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#### VIII. Goal Attainment and Qualification

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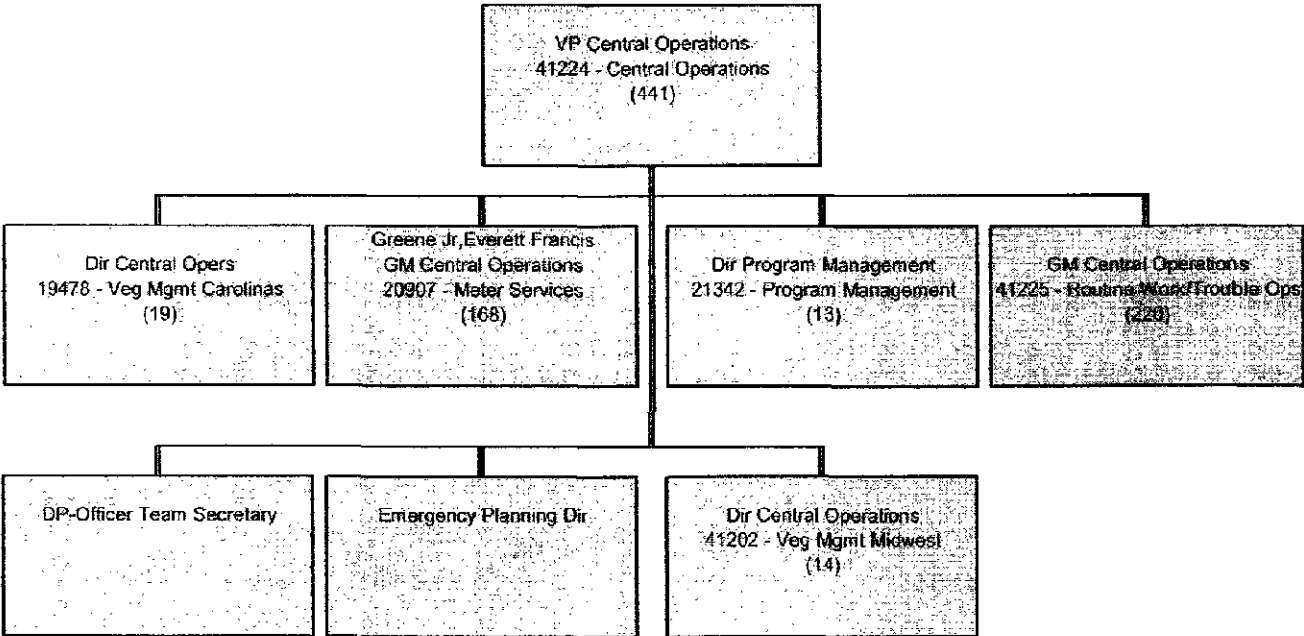
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Performance indicators are utilized by Power Delivery Central Operations as measures of performance. The following are example items that are used to measure performance:

- Reduction of Personal Injuries
- Reduction of Preventable Vehicle Accidents
- Customer Satisfaction
- Reliability and Restoration
- Budget and Cost Monitoring
- Project Monitoring

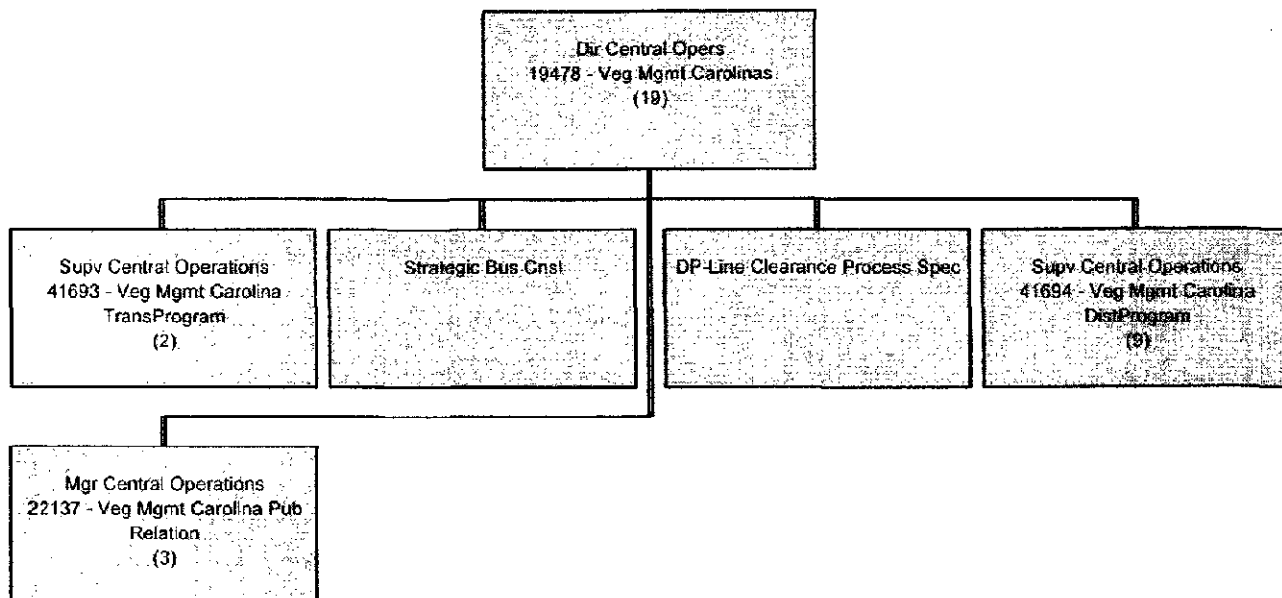
DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

