

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

APPLICABILITY

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

PROGRAM DESCRIPTION

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

CUSTOMER CHARGE

The following Customer Charges will be assessed:

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

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PRICE QUOTES

The Company will send to Customer, within two hours after the wholesale prices are published by PJM each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

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

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

COMMODITY CHARGE

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

Charge For Each kW Per Hour:

$$CC_t = MVG_t \times LAF$$

Where:

- LAF = loss adjustment factor
- = 1.0530 for Transmission Service
- = 1.0800 for Primary Service
- = 1.1100 for Distribution Service

MVG_t = Market Value Of Generation As Determined By Company for hour t

Issued by authority of an Order of the Kentucky Public Service Commission
Case No. 2010-203.

Issued: April 23, 2012

Julie S. Jarson
Issued by Julie Jarson, President

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| KENTUCKY PUBLIC SERVICE COMMISSION | |
| JEFF R. DEROUEN EXECUTIVE DIRECTOR | |
| TARIFF BRANCH | , 2011 in |
| <i>Brent Kintley</i> | |
| Effective: June 1, 2012 | 6/1/2012 |
| PURSUANT TO 807 KAR 5:011 SECTION 9 (1) | |

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, KY 41018

KY. P.S.C. Electric No. 2
Third Revised Sheet No. 59
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COMMODITY CHARGE (Contd.)

The MVG₁ will be based on the expected market price of capacity and energy for the next day. The expected market price shall be the PJM Real-Time Total Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour.

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

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

ENERGY DELIVERY CHARGE

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

Charge For Each kW Per Hour:

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

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

ANCILLARY SERVICES CHARGE

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

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

Charge For Each kW Per Hour:

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

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

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METERING ADJUSTMENTS

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

APPLICABLE RIDERS

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

PROGRAM CHARGE

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

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

TERM AND CONDITIONS

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

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

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

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

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