

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS

Ancillary Services – those services that are necessary to support the transmission of energy from generation resources to End-use Customer loads while maintaining reliable operation of the transmission provider's transmission system in accordance with Good Utility Practice. As used herein, Ancillary Services include, but are not limited to, Ancillary Services as defined by Order Nos. 888 and 888A issued by the FERC on April 24, 1996 and March 4, 1997, respectively.

Arrears - previous charges that are unpaid at the time the current bill is generated.

Authorized Payment Agency – a third party agent (bank, savings & loan, etc.) which has been authorized to collect payments on behalf of the Company.

Backcast – an after-the-fact recalculation of a Certified Supplier's hourly load obligation based upon actual weather and system load. This will be used to determine preliminary Energy Imbalance.

Bill Ready – a Company Consolidated Billing option available to a Certified Supplier where the Certified Supplier submits its charges and associated descriptions to the Company, as described in Section 10.9 herein, for presentment to the End-use Customer on the Company's invoice.

Billing Cycle – the time frame between two regularly scheduled Meter Read Dates. End-use Customer meter readings are obtained on a regular schedule, which is managed by the Company.

Certified Supplier – a person, corporation, broker, marketer, aggregator, generator or any other entity licensed by the Commission to sell electricity to End-use Customers, utilizing the jurisdictional transmission and distribution facilities of the Company and registered in the Company's Customer Choice Program.

Certified Supplier Service Agreement – an agreement that must be signed by both the Certified Supplier and the Company in order for the Certified Supplier to participate in the Company's Customer Choice Program, stating the rights and obligations of each party in the Company's Customer Choice Program.

Certified Supplier Services - those services that provide the interface and coordination between the Certified Supplier and the Company in order to effect the delivery of Competitive Retail Electric Service to serve End-use Customers located within the Company's service territory.

Certified Supplier Service Charges - all Charges stated in the Certified Supplier Tariff and attached rate schedules for those services rendered by the Company or its agent for Certified Supplier Services performed hereunder.

Certified Supplier Tariff – the Company's P.U.C.O. Electric No. 20.

Charge - any fee or charge that is billable by the Company or its agent to a Certified Supplier or TSA, under this Certified Supplier Tariff, including any Certified Supplier Service Charge or fees subject to the OATT.

Cinergy Control Area - that certain Control Area encompassing the franchised electric utility service territories of Cinergy Corp.

Cinergy Control Area Operator – the entity responsible for the scheduling of energy delivered into, out of, and through the Cinergy Control Area.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (Contd.)

Duke Energy Shared Services – Duke Energy Shared Services, Inc., a service company subsidiary of Cinergy Corp. and an affiliate of Duke Energy Ohio.

Commission – the Public Utilities Commission of Ohio.

Commodity – the unbundled generation service of electrical energy which End-use Customers may purchase from a Certified Supplier in the Customer Choice Program.

Communication Link – a telephone line, cellular telephone, or other means of transmitting data from a meter to the Company's remote meter reading hardware.

Company – Duke Energy Ohio.

Competitive Retail Electric Service – any service involved in supplying or arranging for the supply of electrical energy to End-use Customers from the point of generation to point of consumption that has been declared competitive pursuant to the Ohio Revised Code or an Order of the Commission.

Consolidated Billing – a billing service where the Company bills for both the Regulated Utility Charges as well as the Certified Supplier's charges, unless otherwise provided in the Company's tariff.

Control Area – an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

- a) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- d) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Coordination Services – those services that permit the type of interface and coordination between the Certified Supplier and the Company in connection with the delivery of electricity to End-use Customers located within the Company's service territory, including load forecasting, certain scheduling related functions and reconciliation.

Customer Choice Program – a program offered in the State of Ohio as of January 1, 2001 where an End-use Customer may select a Certified Supplier.

DASR (Direct Access Service Request) – an electronic form of communication that shall be exchanged between the Company and a Certified Supplier.

Distribution Losses – energy losses that occur on a LDC system in the process of delivering electrical energy to End-use Customers. These losses are usually expressed as a percent of the total energy consumed.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (Contd.)