Vice President Central Operations



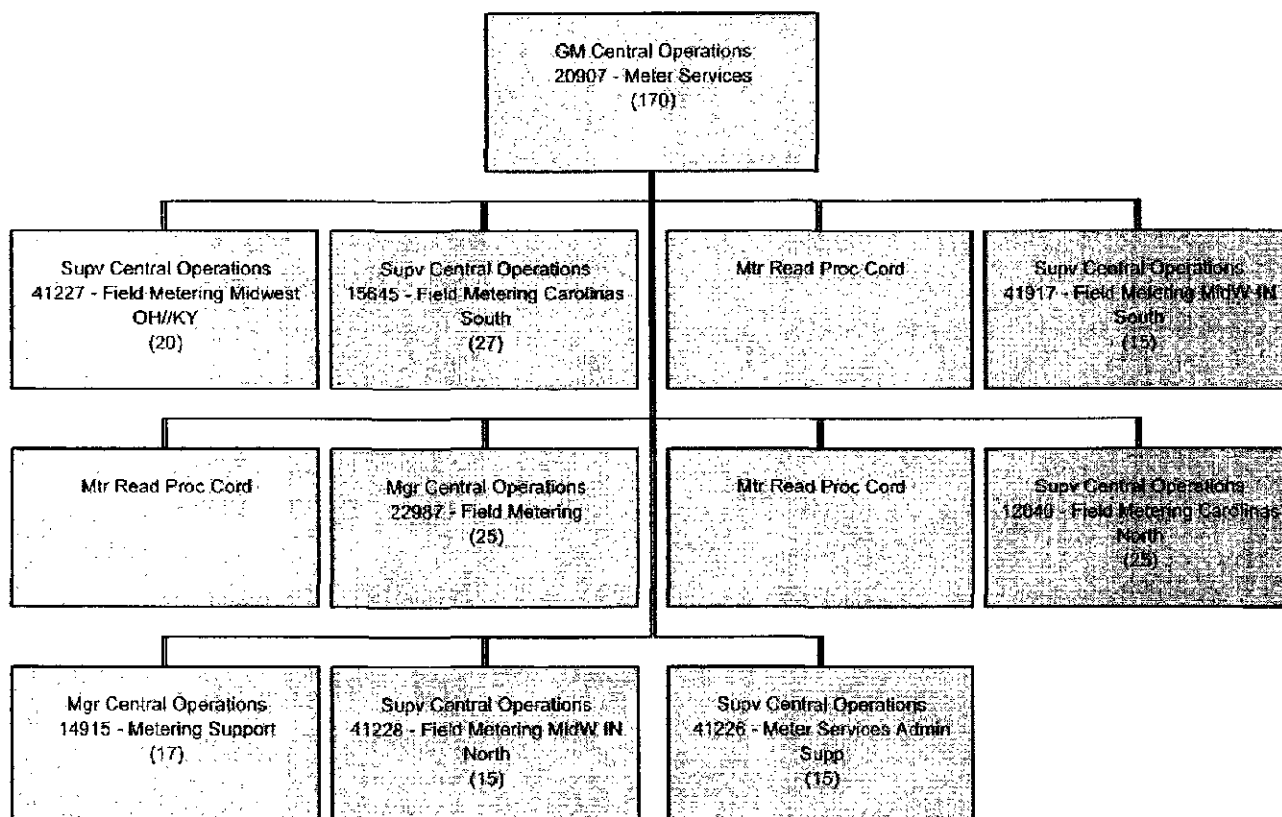
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Director Central Operations Vegetation Management Carolinas



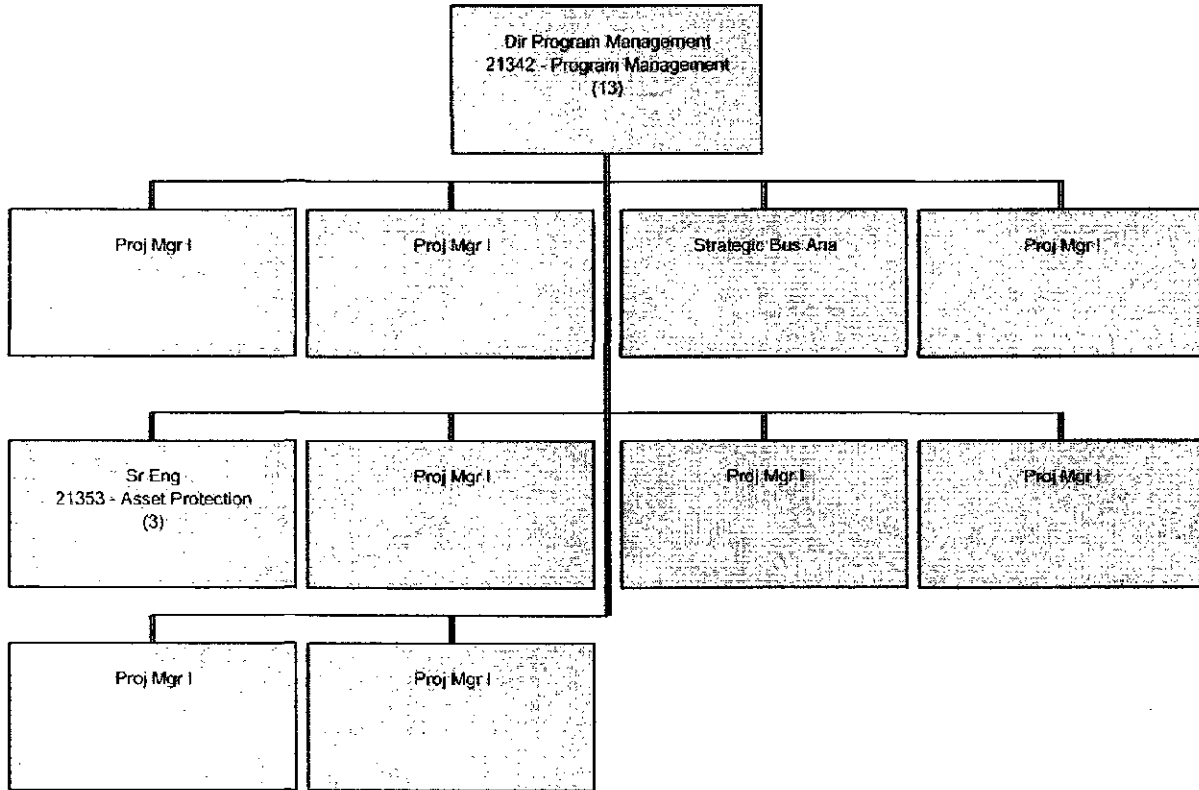
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager Central Operations Meter Services



