: At Appendix B. Figure 1.
7. Normal Operation of Interconnection: Closed
8. Delivered Voltage: 138 kV Metered Voltage: 138 kV
Load Adjustment due to Meter Location: Yes
9. Metered: Telemetered
10. Other Terms and Condition: Tie-line metering is installed at the Duke Energy Longbranch Substation and compensated back to the point of interconnection.

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Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

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APPENDIX A

List of Facility Schedules

(Points of Interconnection)

FACILITY SCHEDULE NO. 2

1. Name: Hebron Interconnection Point
2. Facility Location: At the site of the existing East Kentucky distribution station located adjacent to Duke Energy's Hebron Substation located on Graves Road, approximately 1 mile southwest of Kentucky Route 237 in Hebron, Kentucky. The station will be connected to the Duke Energy 138 kV system by a short 138 kV connection to new facilities to be installed on the adjacent Duke Hebron Substation property and/or East Kentucky property, resulting in a connection to the existing Miami Fort to Crescent 138 kV circuit.
3. Duke Energy-Owned Interconnection Facilities: 138 kV interconnection metering and communications equipment, 3-138kV circuit breakers, transformer high-side motor operated air break switch and the 138 kV bus.
4. East Kentucky-Owned Interconnection Facilities: A 138-69 kV and 138-12 kV transformers and associated equipment.
5. Operation and Maintenance Responsibilities: Each Party is responsible for the operation and maintenance of the Interconnection Facilities it owns.
6. One-Line Diagram: At Appendix B. Figure 2.
7. Normal Operation of Interconnection: Closed
8. Delivered Voltage: 138 kV Metered Voltage: 138 kV

Load Adjustment due to Meter Location: No
9. Metered: Telemetered
10. Other Terms and Condition: The cost of the three breaker ring bus, the 138 kV metering and communications equipment, relay work at the Miami Fort and Crescent Substations and the

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Effective: March 1, 2010

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138 kV transmission line connection to the new Duke Energy substation facilities is estimated to be approximately \$3,345,000. East Kentucky will reimburse Duke Energy for the actual cost of the project. In service date for the interconnection is 8/1/2011. Duke Energy will be responsible for all incremental costs for any work performed that is not necessary for establishment of the Hebron Interconnection Point. Site development costs will be charged on a pro rata basis to East Kentucky for the portion necessary for establishment of the Hebron Interconnection Point.

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Vice President, System Operations
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APPENDIX A

List of Facility Schedules

(Points of Interconnection)

FACILITY SCHEDULE NO. 3

1. Name: Webster Road Interconnection Point
2. Facility Location: At a site provided by East Kentucky, located off of Kentucky Route 1829 approximately 1.5 miles west of Kentucky Route 17 in Independence, Kentucky, the Webster Road Substation will be connected to the Duke Energy 138 kV system by 138 kV connections to the Hands-Buffington section of the Duke Energy-owned Silver Grove-Kenton-Hands-Buffington 138 kV Circuit. The circuit will be opened between the connection points, resulting in a loop feed to the Webster Road Substation. The site is located approximately 1600 feet south of the 138 kV line.
3. Duke Energy-Owned Interconnection Facilities: 138 kV interconnection metering and communications equipment, 3-138kV circuit breakers, transformer high-side motor operated air break switch and the 138 kV bus.
4. East Kentucky-Owned Interconnection Facilities: A 138-69 kV transformer and associated equipment.
5. Operation and Maintenance Responsibilities: Each Party is responsible for the operation and maintenance of the Interconnection Facilities it owns.
6. One-Line Diagram: At Appendix B. Figure 3.
7. Normal Operation of Interconnection: Closed
8. Delivered Voltage: 138 kV Metered Voltage: 138 kV
Load Adjustment due to Meter Location: No
9. Metered: Telemetered
10. Other Terms and Condition: The cost of the Webster Road Substation three breaker ring bus, the 138 kV metering and communications equipment, the 138 kV transmission, wood pole

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Vice President, System Operations
Issued on: March 1, 2010

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loop into and out of the new substation, the carrier work at the Silver Grove, Buffington and Kenton Substations and the installation of a motor operated S&C transrupter at Hands Substation is estimated to be approximately \$3,777,000. East Kentucky will reimburse Duke Energy for the actual cost of the project. In service date for the interconnection is 6/1/2011.

**Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010**

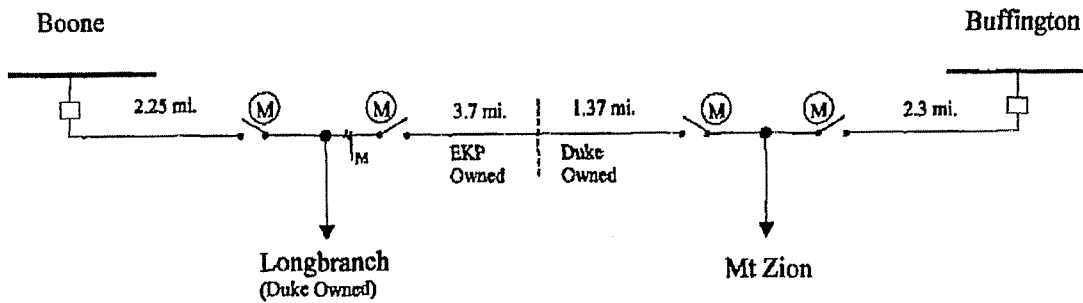
Effective: March 1, 2010

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APPENDIX B

Figure 1
Boone – Mt Zion Interconnection Point



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Vice President, System Operations
Issued on: March 1, 2010

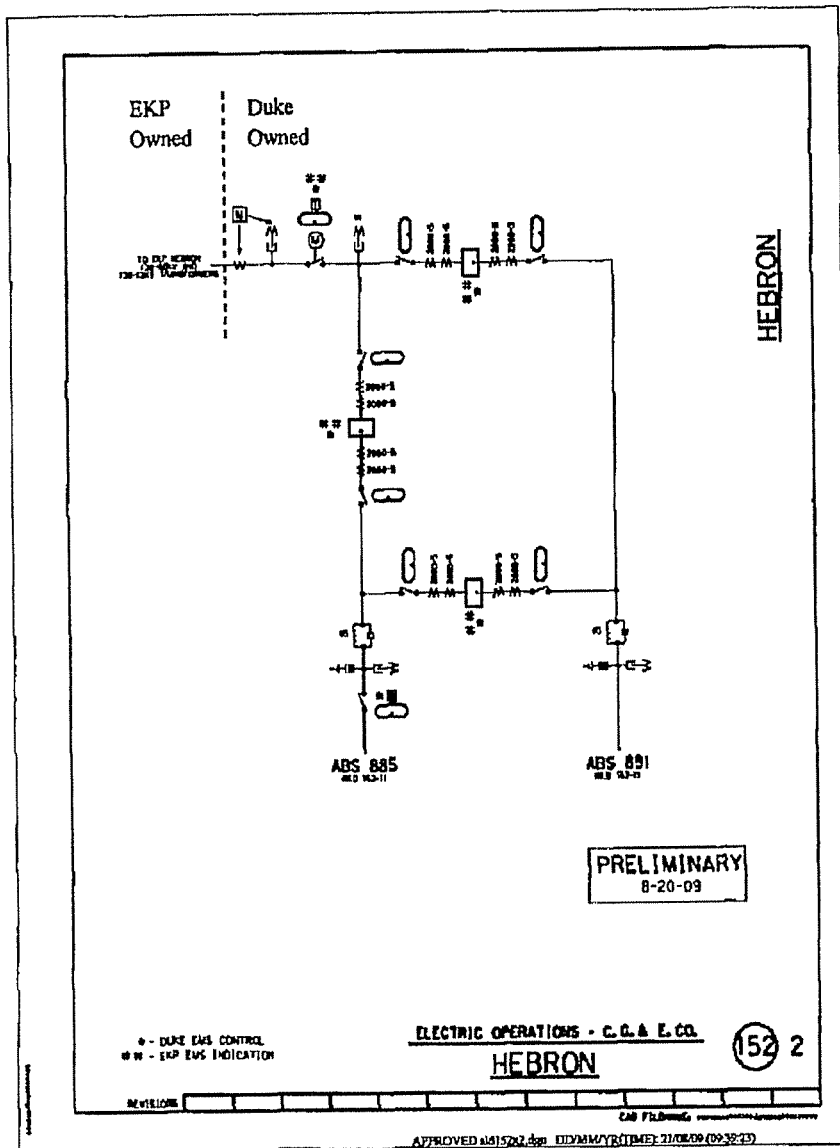
Effective: March 1, 2010

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APPENDIX B

Figure 2
Hebron Interconnection Point



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Vice President, System Operations
Issued on: March 1, 2010