ECAR – (East Central Area Reliability) – the NERC reliability council area which provides electric service to the states of Indiana, Michigan, Ohio and parts of eastern Kentucky, western Virginia, western Maryland, western Pennsylvania, Northern Tennessee and West Virginia. The organizational purpose of ECAR is to ensure the reliability of the interconnected electricity network of its members.

EDI (Electronic Data Interchange) – a standard format for the exchange of electronic information.

End-use Customer - the final user of generation and regulated delivery services.

Energy Imbalance - is the difference between the energy scheduled by a Certified Supplier or its designated TSA and the End-use Customer's metered consumption adjusted for unaccounted energy.

FERC (Federal Energy Regulatory Commission) – the agency which has primary jurisdiction over energy regulation at the federal level.

Federal Reserve Lending Rate – interest rate at which the Federal Reserve lends money, as published daily on Bloomberg's money market rate page.

Generation Resource Mix - the source of the physical resource required to generate electricity (e.g. green power, coal, or nuclear).

Good Utility Practice – any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Interconnected Operations Services – services, in addition to Ancillary Services, to facilitate the delivery of power (e.g., transmission services, real power transmission losses).

Interval Meter – an electricity meter which records an End-use Customer's electric usage for defined intervals (e.g., 15 minutes, half-hour, hour, etc.), allowing the possibility for consumption during different time periods to be billed at different rates and providing a means for an End-use Customer's load pattern to be analyzed.

kW (kilowatt) – one kilowatt equals 1,000 watts.

kWh (kilowatt-hour) – the basic unit of electric energy equal to one kilowatt of power supplied to or taken from an electrical circuit steadily for one hour. One kilowatt-hour equals 1,000 watt-hours.

Large Commercial and Industrial End-use Customer – for the purpose of switching rules, an End-use Customer who uses electricity for nonresidential purposes and consumes greater than or equal to 700,000 kWh of electricity per year or is part of a national account involving multiple facilities in one or more states.

LDC (Local Distribution Company) - an entity that has been granted the authority or has an obligation pursuant to state or local law, regulation or franchise to transmit and distribute electric energy to End-use Customers located within a jurisdictional service territory.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (Contd.)

Load Forecast - an hourly projection of load prepared by a Transmission Customer for its load in the Company's service territory, consisting of, but not limited to, the aggregated load of Monthly and Interval Metered customers, as adjusted for Distribution Losses.

Load Profile – as applied to an End-use Customer, group of End-use Customers, class or system, a Load Profile or “curve” (as graphically plotted point-to-point, after midnight to midnight) shows the power (as actual consumption or “normalized” as a percentage of maximum demand) supplied during a specific period of time plotted by time of occurrence.

Load Research Meters – Interval Meters installed by the Company throughout its service territory that monitor hourly energy consumption of selected End-use Customers to provide data for developing Load Profiles for various customer classes.

MW (megawatt) – one megawatt equals one million watts or 1,000 kilowatts.

MWh (megawatt-hour) – one megawatt-hour equals one million watt-hours or 1,000 kilowatt-hours.

Meter Read Date - the date on which the Company schedules a meter to be read for purposes of producing an End-use Customer bill in accordance with the Company's regularly scheduled Billing Cycles.

Monthly Meter – a meter that records total energy (kWh) and peak demand (kW), where applicable, for the Billing Cycle but does not have the capability to record the dates and times the energy was consumed.

Multi-tiered Rate – a rate where each group (tier) of units of consumption (kWh) are priced at a certain rate while other groups of units of consumption are priced at a different rate.

NERC (North American Electric Reliability Council) - formed by electric utilities in 1968 to promote the reliability of the electricity supply for North America.

Non-volumetric Rate – a flat charge to the End-use Customer regardless of the amount of consumption for a given period of time.

OASIS (Open Access Same Time Information Systems) – FERC Final Order No. 889 requires Transmission Providers to establish electronic systems, called OASIS, to share information about their available transfer capability and dictates standards of conduct. Transmission Providers use OASIS to electronically communicate information about their transmission systems and services to all potential customers at the same time.