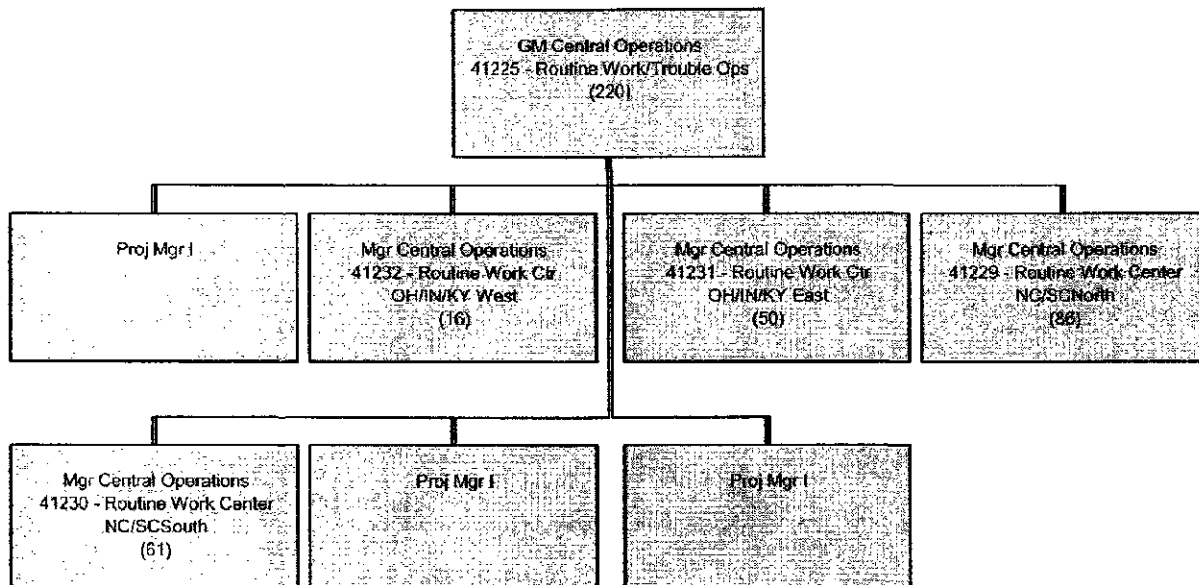
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Director Program Management



## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager Central Operations Routine Work/Trouble Ops



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
POWER DELIVERY ASSET MANAGEMENT  
SFR REFERENCE: CHAPTER II (9)(B)(i,viii)

I. Policy and Goal Setting

The Working Environment Policy Manual and other Duke Energy policy & procedure updates are provided to all employees. These form the general guidelines for the Company in the areas of employee relations, compliance with laws or governmental directives and Company relationships with the communities we serve. These policies, which are supported by the Department, are communicated through various informational meetings, written communication and internet web based applications.

Goal setting at the department level is accomplished by the Vice President and other departmental leadership. The goals are formulated to support and complement the primary objectives and business plans of Power Delivery and Franchised Electric & Gas Operations. Specific initiatives developed from the goals identify objectives, implementation schedule, milestones, responsibilities, and resources required. The goals, once developed by the Department, are presented to the Power Delivery Senior Vice President for review and, upon approval, are incorporated into the business plans.

II. Strategic Planning

Planning for the Department is the responsibility of the Power Delivery Asset Management Vice President with input from the General Managers, Directors and Managers. Strategic planning is coordinated and monitored collectively with all departments in Power Delivery utilizing input from key support groups like technical services, transportation, materials management, finance, and human resources.

Each Department supports Power Delivery's strategic plan and corporate goals and objectives through the following on-going activities:

- Facilitate an injury-free and environmentally responsible work environment
- Review customer service results and create action plans for improvement
- Develop, monitor and project department budgets for cost management
- Establish performance expectations and evaluate employees on a regular basis
- Evaluate and improve operational processes
- Use of special project teams to investigate and provide recommendations on process improvement opportunities

### III. Organizational Structure

Power Delivery Asset Management is under the direction of a Vice President who reports to the Senior Vice President of Power Delivery and the Group Executive, President and Chief Operating Officer of U.S. Franchised Electric & Gas. Six positions report to Power Delivery Asset Management Vice President:

- Director of Distribution Planning Midwest
- Director of Distribution Planning Carolinas
- Director of Transmission Planning Midwest
- Director of Transmission Planning Carolinas
- Director of Reliability & Integrity Planning
- Manager of Portfolio Management

The organizational charts for Power Delivery Asset Management are shown in Exhibit PDAM-1.

### IV. Responsibilities

Asset Management provides a single point for management of all transmission & distribution assets in order to maintain system reliability and integrity.

#### Distribution Planning

Distribution Planning is responsible for planning and designing the electrical distribution system to ensure system reliability and acceptable service standards

within the service territory regions. Distribution Planning performs the following specific duties:

- Annually reviews the capacity requirements of the distribution system;
- Prepares distribution capacity expansion plans compatible with long-term expansion objectives and their associated budget proposals;
- Maintains system simulation computer programs and databases;
- Reviews trends and new developments in electric power system analysis and design to ascertain applications to the Duke Energy system;
- Conducts system loss studies as required by the Rate Department;
- Determines the method of supply for distribution electric customers with new loads or loads in excess of 300kW;
- Conducts electrical system simulation and analysis studies as required to improve system efficiency, system reliability, and quality of service to customers;
- Conducts joint system analysis studies with other utilities as required;
- Monitors operational constraints/issues that affect system dispatch and develops system switching recommendations;
- Directs and assists in the preparation of interconnection agreements with customers that have on-site generation.

