

## DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS

“Ancillary Services” means 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 No. 890 issued by FERC on February 16, 2007, as amended.

“Arrears” means previous charges that are unpaid at the time the current bill is generated.

“Authorized Payment Agency” means a third-party agent (bank, savings & loan, etc.) that has been authorized to collect payments on behalf of the Company.

“Backcast” means an after-the-fact calculation of a Certified Supplier’s estimated hourly load obligation based upon actual weather and system load.

“Balancing Authority Area” means 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 Balancing Authority 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.

“Bill-Ready” means a 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” means 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.

“Bulk Electric System” has the same meaning as that used by Reliability *First*, as such definition may be updated from time to time by FERC.

“Certified Broker/Aggregator” means any person, corporation, or other entity, other than the Company, that is authorized by the Commission to certified by the Commission to provide brokerage or aggregation (governmental or otherwise) services in the Company’s service territory.

“Certified Supplier” means any person, corporation, or other entity, other than the Company, that is authorized by the Commission to sell electricity to End-use Customers, utilizing the jurisdictional distribution facilities of the Company and registered in the Company’s Customer Choice Program.

“Certified Supplier Service Agreement” means 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.

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"Certified Supplier Services" means 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.

#### **DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (Contd.)**

"Certified Supplier Service Charges" means 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" means the Company's P.U.C.O. Electric No. 20.

"Charge" means 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 or to the Duke Energy Business Services Ancillary Services Tariff.

"Commission" means the Public Utilities Commission of Ohio.

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

"Company" means Duke Energy Ohio, Inc.

"Competitive Retail Electric Service" means any service involved in supplying or arranging for the supply of electric energy to End-use Customers that has been declared competitive pursuant to the Ohio Revised Code or an order of the Commission.

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

"Customer Choice Program" means the program offered in the state of Ohio, under which an End-use Customer may select a Certified Supplier.

"DASR" means Direct Access Service Request, an electronic form of communication that is exchanged between the Company and a Certified Supplier in certain circumstances.

"Distribution Losses" means energy losses that occur on the Company's distribution system in the process of delivering electric energy to End-use Customers. These losses are usually expressed as a percent of the total energy consumed.

"Duke Energy Business Services" means Duke Energy Business Services LLC, a service-company subsidiary of Duke Energy Corporation and an affiliate of the Company.

"Duke Energy Business Services Ancillary Services Tariff" means either the Ancillary Services tariff that is filed with and accepted by FERC and under which certain Ancillary Services Charges are billed in the Company's service territory or that portion of the Transmission Provider's OATT under which those certain Ancillary Services Charges are billed.

"Duke Energy Ohio Transmission System" means the portion of the transmission system that is owned by the Company.

"EDI" means Electronic Data Interchange, a standard format for the exchange of electronic information.

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

"Energy Imbalance" means 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.  
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“FERC” means the Federal Energy Regulatory Commission, the agency that has primary jurisdiction over energy regulation at the federal level.

#### **DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (Contd.)**

“Federal Reserve Lending Rate” means the interest rate at which the Federal Reserve lends money, as published daily on Bloomberg’s money market rate page.

“Flat Rate” means a rate by which a Certified Supplier’s total charge to its End-use Customers is based on one price per quantity of electric generation consumed, regardless of the total volume used or time of use.

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

“Good Utility Practice” means 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” means services, in addition to Ancillary Services, to facilitate the delivery of power to the End-use Customer (e.g., transmission services, real power transmission losses).

“Interval Meter” means an electric meter that records an End-use Customer’s electric usage for a defined interval, 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” means kilowatt. One kilowatt equals 1,000 watts.

“kWh” means kilowatt-hour. One kWh is defined as one kilowatt of power supplied to or taken from an electrical circuit steadily for one hour. One kilowatt-hour equals 1,000 watt-hours.

“Load Forecast” means 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 customers using Monthly and Interval Meters, as adjusted for Transmission and Distribution Losses.

“Load Profile,” as applied to an End-use Customer, a group of End-use Customers, a class, or a system, means a “curve” (as graphically plotted point-to-point, after midnight to midnight) that 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” means Interval Meters installed by the Company throughout its service territory that monitor hourly energy consumption of selected End-use Customers, in order to provide data for developing Load Profiles for various customer classes.