OATT (Open Access Transmission Tariff) – the Open Access Transmission Tariff on file with the FERC which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the Cinergy Control Area, or any successor transmission tariff for similar service.

PAR (Purchase of Accounts Receivable) – a payment remittance option available to Certified Suppliers utilizing the Company's Consolidated Billing Option where the Company pays the Certified Supplier a discounted amount monthly in exchange for the assignment and purchase, without recourse, of the Certified Supplier's accounts receivable represented by the current Certified Supplier charges presented on the Company's invoice, during the period of time when a Purchase of Accounts Receivable agreement is in effect between the Company and Certified Supplier.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (Contd.)

PIPP (Percentage of Income Payment Plan) – a statewide utility program in Ohio which sets guidelines for low income End-use Customer payments to utilities.

Rate Ready – a Certified Supplier billing option where the Company will perform consumption calculations and apply the Certified Supplier's rates to create charges for the End-use Customer.

Record Layouts – a predefined format for which data is organized for electronic transmission.

Regulated Utility Charges - utility charges for noncompetitive services including but not limited to, tariffed transmission and distribution and generation services that are under the jurisdiction of the Commission. May also include utility charges for noncompetitive gas services.

Residential End-use Customer – for the purpose of switching rules, an End-use Customer who uses electricity for residential purposes.

Retail Tariff (P.U.C.O. Tariff No. 19) – a tariff filed with the Commission by the Company containing the Service Regulations, Tariff Rate Schedules, and Tariff Rider Schedules for End-use Customers.

Rider AG (Optional Alternative Generation Service) - applicable to Residential and Small Commercial and Industrial End-use Customers which permits the End-use Customer a (1) Billing Cycle minimum stay. The rider establishes a market based rate based on the next month NYMEX Cinergy futures contract price, as of the fourth business day prior to the end of the current calendar month, adjusted for load factor and line losses, plus a ten (10) percent administrative fee, or another publicly available index price, adjusted for load factor and line losses, plus a ten (10) percent administrative fee. In no event shall the market based rate be below the Standard Offer Rate.

Schedule – a document prepared by the Certified Supplier or its designated TSA and submitted to the Cinergy Control Area Operator in accordance with NERC Policy 3, that provides the schedule for receipt and delivery of energy for the benefit of End-use Customers.

Service Regulations – the Certified Supplier Service Regulations found in the Company's Certified Supplier Tariff.

Small Commercial and Industrial End-use Customer – for the purpose of switching rules, an End-use Customer who uses electricity for nonresidential purposes and consumes less than 700,000 kWh of electricity per year and is not part of a national account involving multiple facilities in one or more states.

Special Meter Reads – meter reads requested by Certified Suppliers on dates other than the scheduled monthly Meter Read Date.

Standard Offer Rate – a rate offered by the Company as approved by the Commission to End-use Customers in its service territory for all essential electric service to End-use Customers who are not receiving competitive services from a Certified Supplier, including a firm supply of electric generation service.

TSA (Transmission Scheduling Agent) – an entity that is an eligible Transmission Customer under the OATT, performing transmission scheduling and other bulk power services to deliver electrical energy into the Company's service territory for the Customer Choice Program. A Certified Supplier may act as a TSA, if the Certified Supplier is an eligible Transmission Customer, or hire another entity that is an eligible Transmission Customer to perform these functions.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (Contd.)

Tariff Rate Schedules – documents filed with the Commission specifying the Charges for various Certified Supplier Services.

Time of Use Rate – a rate where the amount charged per unit (kWh or kW) varies according to the time of day it was consumed; this reflects the difference in on-peak and off-peak demands and the costs to provide service at those times.

Transmission Customer – the entity authorized to schedule power into, out of, or through the Cinergy Control Area, as described in the OATT filed with the FERC.

Transmission Provider – the entity providing transmission service as described in the OATT filed with the FERC.