#### Transmission Planning

Transmission Planning is responsible for planning and designing the transmission system to ensure system reliability within the RFC, MISO and service territory regions. Transmission Planning performs the following specific duties:

- Annually reviews the capacity requirements of the transmission systems;
- Prepares transmission capacity expansion plans compatible with long-term expansion objectives and their associated budget proposals;
- Maintains system simulation computer programs and databases;
- Reviews trends and new developments in electric power system analysis and design to ascertain applications to the Duke Energy system;
- Conducts system loss studies as required by the Rate Department, Buckeye, OVEC, CD and CCD;
- Determines the method of supply for transmission customers;
- Conducts electrical system simulation and analysis studies as required;
- Conducts joint system analysis studies with other utilities as required;
- Monitors operational constraints/issues that affect system dispatch;



- Directs and assists in the preparation of interconnection agreements with neighboring utilities;
- Coordinates and reviews studies conducted by MISO. Studies include transmission assessments, transmission service requests and generation connection requests.

### Reliability & Integrity Planning

Reliability & Integrity Planning is responsible for evaluating, designing and planning maintenance programs and requirements for electrical distribution and transmission systems to ensure system reliability and acceptable service standards within the service territory regions. Reliability & Integrity Planning performs the following specific duties:

- Design maintenance programs and requirements for inspecting equipment, identifying problems, and correcting those problems.
- Monitor and analyze the performance of maintenance programs.
- Specify reliability improvement programs and plans where needed.
- Monitor and report on reliability performance using industry standard measures such as SAIFI, CAIDI, SAIDI, etc.
- Analyze the current age and condition of transmission, distribution, and substation assets.
- Design replacement programs and requirements for equipment that needs replacement

### Portfolio Management

Portfolio Management is responsible for the optimization/prioritization of Major Project Capital work and Operations & Maintenance (O&M) Programs and the development of budgets to support this work. Portfolio Management performs the following specific duties:

- Develops “Simple” Cost Estimates to assist Distribution Planning, Transmission Planning, and Reliability & Integrity (R&I) in choosing solutions from available alternatives;
- Develops “Detail” Scopes & Cost Estimates for Major Projects Capital work;
- Works with the Program Management group and the R&I group to define Capital and O&M Programs;

- Optimizes/Prioritizes the Capital and O&M work to ensure that we are doing the appropriate portfolio of work;
- Develops the budgets for the Optimized/Prioritized portfolio of Major Capital Projects and O&M Programs;
- Assists with Designs Standards development/changes by providing costs associated with proposed standards/changes

#### V. Practices and Procedures

The major practices and procedures of Power Delivery Asset Management include:

- Develop and maintain optimization/prioritization criteria and models
- Design reliability & integrity maintenance programs and requirements
- Create reliability improvement plans
- Project Estimating for Alternative Solution Analysis
- Track electric system performance and analyze for improvements
- Develop project scope to meet system requirements
- Develop major project capital budgets and O&M program budgets
- Develop reliability and integrity maintenance and capital budgets
- Analyze risk and value of projects to prioritize funding
- Review monthly financial objectives

#### VI. Decision Making and Control

The responsibilities for planning and decision making rests with the organizational level that has the information and facts to make sound judgments based on Company policies, procedures and regulatory directives, and the authority to take effective action. The decisions made by specific levels of management are relevant to the basic purpose of their position.

Daily, monthly, and quarterly operational reports including outage and financial are used to monitor progress and provide a means of evaluating decision making.

#### VII. Internal and External Communication

Power Delivery Asset Management must work closely with a number of other departments within the Company in order to carry out its responsibilities. Because of the complexities involved in the daily operation and maintenance of the electric transmission and distribution system, the department maintains working

relationships through various channels of communication with many departments including:

- Other Power Delivery Departments
- Duke Energy Ohio President
- Environmental Health & Safety
- Gas Operations
- Engineering Technical Services
- Information Technology
- Power Generation
- Government & Regulatory Affairs
- Real Estate & Facilities Services
- Customer Contact Centers
- Legal
- Supply Chain
- Human Resources

Internal communication channels (verbal, e-mail, suggestions, etc.) are structured in a way that provides information in a timely manner to all personnel within the department. Internal communication is accomplished through a variety of mechanisms. A large part of internal communication results from daily interaction among department personnel. In addition, meetings between the Vice President, General Managers, Directors and Managers augment this communicative effort. Whenever possible, formal written procedures and policies are used to convey information to personnel in the department. These may include handbooks for policies and procedures, Manual Work Standards, formal written job descriptions, Administrative Standards, Technical and Operating Procedures.

Communication with vendors and contractors is handled by field visits, telephone, e-mail, and meetings.

External communication includes frequent contact with residential, commercial and industrial customers through written communication, telephone, e-mail, and web based applications. Letters written by employees and sent outside the Company are signed by the appropriate level within the Department, depending on the nature of the letter.

Employees attend various meetings with other electric utilities, associations and organizations as delegates or committee members. They conduct joint studies, coordinate projects, and discuss common issues to the electric utility industry.

Some employees address outside agencies as speakers and provide professional papers on technical subjects.

Power Delivery Asset Management employees also work with local, state, federal, as well as regulatory agencies to furnish information as requested and to coordinate inspections and audits of operations by these agencies.

