

Duke Energy Indiana Economic Development Rates for Indiana



Indiana Partners In Economic Development

At Duke Energy, we believe in creating programs that will strengthen the communities we serve and promote long-term economic growth in Indiana. We developed three incentive riders to enhance economic development through reductions in electric rates for use of unoccupied buildings, brownfield sites, major expansions and new businesses. These riders are described briefly below and in greater detail in the chart on the following page.

Indiana
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Development

Economic Development Rider 58:

- Reduces a business customer's base rate energy and demand costs by 50% for one year if a new or existing customer adds a minimum new load of 1,000 kW at one delivery point.
- Customer must add a minimum of 25 full-time equivalent employees per 1,000 kW of new load.
- Customer's capital investment in Indiana is at least \$1,000,000 per 1,000 kW of new load.

58

Brownfield Redevelopment Rider 54:

- Allows business customers locating in qualifying "brownfield" redevelopment areas, served by existing Duke Energy lines, to receive reductions in electric demand charges for a five-year period.
- A 50% reduction in the demand charge in the first year, declining to a 10% reduction in the fifth year.

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Urban Redevelopment Rider 59:

- Gives business customers who locate in an existing building of at least 25,000 square feet, that is unoccupied or has remained dormant for at least two years, a 50% reduction in their base rate energy and demand costs for one year, provided that the new load is a minimum of 500 kW at one delivery point and does not require additional transmission or distribution investment.

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Our economic development riders are an aggressive approach to encourage businesses to locate or expand within the communities we serve by providing these incentives. These riders were designed to partner with local and State incentives that help businesses grow.

These economic development riders will expire December 31, 2008. To the extent that these riders do not cover our incremental costs, Duke Energy has agreed that our shareholders, not Duke Energy Indiana's other ratepayers, will bear the costs.

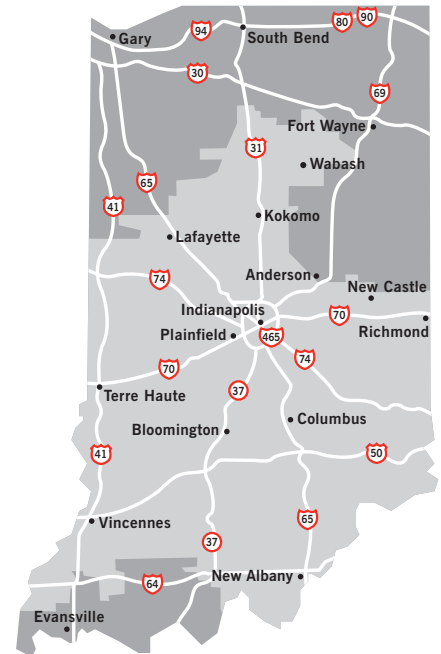
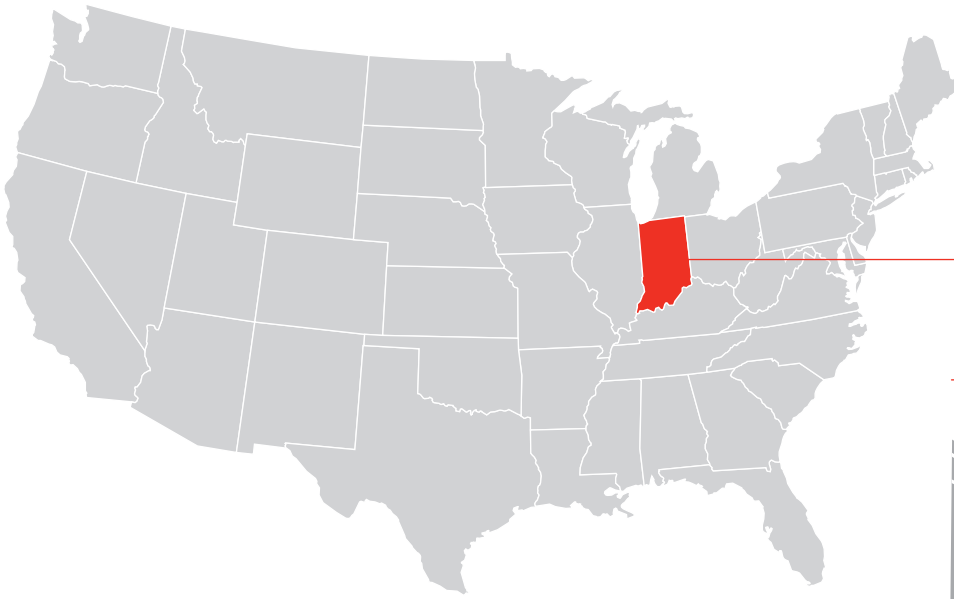
For more information about our incentive riders and site selection services, please contact your Indiana Partners In Economic Development at 800-688-0688 or online at www.locationindiana.com.



Duke Energy Indiana Economic Development Riders

	Duke Energy Indiana Economic Development Riders		
Factors	Economic Development Rider (No. 58)	Brownfield Redevelopment Rider (No. 54)	Urban Redevelopment Rider (No. 59)
Type of Customer	- Non-residential tariff - New or expanding establishments	- Non-residential tariff - Locating in a qualified brownfield redevelopment area	- Non-residential tariff - Locating in an existing building of 25,000 square feet or more, vacant two years or more
New Load	Minimum of 1,000 kW demand	N/A	Minimum of 500 kW demand
New Jobs	Add 25 FTE employees per 1,000 kW demand of new load after approval for service under this Rider	N/A	N/A
Capital Investment	Invest \$1 million per 1,000 kW demand of new load after approval for service under this Rider	N/A	N/A
Other items	- Customer must apply for and receive public economic assistance before approval of service agreement under this Rider. - Customer affirms that the Rider was a factor in the decision to locate the new load in the service area. - Customer must maintain a monthly average of 300 hours use for the 12-month period.	The qualified brownfield redevelopment area must be located adjacent to a Duke Energy electric transmission or distribution line that is adequate and suitable for supplying the service requested.	- Customer affirms that the Rider was a factor in the decision to locate the new load in the service area. - Customer must maintain a monthly average of 300 hours use for the 12-month period.
Additional information	Not available for load shifted from one customer to another nor for renewal of service following certain interruptions	N/A	- Service for the new load must not result in additional investment in distribution or transmission facilities, except certain minor alterations. - Not available for load shifted from one establishment to another nor for renewal of service following certain interruptions
Benefits	Reduce base rate energy and demand costs by 50% for 12 months on the new load	For the first 12-month period, demand charge reduced by 50%. Second 12 months, reduced 40% Third 12 months, reduced 30% Fourth 12 months, reduced 20% Fifth 12 months, reduced 10%	Reduce base rate energy and demand costs by 50% for 12 months on the new load
Effective date	At customer's request, no later than 12 months after approval	As agreed to by customer and Duke Energy	At customer's request, no later than 12 months after approval
Termination date	No new customers accepted on or after January 1, 2009	No new customers accepted on or after January 1, 2009	No new customers accepted on or after January 1, 2009
Special circumstances for retention	- Duke Energy may consider the Rider for an existing customer who, but for public economic incentives, would leave the service area. - Customer affirms that the Rider was a factor in the decision to retain the current load in the service area. - In this case, the customer must agree to retain the current number of FTE employees. - Benefit will reduce existing base rate energy and demand costs by 50% for 12 months.	N/A	N/A

Disclaimer: This is not a legal description of the new riders. Please refer to the actual riders on file with the IURC.



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