

**STANDARD CONTRACT RIDER NO. 66
DEMAND SIDE MANAGEMENT ADJUSTMENT
APPLICABLE TO RETAIL RATE GROUPS**

- A. The applicable charges for electric service to the Company's retail electric customers shall include a charge to recover costs applicable to approved Demand Side Management (DSM) programs. The adjustment to the applicable charges for retail electric service will be determined based on the following provisions:

The monthly DSM billing adjustment shall be determined by multiplying the DSM adjustment factor, as determined to the nearest 0.001 mill (\$0.000001) per kilowatt-hour calculated in accordance with the following formula, by the monthly billed kilowatt-hours in the case of customers receiving metered service and by the estimated monthly billed kilowatt-hours used for rate determinations in the case of customers receiving unmetered service. The DSM billing adjustment will not be billed to commercial and/or industrial customers with an annual billed peak demand greater than 500 kilowatts based on customer usage for the latest twelve months available.

DSM Adjustment Factor =

$$\frac{a}{b}$$

where:

1. "a" is the sum of DSM program costs by individual retail rate group.
2. "b" is the applicable billing cycle kilowatt-hour sales by individual retail rate group which shall exclude kilowatt-hour sales to commercial and industrial customers with an annual peak billing demand greater than 500 kW, based on amounts billed during the latest twelve months available.
3. The factor as computed above shall be further modified to allow for the recovery of utility receipts taxes and/or other similar revenue based tax charges resulting from the recovery of annual DSM program costs.
4. The DSM Adjustment Factor by Rate Group is as follows:

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**STANDARD CONTRACT RIDER NO. 66
DEMAND SIDE MANAGEMENT ADJUSTMENT
APPLICABLE TO RETAIL RATE GROUPS**

| <u>Line No.</u> | <u>Retail Rate Group</u> | Demand Side Management Revenue Adjustment Factor Per kWh (Note) | <u>Line No.</u> |
|-----------------|--------------------------|---|-----------------|
| 1 | Rate RS | \$ 0.001787 | 1 |
| 2 | Rates CS and FOC | \$ 0.000216 | 2 |
| 3 | Rate LLF | \$ 0.000216 | 3 |
| 4 | Rate HLF | \$ 0.000216 | 4 |
| 5 | Purdue-Supplemental | \$ 0.000000 | 5 |
| 6 | Impact/Net Forge | \$ 0.000000 | 6 |
| 7 | Nucor | \$ 0.000000 | 7 |
| 8 | CSN | \$ 0.000000 | 8 |
| 9 | Rate OL | \$ 0.000000 | 9 |
| 10 | Rate WP | \$ 0.000000 | 10 |
| 11 | Rate SL | \$ 0.000000 | 11 |
| 12 | Rate AL | \$ 0.000000 | 12 |
| 13 | Rate MHLS | \$ 0.000000 | |
| 14 | Rates MOLS and UOLS | \$ 0.000000 | 14 |
| 15 | Rates TS, FS AND MS | \$ 0.000000 | 15 |

Note: The above factors do not apply to commercial and industrial customers with a peak demand greater than 500 kW during the prior calendar year.

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**STANDARD CONTRACT RIDER NO. 66
DEMAND SIDE MANAGEMENT ADJUSTMENT
APPLICABLE TO RETAIL RATE GROUPS****ASSIGNMENT OF DEMAND SIDE MANAGEMENT (DSM)
ON-GOING COST RECOVERY BY RETAIL RATE GROUP BASED ON THE PROVISIONS
OF THE COMMISSION'S ORDERS IN CAUSE NOS. 43079, 43099, 43079 DSM 2, DSM 3, DSM 4 AND DSM 5**

| <u>Line No.</u> | <u>Retail Rate Group</u> | <u>Calendar Year 2010 On-Going Expense (1)</u> (A) | <u>Calendar Year 2011 On-Going Expense (1)(2)</u> (B) | <u>Line No.</u> |
|-----------------|----------------------------|---|--|-----------------|
| 1 | Rate RS | \$7,344,825 | \$7,500,125 | 1 |
| 2 | Rates CS, FOC, LLF and HLF | 465,994 | 500,000 | 2 |
| 3 | Purdue-Supplemental | 0 | 0 | 3 |
| 4 | Impact/Net Forge | 0 | 0 | 4 |
| 5 | Nucor | 0 | 0 | 5 |
| 6 | CSN | 0 | 0 | 6 |
| 7 | Rate OL | 0 | 0 | 7 |
| 8 | Rate WP | 0 | 0 | 8 |
| 9 | Rate SL | 0 | 0 | 9 |
| 10 | Rate AL | 0 | 0 | 10 |
| 11 | Rate MHLS | 0 | 0 | 11 |
| 12 | Rates MOLS and UOLS | 0 | 0 | 12 |
| 13 | Rates TS, FS and MS | 0 | 0 | 13 |
| 14 | Total Retail | <u>\$7,810,819</u> | <u>\$8,000,125</u> | 14 |

(1) The on-going expense amount shall not be applicable to commercial and industrial customers with an annual peak demand greater than 500 kW for the prior calendar year.

(2) Based on Duke Energy Indiana program administration, pursuant to the Commission's Order in Cause No. 42693, administration of programs will transfer to a third party administrator in 2011 and cost and programs will be subject to change.

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**STANDARD CONTRACT RIDER NO. 66
DEMAND SIDE MANAGEMENT ADJUSTMENT
APPLICABLE TO RETAIL RATE GROUPS****BILLING CYCLE KWH SALES FOR THE COMPANY'S
RETAIL CUSTOMERS BY RATE GROUP
FOR THE EIGHT MONTHS ENDED JUNE 30, 2010**

| <u>Line No.</u> | <u>Retail Rate Group</u> (Note) | <u>Adjusted Billing Cycle KWH Sales</u> (Note) | <u>Line No.</u> |
|-----------------|------------------------------------|---|-----------------|
| 1 | Rate RS | 6,273,022,130 | 1 |
| 2 | Rates CS and FOC | 768,934,682 | 2 |
| 3 | Rate LLF | 1,639,644,056 | 3 |
| 4 | Rate HLF | 1,483,369,244 | 4 |
| 5 | Purdue-Supplemental | 0 | 5 |
| 6 | Impact/Net Forge | 0 | 6 |
| 7 | Nucor | 0 | 7 |
| 8 | CSN | 0 | 8 |
| 9 | Rate OL | 0 | 9 |
| 10 | Rate WP | 0 | 10 |
| 11 | Rate SL | 0 | 11 |
| 12 | Rate AL | 0 | 12 |
| 13 | Rate MHLS | 0 | 13 |
| 14 | Rates MOLS and UOLS | 0 | 14 |
| 15 | Rates TS, FS and MS | 0 | 15 |
| 16 | Total Retail | <u>10,164,970,112</u> | 16 |

Note: The adjusted billing cycle kWh Sales shall exclude all commercial and industrial customers with an annual peak demand greater than 500 kW for the prior calendar year.

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