#### VIII. Goal Attainment and Qualification

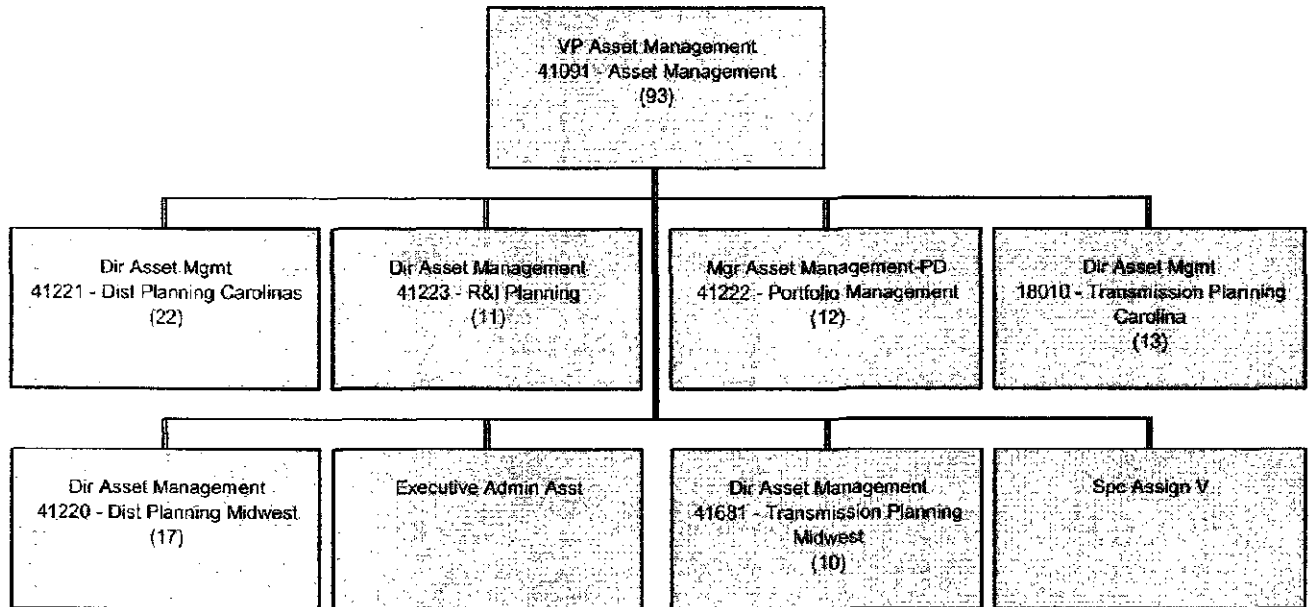
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# Vice President Asset Management



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
ENGINEERING & TECHNICAL SERVICES  
SFR Reference: Chapter II(B)(9)(a)(i,ii,viii,ix,x)

I. Policy and Goal Setting

The Engineering & Technical Services (E&TS) group is a service organization providing high quality analysis, engineering, construction, environment health and safety (EHS) and technical support services to the Non-Nuclear Generation (Midwest Generation Operations, Regulated Fleet Operations and the Duke Energy Generation Services), Nuclear Generation and Power Delivery Businesses to ensure that the generation, substations, transmission and distribution assets, both current and future, are available for use by these businesses. Also EHS support is provided to Duke Energy Americas (DEA) and Duke Energy International (DEI)

The E&TS Department supports the corporate policies and objectives as described in the Code of Business Ethics, Duke Energy Charter, Safety, Vision and Principles and EHS Policy and Management System and Workforce Environment Policy Manual through Department directives, procedures and practices And the EHS Manual.

The E&TS Department develops and publishes policy and practice guidelines as required in order to uniformly administer corporate directives and policies set by upper management. These policies are generally developed within the department, taking into account specific work conditions, schedules, department specific practices, industry standards, and processes developed through past experience. Policies and practices documents employed by management are available to the general employee population through departmental web sites on the corporate intranet.

Each year the Sr. Vice President of E&TS requires that all direct reports use the Duke Energy Performance Management system to provide Core Accountabilities that are used to align and measure departmental performance with the corporate standards for performance set by the Board of Directors. The E&TS Sr. Vice President's core accountabilities generally consist of high-level targets set for safety, O&M, Capital Construction and Environmental performance that are supportive of the corporate goals and business plan. As groups and individuals further down the management line develop their associated core accountabilities, they become more specific to the actual processes and procedures necessary to complete the work and

attain the goals. The focus is on fixed, known and measurable indicators of performance to avoid subjective evaluation of results.

## II. Strategic Planning

The E&TS Department contributes heavily to the development of long-range plans in support of the Non-Nuclear Generation, Nuclear Generation and Power Delivery business plans. E&TS' participation is to ensure that new electric generation assets are planned and constructed to support the needs of the operating departments. In addition, all capital improvement and environmental upgrades are planned and executed by this group to ensure compliance with evolving regulatory standards and existing law.

Short-term planning provides near term direction in several areas of E&TS. Operation of the department, execution of the business plan, staff development and performance measurement against core accountabilities are some functions at the manager level. E&TS is a service provider to the Nuclear, Non-Nuclear Generation and Power Delivery departments. As a service provider, short term planning is used to ensure that needs of the customer are planned into the day-to-day operation of the groups. Short term planning between the departments are used to develop the forward strategy.

Short-term planning is also used in the execution of all large Projects managed within the E&TS group. All entities performing major project management within the group conduct regular monthly meetings to review planning and execution of the project. Monthly reports detailing project status are reviewed by the next level of management at a monthly meeting held specifically for that purpose.

## III. Organizational Structure

The E&TS (E&TS) group is organized under the Sr. Vice President of E&TS. This position reports directly to the Group Executive, President and Chief Operating Officer of U.S. Franchised Electric & Gas and indirectly interfaces with the Chairman and CEO. The E&TS group is a function of the Regulated Operations, Engineering and Services (ROES) Department. Under the Sr. Vice President, there are Vice Presidents, general managers, directors and managers assigned to lead various core functions of the group as outlined below.

The organizational structure of E&TS is charted in Exhibit ET&S-1.