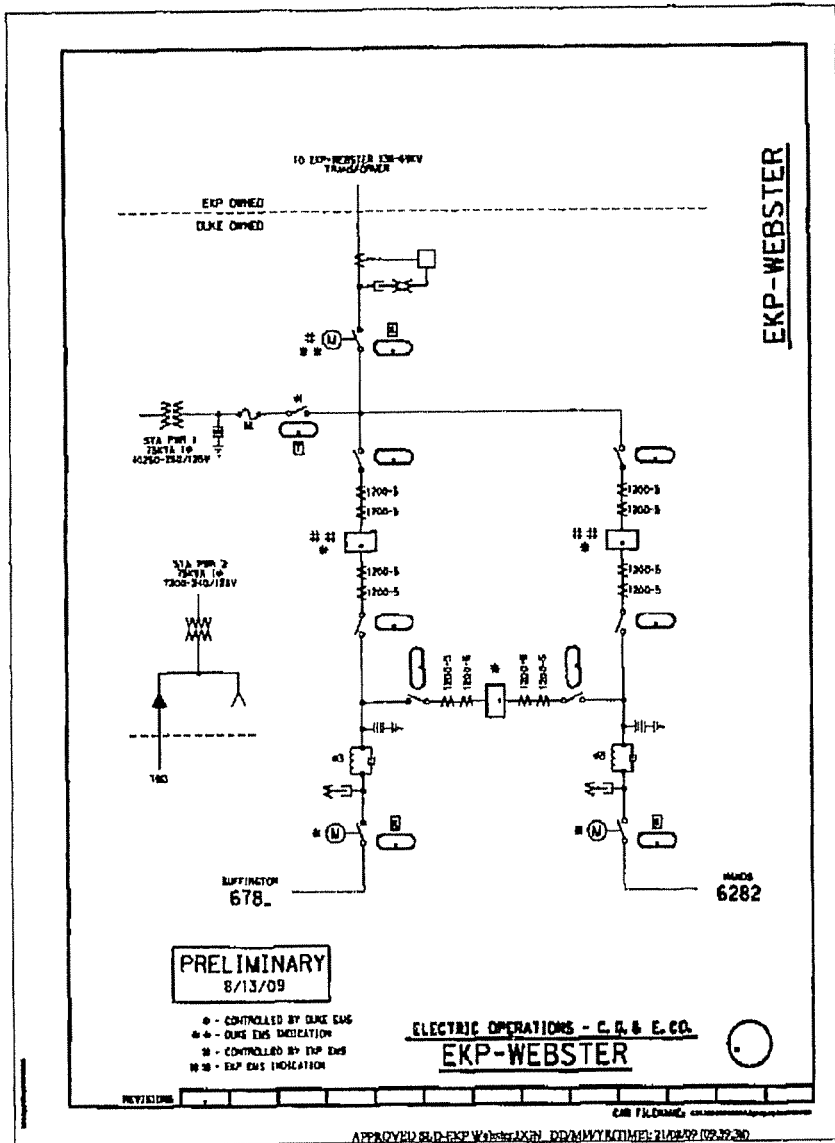
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APPENDIX B

Figure 3
Webster Interconnection Point



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Issued on: March 1, 2010

Effective: March 1, 2010

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APPENDIX C

Delivery Points

Delivery Point	Company Served	Voltage (in KV)		
		Local		
		Substation	Delivered	Metered
	(A)	(B)	(C)	(D)
Continuous Connections				
Downing	East Kentucky	69/12	69	12
W.M. Smith	East Kentucky	69/12	69	12
Hebron *	East Kentucky	138/12	138	12
Longbranch	Duke Energy Kentucky	138/12	138	12
Non-Continuous Connections				
Devon	East Kentucky or Duke Energy Kentucky		69	69
Williamstown	East Kentucky or Duke Energy Kentucky		69	69

* Hebron will no longer be a Delivery Point upon completion of the Hebron Interconnection Point.

