

**DUKE ENERGY INDIANA, INC.**

1000 East Main Street  
Plainfield, Indiana 46168

**IURC NO. 14**

Nineteenth Revised Sheet No. 63,  
Cancels and Supercedes Eighteenth  
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**STANDARD CONTRACT RIDER NO. 63  
SO<sub>2</sub>, NO<sub>x</sub>, AND H<sub>g</sub> EMISSION ALLOWANCE ADJUSTMENT  
APPLICABLE TO ALL RETAIL RATE SCHEDULES**

A. The applicable charges for electric service to the Company's retail customers shall be increased or decreased, to the nearest 0.001 mill (\$0.000001) per kWh to recover and/or credit the cost for SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowances in accordance with the following formula:

$$\text{SO}_2, \text{NO}_x, \text{ and H}_g \text{ Emission Allowance Adjustment Factor} = \frac{a + b \pm c}{s}$$

where:

1. "SO<sub>2</sub>", "NO<sub>x</sub>", and "H<sub>g</sub>" emission allowances costs shall be defined as the estimated expense of SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowances applicable to native load customers net of realized gains and losses based on estimated average costs over the six month period beginning with the first month of the billing cycle and consisting of the following components:

- (a) the average cost of SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowances consumed due to the operation of the Company's own generating units used to serve native load customers based on charges recorded on the Company's books and records in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts for Class A and B Public Utilities and Licenses plus;
- (b) the cost of SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowances incurred to serve native load customers associated with energy purchased or transferred for economy, reliability and/or operating purposes to the extent such costs are specifically identified or can be reasonably estimated less;
- (c) net gains and losses (net of transaction costs) realized from sales of SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowances allocated to or purchased by Duke Energy Indiana for native load customer requirements.

2. "S" is the estimated native load kilowatt-hour sales for the same period that SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowance costs have been estimated.

B. The factor as computed above shall be modified to allow for the recovery of utility receipts taxes and/or other similar revenue based taxes incurred due to the recovery of SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowance costs.

C. The factor shall be further modified to reflect the difference between estimated SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowance costs billed and SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowance costs actually incurred during the first and succeeding billing cycle month(s) in which such estimated SO<sub>2</sub>, NO<sub>x</sub>, and H<sub>g</sub> emission allowance costs were billed.

D. The emission allowance adjustment shall be (\$0.000174) per kilowatt-hour for all bills rendered after the later of the date of the Commission's Order or the first billing cycle of January 2009.

Issued:  
December 23, 2008

Effective the later of  
the date of the Commission's  
Order or the first billing  
cycle of January 2009