Generation Engineering – Project Managers, engineers and designers report to Generation Engineering Managers strategically located at each of the major generating stations, project sites and corporate offices. The Generation Engineering Managers report directly to the Directors of Generation Engineering, Solutions &

Special Projects, and Program Engineering of which report to the VP Generation Engineering.

Environmental Compliance Projects – All environmental compliance construction projects have a dedicated project manager or project director that reports to the VP Environmental Compliance Projects. The size and make up of this group changes in response to the number of projects in the engineering and/or construction phase. In addition to the project managers, the Test and Start-up and Quality Assurance Group Leader also report to the VP Environmental Compliance Projects.

IGCC Development – A Project Manager and an Engineering Manager reports directly to the Sr. Project Director providing the development of the Edwardsport IGCC project.

Generation Maintenance Services - Subject matter experts (SME) in the areas of welding, each major plant system and turbines provide support to the generating stations. The SMEs report to their respective Technical System Managers. The Technical System Managers, along with the Directors of Performance Monitoring and Outage Management report to the General Manager of Maintenance Services.

Analytical & Investment Engineering – Analytical Engineers report to the Director of Analytical Engineering. By-products personnel report to the Director of By-Products Management. The Directors along with the Investment engineers report directly to the Analytical and Investment Engineering General Manager.

Generation Equipment Services – Technical directors on boilers, turbines and generators provide technical supervision and support to craft labor executing outage maintenance and project work and reports to a Technical Support-Equipment Services Director. Vendor management and resource deployment personnel provide support optimizing contracted and internal maintenance resources to meet the work demand and report to the Director of Vendor Management Generation Equipment Services. Project Control and Document Control personnel report to the Director of Project and Document Control. These Directors along with Technical Systems Managers of Shared Mechanical Maintenance Craft Services and Shared Electrical Craft Services reports to the VP Generation Equipment Services.

Corporate EHS (Environment Health & Safety) Services – Engineers, safety specialists, industrial hygienists, safety engineers, scientists, and lab technicians report to managers. The managers report to Directors of Health & Safety, Environmental, Integration & Governance, Compliance Assurance and Data Management, EHS Field Support and Scientific Services. these directors reports to the VP Corporate Environmental Health & Safety Services.



Power Delivery Engineering – The Power Delivery Engineering Department encompasses power quality, standards, substation, transmission and system protection engineering as well as project management and controls. This group is composed of engineers, designers, project managers, etc. reporting to functional areas. These functional areas are lead by the Directors of Engineering Standards, System Protection Engineering, Power Quality and Project Management and Controls who all report to the Vice President of Power Delivery Engineering.

#### IV. Responsibilities

The E&TS group is a service organization providing high quality analysis, engineering, construction, and technical support services to the Non-Nuclear Generation and Power Delivery businesses to ensure that the generation assets, both current and future, are available for use by the businesses.. These services and facilities are required to be in accordance with applicable codes, laws, regulations and industry standards.

The Analytical and Investment Engineering department is responsible for the organization, coordination and communication development of the overall 10 year capital budget as developed and submitted by the Generation Engineering and Environmental Compliance Projects Organizations for the Non-Nuclear Generating fleet through its Investment Engineering group. This group provides overall process guidance, and sets targets for the capital spend at each generating station. This group coordinates the annual review process of the capital budget and performs analysis on non-budget requests throughout the year. In addition to organization, coordination and communication of the budget documents, they are also charged with reporting responsibility and variance analysis of the monthly and annual cash flow projections as submitted from the Generation Engineering and Environmental Compliance Projects Organizations for capital projects at a summary level.

The analytical group is responsible for analysis in a variety of areas, the most significant being development of environmental compliance scenarios and supply side options, for regulated and non-regulated asset planning support, taking into account new competing technologies and their application to an internal operating dispatch models. The evaluation also considers cost to perform modifications and installation of new equipment at various locations to achieve specific reductions. The Byproducts management function of this group is to manage the daily flow of byproducts from the generating stations. This group administers the contracts for trucking and barging, as well as the sale and disposal of Fly Ash, Bottom Ash, and Gypsum from the generating facilities.

The Generation Engineering and Environmental Compliance Projects Organizations are responsible for the initial development of the capital budget; the technical and economic analysis and justification of each capital project; and the development of the capital project schedule and cash flows. Once the capital projects are approved these organizations are responsible for the implementation of the projects and management of the capital expenditures for the Non-Nuclear Generation business, with the exception of the larger New Generation projects. Collectively they are responsible for ensuring that capital projects are performed in such a manner as to maximize the investment of the corporation and to deliver the benefits upon which the project was justified. They have the responsibility for project engineering, project management, construction management, project safety, procurement of materials and equipment, contracting and contract management for installation and construction, completing the projects within the timeframe allowed per the schedule, and total fiduciary responsibility and accountability for project expenditures. The Generation Engineering Group also provides technical and engineering support to the generating stations O&M activities and projects.

The Corporate Environment Health and Safety Services department provides environmental health and safety support services to the entire Duke Energy Corporation.. These services are in the form of environmental scientists, engineers, lab technicians and support people that are familiar with all aspects of environmental regulations. This group is responsible for filing construction and operating permit applications with government agencies, conducting laboratory analysis, overseeing environmental testing to demonstrate compliance with issued permits and completing regular and exception reporting required by the issued permits and applicable laws. This group is also responsible for overseeing compliance auditing, reporting and training. In addition, E&TS responsibility extends to developing and implementing projects that have a positive environmental impact such as the beneficial use of combustion byproducts, scrubber byproducts, and coal cleaning operations.

E&TS has the responsibility for developing and implementing safety procedures, policies and initiatives for the entire Duke Energy Corporation. In addition to developing the programs, they are responsible for compliance auditing, reporting, regulatory review and legislative comments.