Issued by: Vohn N. Peeler
Vice President, System Operations
Issued on: March 1, 2010

Effective: March 1, 2010

ATTACHMENT B

Duke Energy Ohio, Inc.
First Revised Rate Schedule No. 43

First Revised Sheet No. 1
Superseding Original Sheet No. 1

Notice of Cancellation of Duke Energy Ohio, Inc. First Revised Rate Schedule No. 43

Issued by: Vohn N. Peeler
Vice President, Systems Operations
Issued on: March 23, 2010

Effective: March 1, 2010

Duke Energy Kentucky
Case No. 2010-00203
Staff First Set Data Requests
Date Received: July 20, 2010

STAFF-DR-01-007

REQUEST:

Refer to the FERC filing, the second full paragraph on page 14. Describe the impact changing to transmission pricing based on a 1 Coincident Peak (CP) by PJM from the 12 CP method used by the Midwest ISO will have on Kentucky customers.

RESPONSE:

Using 1 CP based on 2009 data, Duke Energy Kentucky would be allocated approximately 13.7% of the combined transmission revenue requirement for Duke Energy Ohio and Duke Energy Kentucky. Using 12 CP, Duke Energy Kentucky's share is approximately 16.8%. The current allocation of costs under the Midwest ISO also includes Duke Energy Indiana's load and its transmission revenue requirement which will be eliminated from the calculation when Duke Energy Kentucky is part of PJM.

It should be noted that Duke Energy Kentucky's retail customers will experience no impact from a change in the network integrated transmission service revenue requirement calculated under either the Midwest ISO or PJM tariff until the time of its next retail rate case.

PERSON RESPONSIBLE: William Don Wathen Jr.

Duke Energy Kentucky
Case No. 2010-00203
Staff First Set Data Requests
Date Received: July 20, 2010

STAFF-DR-01-008

REQUEST:

Refer to the FERC filing at page 19. Identify the Midwest ISO ASM Tariff and describe the impacts on Kentucky customers that will have to change from it to the PJM OATT.

RESPONSE:

Duke Energy Kentucky is not aware of anything that must change. The Company is merely stating that once Duke Energy Ohio transitions its transmission system to PJM, it will no longer be a Transmission Owner within the Midwest ISO and therefore transmission customers that take service from Duke Energy Ohio governed under the Midwest ISO ASM Tariff will now be required to take service under the PJM OATT where PJM will then be the Transmission Provider. Furthermore, customers that have interconnection queue positions for transmission or generation service will receive comparable treatment to the positions they held in the Midwest ISO.

PERSON RESPONSIBLE: Ken Jennings

**Duke Energy Kentucky
Case No. 2010-00203
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Date Received: July 20, 2010**

STAFF-DR-01-009

REQUEST:

Explain how Duke Energy Kentucky's transmission operating procedures will change once PJM takes functional control of its transmission assets.

RESPONSE: It is not anticipated that Duke Energy Kentucky's transmission operating procedures will change in any significant fashion when PJM takes functional control of transmission assets. Duke Energy Kentucky transmission facilities are dedicated to serving the load of those customers connected to the Duke Energy Kentucky system. They will be operated in compliance with applicable NERC, ReliabilityFirst, and PJM Interconnection Reliability Standards at all times.

PERSON RESPONSIBLE: Ronald C. Snead

**Duke Energy Kentucky
Case No. 2010-00203
Staff First Set Data Requests
Date Received: July 20, 2010**

STAFF-DR-01-010

REQUEST:

Describe the impacts, if any, of the move from the Midwest ISO to PJM on other Kentucky transmission owners.

RESPONSE:

Duke Energy Kentucky has not performed any study to determine impacts, if any on other Kentucky transmission owners. The Company believes that there will not be any significant impacts as reliability and transmission service coordination will remain as they are today. Kentucky transmission owners are either members of an existing RTO or coordinate with the RTOs (i.e., PJM and Midwest ISO). Duke Energy Kentucky does not expect the relationships of other transmission owners to change.

With respect to costs to other Kentucky transmission owners, certain costs have changed in the past and will likely continue change going forward to reflect changes in membership in the RTOs as such costs are generally allocated among members. These costs will likely change, up or down, in the future to reflect on-going expenses of RTO operation regardless of Duke Energy Kentucky's realignment.

PERSON RESPONSIBLE: Ronald C. Snead