

**STANDARD CONTRACT RIDER NO. 22
DUKE ENERGY MARKET BASED DEMAND RESPONSE (MBDR) RIDER
APPLICABLE TO HLF AND LLF RATE GROUPS**

AVAILABILITY

Applicable to Customers served under Rates LLF or HLF who enter into a service agreement and can demonstrate the ability to reduce energy consumption in accordance with the Midwest Independent Transmission System Operator's requirements. Customers desiring participation in this Rider under multiple programs will be required to have a service agreement for each program desired and may not participate in multiple programs under this Rider with the same curtailable load amount. Customers participating in Standard Contract Rider No. 23, Peak Load Management can participate in this Rider only with load not curtailable under Standard Contract Rider No. 23.

ARCs, as defined below, may also aggregate Customers in accordance with a service agreement and participate in this Rider.

Customer/ARC must assist and coordinate with Company to complete all MISO registration requirements. Participation under this Rider may not begin or continue unless MISO has accepted and approved all applicable requirements for resource participation.

Company reserves the right to limit MW participation in this Rider as set forth in applicable MISO BPMs.

DEFINITIONS

ARC:	Aggregator of Retail Customers.
MISO:	Midwest Independent Transmission System Operator, Inc.
BPM:	MISO Business Practice Manual, currently in effect
CPNode:	Commercial Pricing Node as such term is defined by MISO
EDR	Emergency Demand Response, a type of demand response resource as defined by MISO.
DRR Type I	Demand Response Resource Type I, a type of demand response resource as defined by MISO.
LMP:	Locational Marginal Price
MFRR:	Marginal Foregone Retail Rate, the full marginal retail rate inclusive of trackers excluding any demand component effects.

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Consumption Baseline: An estimate of the electric consumption amount absent load curtailment for a demand response event.

Curtailment Amount The amount of load the Customer reduces from its Consumption Baseline as specified in the service agreement.

MINIMUM CURTAILMENT AMOUNT

At a minimum, Customer must provide a Curtailment Amount equal to the greater of:

- (i) 1 MW,
- (ii) 5% of Customer's maximum demand over the past 12 months,
- (iii) the minimum MW amount for participation as specified by MISO in the applicable BPM for the type of resource offered.

Any load curtailable under Rider No. 23 will not be included toward the minimum Curtailment Amount.

ARC can meet required minimum Curtailment Amount through aggregation of Customers.

RIDER DESCRIPTION

Participation in this Rider is voluntary and offers Customers the opportunity to reduce their electric costs through participation with Company in the MISO wholesale energy market and to help preserve reliable electric service by managing their electric usage during MISO-declared emergency events. Customer and/or ARC and Company will enter into a service agreement under this Rider, which will specify the terms and conditions under which Customer agrees to reduce usage.

DUKE ENERGY MARKET BASED PROGRAMS

Duke Energy Indiana will offer programs specified in the service agreements. Additional programs consistent with this Rider's provisions may be offered in future service agreements as customer preferences and demand develop. Program participation requirements will be detailed in the service agreement including the ability to specify certain offer parameters. Programs to be offered under this Rider include:

- 1) PowerShare® EDR Program and
- 2) PowerShare® DRR Type I Energy Program

Customer/ARC participation in the programs will be offered by Company to MISO for potential load reduction daily, as applicable, through an established default offer. Customer has the option of revising the default offer, as applicable, on any particular day provided Customer notifies Company prior to the specified time in the service agreement.

METERING REQUIREMENTS

Customers must have a meter capable of providing the load metering frequency and telemetry required by the MISO in the applicable BPM for each participating account. Duke Energy Indiana will install the MISO-compliant and Commission-compliant metering and telemetry required upon Customer approval of the estimated installed cost as provided by Company. Installation must be completed before participation may begin. After installation, Company will invoice Customer/ARC for the installed cost of the compliant telemetry and metering. Customer/ARC may elect to install its own Company-approved metering, with the Company reserving the right to inspect the equipment and owning the equipment once it is installed.

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CURTAILMENT PLAN COMPLIANCE OPTIONS

Customers/ARC may elect to participate in this Rider by either choosing to:

- a) reduce demand to a specified level, Firm Demand Level ("FDL"), or
- b) reduce energy usage a specified amount below a baseline, Guaranteed Load Drop ("GLD").