E&TS is responsible for providing equipment services to the Non-Nuclear Generation department. The Lark Machine Shop provides on-demand machining services for replacement of components and products that might be considered specialty requirements as well as common equipment repairs primarily for the Nuclear generating assets. The Generation Equipment Services group also provides knowledgeable craft field service personnel that are familiar with equipment found in the generating stations across the fleet. These services are scheduled for specific equipment outages or forced emergency outage support.

E&TS is responsible for providing outage management for fossil / hydro generating units, including creation of outage schedules. Generation maintenance services are provided through subject matter experts on the major station components. These components include Mechanical equipment, electrical equipment, turbine and balance of plant equipment, plant systems and welding.

E&TS has the responsibility for developing and implementing safety procedures, policies and initiatives for the entire Duke Energy Corporation.. In addition to developing the programs, they are responsible for compliance auditing, reporting, and training.

E&TS has the responsibility for providing engineering services to the Power Delivery section of Duke Energy. This service includes interaction with the electrical system of the substations, transmission and distribution systems. The Power Delivery Engineering group provides project management and construction management to deliver major electrical infrastructure projects.

#### V. Practices And Procedures

The overall policies and procedures for the Non-Nuclear Generation operating groups are located on an internal company intranet. The Guidelines, Agreements, Policies and Procedures (GAPP) provides administrative and functional information for use by E&TS as well as the Non-Nuclear Generation operating groups to facilitate uniform management practices across the organization. This material provides guidance and consistency to application of company policies and ensures that the latest version of the policy is available at all times. Both management and employees can access the site from any internal personal computer.

A significant portion of E&TS is devoted to the development of capital budgets and the actions required to carry out execution of the budgeted projects for the Non-Nuclear Generation operating groups. The Investment Engineering group coordinates the process of collecting and preparing the capital budget from estimates and justifications prepared by the Generation Engineering group. The Generation Engineering group is then charged with implementing the approved projects at each generating station.

The Generation Engineering Manager assigns a lead engineer to complete the project using discipline resources within the site-specific team. The lead engineer is in charge of and required to design, specify, purchase equipment and materials, plan, schedule, install, test and start-up the plant projects under their control. The experience level of the engineer assigned is generally based on the size of the project. The Generation Engineering Manager is responsible to ensure that adequate resources are available at the site to perform the work. In addition to performing

these projects, Generation Engineering engineers on site specific teams are responsible for supporting the ongoing operations at the station by providing engineering expertise to solve operating and maintenance problems, equipment failures, and analysis of potential improvements.

The Environmental Compliance Projects group has responsibility for implementing and managing large construction projects that are associated with environmental compliance. When a project is identified as meeting size and type requirements, a Project Manager is assigned from this group. The project manager assembles an appropriately sized team to manage the project and interface with the host site. These resources generally come from the Generation Engineering group contingent at the site or from other Generation Engineering resources made available as needed. The detailed engineering on these projects is generally performed by an outside firm and managed by the project manager or engineering manager assigned to the project.

In the case of environmental projects, the Program Engineering group provides the engineering design functions for the project. Since there are multiple selective catalytic reduction units, dry particulate scrubbers, precipitators, baghouses and sulfur dioxide removal projects being completed across the system, the Program Engineering group manages these engineering services to ensure consistency of process, redundancy, appropriate expertise and application to each generating site. This process also allows the consolidation of projects for leverage in the procurement activities.

For all of the work mentioned above, the Generation Engineering group maintains a specific set of process guidelines in a document titled "Engineering and Construction Process Guidelines." The document defines the necessary steps required to plan, estimate, budget, justify, evaluate, and execute capital projects. In addition, the Generation Engineering group is designated as the resource provider to accomplish the power generation engineering functions for the E&TS department. They have the responsibility to seek out engineering talent with the appropriate skill sets, provide them with training and guidance in the use of our specific procedures and deploy them to the areas where needed.

The Safety and Health group provides resources to develop, monitor, train, and audit compliance with a variety of safety and health laws, regulations and policies. Safety and health specialists are strategically located at generating stations, regional offices and corporate offices such that they can provide expertise and guidance for the administration of safety policies to managers and employees located over a regional geographic area. The safety specialists also provide consulting and liaison functions to other departments as well as liaison functions outside groups such as regulators, agencies, vendors, contractors and other utilities. They are required to attain safety certifications applicable to the power industry.

The safety group develops and maintains a wide variety of safety related policies and procedures for all business and operating areas across the entire Duke Energy Corporation. These policies and procedures are developed to ensure compliance with applicable laws and to maintain a high internal focus on employee safety. The latest version of these policies is maintained in the Guidelines, Agreements, Policies and Procedures referenced earlier in this document. The safety and health specialists are also available to assist in the training and interpretation of these policies and procedures.

Although most of the safety services are required directly by the various businesses of the Duke Energy corporation, the safety organization is located in E&TS Department. This is to ensure that auditing of compliance to procedures and reporting of safety statistics by the safety group is completed by an "outside" resource not in direct line control of the primary operating groups.

The Air, Water, Waste and Remediation environmental groups operate in a similar fashion and have similar responsibilities each for their specific areas. These groups contain highly qualified environmental scientists and engineers that provide their services to facility managers and capital project teams that require assistance with environmental program or regulatory compliance issues. They study, review and interpret requirements and provide guidance to management and engineers in the performance of their work. They may acquire outside environmental consulting firms to supplement internal resources. In addition to ensuring that monthly continuous emission data and discharge data is quality assured and supplied to government agencies, these groups also perform, arrange, coordinate and oversee environmental testing services as required to demonstrate compliance with issued permits and applicable laws.

This department interfaces with the Environmental Strategy and Public and Governmental Affairs which regularly interacts with government agencies, industry committees, vendors, contractors, consultants and working groups to ensure a good flow of accurate and up-to-date information is both received and supplied by all parties involved with environmental decision making. Corporate EHS Services maintains programs to help ensure compliance with federal state and other requirements such as air, water and waste regulations and permits for use by the Non-Nuclear Generation operating and Power Delivery groups..

