

**RIDER PSM  
OFF-SYSTEM POWER SALES AND EMISSION ALLOWANCE SALES  
PROFIT SHARING MECHANISM**

**APPLICABILITY**

Applicable to all retail sales in the Company's electric service area, excluding interdepartmental sales, beginning with the billing month December 2011.

**PROFIT SHARING RIDER FACTORS**

The Applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of profits on off-system power sales and the net margins on sales of emission allowances.

The Company will compute its profits on off-system power sales and margins on emission allowance sales in the following manner:

$$\text{Rider PSM Factor} = (P + E + R)/S$$

where:

- P = Eligible profits from off-system power sales for applicable month subject to sharing provisions established by the Commission in its Order in Case No. 2003-00252, dated December 5, 2003. The first 100% of profits up to \$1 million during the current year are credited 100% to customers. Cumulative profits for the current year in excess of \$1 million are shared between customers and shareholders on a 50%/50% basis. After December 31<sup>st</sup> of each year, the sharing mechanism will be reset. Effective with Duke Energy Kentucky's realignment to the PJM Interconnection LLC on January 1, 2012, the first \$1 million in annual profits from off-system sales will be allocated to ratepayers, with any profits in excess of \$1 million split 75:25, with ratepayers receiving 75 percent and shareholders receiving 25 percent.
- E = All net margins on sales of emission allowances are credited to customers per the Commission's Order in Case No. 2006-00172, dated December 21, 2006.
- R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.
- S = Current month sales in kWh used in the current month Rider FAC calculation.

Issued by authority of an Order of the Kentucky Public Service Commission dated January 30, 2009 in Case No. 2008-00489

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Issued by: Julie Janson, President

Duke Energy Kentucky, Inc.  
4580 Olympic Blvd  
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KY.P.S.C. Electric No. 2  
Twenty-Second Revised Sheet No 82  
Cancels and Supersedes  
Twenty-First Revised Sheet No 82  
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<b><u>Rate Group</u></b>	<b><u>Rate</u></b> <b><u>(\$/ kWh)</u></b>
Rate RS, Residential Service	0.000248
Rate DS, Service at Secondary Distribution Voltage	0.000248
Rate DP, Service at Primary Distribution Voltage	0.000248
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000248
Rate EH, Optional Rate for Electric Space Heating	0.000248
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000248
Rate SP, Seasonal Sports Service	0.000248
Rate SL, Street Lighting Service	0.000248
Rate TL, Traffic Lighting Service	0.000248
Rate UOLS, Unmetered Outdoor Lighting	0.000248
Rate OL, Outdoor Lighting Service	0.000248
Rate NSU, Street Lighting Service for Non-Standard Units	0.000248
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.000248
Rate SC, Street Lighting Service – Customer Owned	0.000248
Rate SE, Street Lighting Service – Overhead Equivalent	0.000248
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000248
Other	0.000248

#### **SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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