“Mercantile Customer” means an End-use Customer that 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.

“Meter Data Management Agent” means the party designated by the TSA to provide hourly metered load data to the RTO.

“Meter Read Date” means 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.  
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“Monthly Meter” means 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” means 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 or rates.

“MW” means megawatt. One megawatt equals one million watts or 1,000 kilowatts.

“MWH” means megawatt-hour. One megawatt-hour equals one million watt-hours or 1,000 kilowatt-hours.

“NERC” means North American Electric Reliability Corporation, the electric reliability organization, under the jurisdiction of FERC, that is responsible for creating and enforcing standards associated with the reliability of the Bulk Electric System.

“Nonmercantile customer” means an End-use Customer that 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.

“Non-volumetric Rate” means a fixed monthly charge to the End-use Customer, regardless of the amount of consumption.

“OASIS” means Open Access Same Time Information Systems, which are electronic systems established pursuant to FERC Final Order No. 889 to share information about Transmission Providers’ available transfer capability.

“OATT” means PJM’s Open Access Transmission Tariff, which is the open access transmission tariff on file with FERC and which sets forth the rates, terms, and conditions of transmission service over transmission facilities located in the Transmission Provider’s Balancing Authority Area, which includes the Duke Energy Ohio Transmission System.

“PAR” means Purchase of Accounts Receivable, a payment remittance option available to Certified Suppliers utilizing the Company’s Consolidated Billing Option, under which the Company pays the Certified Supplier a discounted amount on a monthly basis, 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 a period of time when a Purchase of Accounts Receivable agreement is in effect between the Company and the Certified Supplier.

“Percentage-off Rate Option” means a rate option under which a Certified Supplier may charge a rate to its End-use Customers that is calculated as a stated percentage less than the Company’s SSO.

“PIPP” means Percentage of Income Payment Plan, a statewide utility program in Ohio that sets guidelines for low-income End-use Customer payments to utilities.

“Rate-Ready” means a Certified Supplier billing option under which the Company will perform consumption calculations and apply the Certified Supplier’s rates to create charges for the End-use Customer for presentment on the End-use Customer’s bill issued by the Company.

“Record Layouts” means a predefined format for which data is organized for electronic transmission.

“RTO” means Regional Transmission Organization, an organization responsible for the functional control of the Bulk Electric System within its boundaries.

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

“Reliability *First*” means the regional reliability organization certified by NERC as its delegate for the purposes of proposing reliability standards and monitoring compliance with those standards within the region that includes the Company’s service territory.

“Residential End-use Customer” means an End-use Customer who uses electricity for residential purposes.

“Retail Tariff” means a Company tariff filed with the Commission as P.U.C.O. Tariff No. 19 and containing the Company’s service regulations, tariff rate schedules, and tariff rider schedules for End-use Customers.

“Service Regulations” means the Certified Supplier Service Regulations found in the Company’s Certified Supplier Tariff.

“Special Meter Reads” means meter reads requested by Certified Suppliers on dates other than the scheduled, monthly Meter Read Date.

“SSO” means Standard Service Offer, which is an offer by the Company, as approved by the Commission, to End-use Customers in its service territory, for all competitive retail electric services necessary to maintain essential electric service, including a firm supply of electric generation service.

“Tariff Rate Schedules” means documents filed with the Commission that specify the Charges for various Certified Supplier Services.

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

“Transmission Customer” means an entity authorized to schedule power into, out of, or through the Transmission Provider’s Balancing Authority Area, as described in the OATT.

“Transmission Provider” means the entity administering the OATT and providing transmission service to transmission customers under applicable transmission service agreements.

“Transmission Provider’s Balancing Authority Area” means the Balancing Authority Area within which the Company’s service territory exists.

“TSA” means Transmission Scheduling Agent, an entity that is an eligible Transmission Customer under the OATT, obtaining transmission service and performing transmission scheduling and other bulk power services to deliver electric 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 may hire another entity that is an eligible Transmission Customer to perform these functions.