Firm Demand Level (FDL)

Customers/ARCs electing this option agree, upon notification by Company, to limit their demand to a firm load level. The method to compute the amount of the demand reduction during events will be specified in the service agreement under the Measurement and Verification section.

Guaranteed Load Drop (GLD)

Customers/ARCs electing this option agree, upon notification by Company, to reduce energy usage below their consumption baseline level by the customer specified, and agreed upon by Company, amount. The method to compute the amount of the demand reduction during events will be specified in the service agreement under the Measurement and Verification section.

The curtailment plan compliance option(s) available for a particular program will be specified in the service agreement. In addition, special processing, if any, will be specified in the service agreement for Rider No. 23 participants to ensure Curtailment Amounts of all load under this Rider and Standard Contract Rider No. 23 are coordinated and not double counted. Under no circumstance will Customer/ARC be compensated for the same load reduction under both Standard Contract Rider No. 23 and Rider MBDR.

Customer and/or ARC must agree to the consumption baseline method specified in the service agreement.

CHARGES FOR FAILURE TO PERFORM

If the Customer/ARC does not reduce load in accordance with the service agreement, MISO may charge the Company a penalty for failure to perform. The Customer/ARC's participation shall be suspended if payment of any undisputed fees become past due. Further, the Company and the Customer/ARC will discuss methods to comply during future events. If the MISO terminates the ability of the resource to participate, the Company shall immediately terminate the Customer's/ARC's participation. If there are system reliability issues created by the Customer/ARC's failure to perform, the Company reserves the right to suspend participation of the Customer/ARC under this Rider for 90 days or to terminate the Customer/ARC participation. The Customer has the right to ask the Commission to review any decision made by the Company.

SETTLEMENTS

Based upon Customer performance related to MISO-cleared offers and applicable fees, Company will establish a bill credit and structure of bill credit or debit to be given to Customers that enroll directly under this Rider. Customer will receive credits or debits on its Company-issued electric bill. Depending on the Customer's billing cycle and when credits or debits are issued within the month, posting of the credits or debits to the Customer's bill may be delayed one billing cycle. All applicable fees and charges as

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specified in the service agreement and this Rider will be applied on Customer's electric bill. If necessary, adjustments will be applied to subsequent customer bills for revised settlement amounts.

Company shall pay or charge an ARC for the ARC's customer portfolio performance amount under this Rider under separate check or wire transfer as specified in the applicable service agreement. Credits or debits will be provided as specified in the service agreement.

The value of the credit or debit will take into consideration the Customer/ARC specified offer parameters, the MISO LMP for the CPNode applicable to the customer's participating site, any appropriate bill savings from reducing load under the applicable Standard Rates (MFRR), program administrative costs, and other factors determined and specified in the service agreement.

BILLING UNDER STANDARD RATES

Customers served under Rates LLF or HLF will be billed for all demand and energy used under the terms and conditions and at the rates and charges of the applicable Standard Rate. In addition, Customers will receive credits and debits on their electric bill, where applicable, for participation in this Rider based upon the elected program as outlined above and in the service agreement.

AGGREGATORS OF RETAIL CUSTOMERS

An ARC may aggregate Duke Energy Indiana Customers to facilitate Customer participation with Company in this Rider. Each individual Customer in such an aggregation of Customers must be identified by the ARC and provide all information needed for and requirements for participation and registration, as set forth in the applicable service agreement. The ARC will be subjected to the same requirements set forth for Customers as specified in this Rider and the applicable service agreement. A Customer may serve as an ARC. No Customer shall be represented by more than one ARC. No Customer may participate through an ARC while simultaneously participating directly in this Rider.

PROGRAM EQUIPMENT

Company will specify a communication plan in the service agreement, which may include software, to be used to provide Company with Customer specified offer parameters and participation elections. Customer will be responsible for providing its own internet access if needed. Customer may purchase from either Company or other third-party suppliers any other necessary equipment or software packages to facilitate participation in this Rider. While Customers are encouraged to use such equipment or software packages to maximize benefits under this Rider, 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

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

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