

**STANDARD CONTRACT RIDER NO. 68  
MIDWEST INDEPENDENT SYSTEM OPERATOR (“MIDWEST ISO”)  
MANAGEMENT COST AND REVENUE ADJUSTMENT  
APPLICABLE TO RETAIL RATE GROUPS**

The applicable charges for electric service to the Company’s retail electric customers shall be increased or decreased for operation and maintenance expense treatment of Midwest ISO Management Cost and Revenues received from the Midwest ISO. The revenue adjustment to the applicable charges for electric service will be determined under the following provision:

The Midwest ISO Management Cost and Revenue Adjustment by Rate Group per any three consecutive billing cycle months shall be determined by multiplying the Midwest ISO Management Cost Adjustment Factor, as determined to the nearest 0.001 mill (\$0.000001) per kilowatt-hour in accordance with the following formula, by the monthly billed kilowatt-hours for such three consecutive billing cycle months in the case of customers receiving metered service and by the estimated monthly kilowatt-hours used for rate determination in the case of customers receiving unmetered service. Midwest ISO Management Cost and Revenue Adjustment Factor Per Rate Group =

$$\frac{[(a + b + c + d - e) - (\$1,389,000 - \$2,726,000)] h}{f g}$$

where:

1. “a” is the Midwest ISO Management Costs billed Duke Energy Indiana, Inc., or a designee of Duke, under Service Schedule 10 – ISO Cost Recovery Adder of the Open Access Transmission and Energy Markets Tariff for the Midwest Independent Transmission System Operator, Inc. (“Midwest ISO TEMT”) or any successor Tariff.
2. “b” is the Midwest ISO Management Costs billed Duke Energy Indiana, Inc., or a designee of Duke, under Service Schedule 16 – Financial Transmission Rights Administrative Service Cost Recovery Adder of the Midwest ISO TEMT or any successor Tariff.
3. “c” is the Midwest ISO Management Costs billed Duke Energy Indiana, Inc., or a designee of Duke, under Service Schedule 17 – Energy and Operating Reserve Markets Market Support Administrative Service Cost Recovery Adder of the Midwest ISO TEMT or any successor tariff.
4. “d” is the Midwest ISO Standard Market Design Costs billed Duke Energy Indiana, Inc., or a designee of Duke, or other Government mandated transmission costs Duke Energy Indiana, Inc., or a designee of Duke, is required to pay on behalf of retail customers.
5. “e” is the Midwest ISO transmission revenues assigned to the Company, collected by the Midwest ISO under the Midwest ISO TEMT or any successor Tariff.
6. \$1,389,000 is the three (3) month average pro forma level of Midwest ISO Management Costs of which the jurisdictional electric allocated share is included by the Company in Cause No. 42359 in the determination of basic charges for service in its Electric Tariff.

**DUKE ENERGY INDIANA, INC.**  
1000 E. Main Street  
Plainfield, IN 46168

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7. \$2,726,000 is the three (3) month average pro forma level of Midwest ISO transmission revenues, of which the jurisdictional electric allocated share is included by the Company in Cause No. 42359 in the determination of basic charges for services in its Electric Tariff.
8. “f” is the individual retail rate group’s allocated share of the Company’s retail peak demand developed for cost of service purposes in Cause No. 42359 expressed as a percentage of the Company’s total retail peak demand.
9. “g” is the individual retail rate group’s reported kilowatt-hour sales for the prior year during the same three (3) consecutive month period as the relevant three (3) billing cycle months.
10. “h” is the revenue conversion factor used to convert the applicable charges to operating revenues.
11. The Midwest ISO Management Cost Adjustment and Revenue Factor per Rate Group shall be further modified commencing with the three (3) consecutive months beginning with the sixth succeeding billing cycle month to reflect the difference between the incremental base monthly fees actually charged or credited to the retail electric customers and the incremental base monthly fees to be charged or credited to the retail electric customers during the three (3) consecutive billing cycle months, as determined above.

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**ALLOCATED SHARE OF RETAIL PEAK DEMAND FOR THE COMPANY'S RETAIL CUSTOMERS BY RATE GROUP,  
 EXPRESSED AS A PERCENTAGE OF THE COMPANY'S TOTAL RETAIL PEAK DEMAND  
 DEVELOPED FOR COST OF SERVICE PURPOSES IN CAUSE NO. 42359  
BASED ON THE TWELVE-MONTH PERIOD ENDED SEPTEMBER 30, 2002**

Line No.	Rate Groups	KW Share of Retail Peak (A)	Percent Share of Retail Peak (B)	Line No.
1	Rate RS	1,582,005	36.728%	1
2	Rates CS	224,244	5.206%	2
3	Rate LLF	628,152	14.583%	3
4	Rate HLF	1,808,886	41.993%	4
5	Customer L	10,481	0.243%	5
6	Customer D	7,860	0.183%	6
7	Customer O	19,045	0.442%	7
8	Rate OL	4,855	0.113%	8
9	Rate WP	17,235	0.400%	9
10	Rate SL	2,185	0.051%	10
11	Rate AL	272	0.006%	11
12	Rate MHLS	282	0.006%	12
13	Rates MOLLS and UOLS	69	0.002%	13
14	Rates TS, FS, and MS	1,893	0.044%	14
15	<b>TOTAL RETAIL</b>	4,307,464	100.000%	15

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The Midwest ISO Management Cost and Revenue Adjustment Factor by Rate Group applicable to the January, February and March 2012 billing cycles is as follows:

<u>Line No.</u>	<u>Retail Rate Group</u>	<u>Midwest ISO Management Cost and Revenue Adjustment Factor per KWH</u>	<u>Line No.</u>
1	Rate RS	\$0.000629	1
2	Rates CS	0.000868	2
3	Rate LLF	0.000672	3
4	Rate HLF	0.000828	4
5	Customer L	0.000413	5
6	Customer D	0.001207	6
7	Customer O	0.000597	7
8	Rate OL	0.000303	8
9	Rate WP	0.000600	9
10	Rate SL	0.000255	10
11	Rate AL	0.000220	11
12	Rate MHLS	0.000189	12
13	Rates MOLS and UOLS	0.000022	13
14	Rates TS, FS, and MS	0.000846	14

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