The Generation Maintenance Services group provides resources to perform a variety of maintenance support activities for mostly the Non-Nuclear Generation operating groups. Some electrical and turbine support is provided to the nuclear generating sites. Subject matter experts are deployed to plant sites to provide technical troubleshooting and equipment status services related to major power plant equipment such as large steam turbines, generators, motors, pumps or pulverizers.

These individuals possess specific skill sets related to this equipment. The outage management group creates outage project schedules and conducts outage meetings at the generating plants to aid in outage efficiency.

The Generation Equipment Services group operates the Lark Machine Shop. The machine shop provides specialty-machining services primarily to the Nuclear generation fleet. The shop maintains a level workload associated with in-house projects, pump and valve repair but is poised to provide emergency services to reduce forced outage duration due to need of machined parts. This group also provides mechanical and electrical crafts personnel to assist in outages both scheduled and emergency outages.

Similar to the Generation Engineering group, the Power Delivery Engineering group assigns lead engineers to complete projects using discipline resources and teams. The Power Delivery Engineering Managers are responsible to ensure that adequate resources are available at the site to perform the work. Both the substation engineering and transmission engineering provides engineering and design services to deliver cost effective substation and transmission projects and managed outsourced work when the volume of work exceeds their capability.

#### VI. Decision Making and Control

With few exceptions, personnel at all levels are provided general supervision and granted latitude to make daily decisions, plan activities, coordinate schedules and travel as required to perform their core functions. Directors and Managers review employee activities regularly, but not continuously, to monitor compliance with company policies and standards of conduct. If anomalies are discovered or decision-making seems inappropriate, a higher degree of control and monitoring is initiated and documented. Training and counseling can be provided in an attempt to improve performance. General Managers and Directors review Manager activities on a frequency appropriate for the experience level of the employee. All employees are expected to comply with company policies and formally document completion of required training programs.

Control of individual purchasing activities and access to cash reimbursements are strictly controlled by each level of management in accordance with the authorized approvals manual and expenditure authority level. Specific policies are in place within the Supply Chain Department for sourcing of all purchased materials, equipment and services. Electronic systems provide verification of authorization levels and compliance with procedures before contracts are issued or payments disbursed.

The control mechanism associated with the majority of capital work completed by the E&TS department for construction projects is the budget approval process.

Senior Management approves the capital budgets after extensive internal review and resource allocation. Prior to starting a project, a detailed work order authorization for each project must be approved. Depending on the total cost of the project, higher levels of approval are required to ensure consistency and promote a complete understanding of risks associated with projects.

The department relies on analysis techniques such as the Kepner-Tregoe Decision Making & Problem Analysis and Economic Evaluation Programs for making important complex decisions. These techniques generally employ a facilitated workshop and computer tools to guide decision makers through a structured thinking process. All E&TS decision makers are required to use these methods. These processes form the basis for consistent project analysis. These analyses are reviewed and approved by management levels as required by authorized approval levels. Equipment selection and evaluation of proposals rely on determining the best balanced choice, not always the lowest price.

## VII. Internal And External Communication

Informal verbal communication may be conducted between individuals directly or by telephone. Telephone calls are normally conducted on an informal basis and are not generally documented.

Formal verbal communications are used in special circumstances involving direct orders, instructions or reports. Formal verbal communication is used in certain disciplinary actions and is normally confirmed by documents.

Verbal communications include conducting of meetings and conference calls. In general, meetings are held each month to communicate internally within and between the work groups, to receive updates, review department performance, strategy, progress towards goals, evaluate methods and discuss changes required to achieve goals.

- Monthly Staff Meetings - Each department conducts regular staff meetings to exchange information relative to the department function and to pass on information gained from the next level of management. These meetings are generally not documented with meeting minutes. Conference calls are also used for this purpose;
- Project Review Meetings are held each month to report progress of major construction and major projects. These meetings include written reports and presentations to convey information and document progress.

Electronic Mail is used extensively, along with internal company departmental web sites to exchange both formal and informal communication. It is also used as a method of transmitting reports providing access to the latest up-to date policies and procedures utilized by the ROES group. Most procedures that require the use

of specific forms and documents are designed such that the forms are submitted and filed electronically.

E&TS group communicate with other shared service entities regularly to exchange information in the normal course of business. A partial listing includes Sourcing, Treasury, Tax, Fixed Asset Accounting, Business Unit Planning and Analysis, Payroll, Accounting, Fuel, Human Resources, Information Technology, Corporate Communications, and Legal.

External communications would include contacts with:

- Vendors, suppliers, contractors, and service providers - These contacts are in the form of general communication required to receive services or products from outside sources. In addition, employees are included in users groups and process improvement committees that meet regularly;
- Government Agencies – Communication with these agencies is of both formal and informal nature. Procedures generally dictate the formal contacts;
- Utilities – With co-owned units; and
- Professional Societies and Industry Trade Groups - The group also participates in a variety of industry committees and professional societies maintaining membership as well as leadership positions within these groups.

#### VIII. Goal Attainment Quantification

Meeting or exceeding the annually established goals is the measure of accomplishment of the E&TS department.

Performance indicators utilized by ROES group are measures of goal performance. Examples of performance indicators that relate to specific goal performance are listed below:

- Safety - Lost Time Incidents and Rates;
- Safety – Construction Safety targets;
- Financial - O & M Budget Variance;
- Financial - Capital Budget Variance;
- Environmental – Compliance; and
- Environmental – Planning process for future environmental policies.

Timely collection and reporting of information is essential to providing adequate control of department performance:

- Safety and Environmental statistics are reported monthly in accordance with industry standards and internal procedures;
- Corporate data systems provide financial information related to each department's O&M performance and capital budget performance on a



monthly basis. Significant variances must be explained and new projections provided each month;

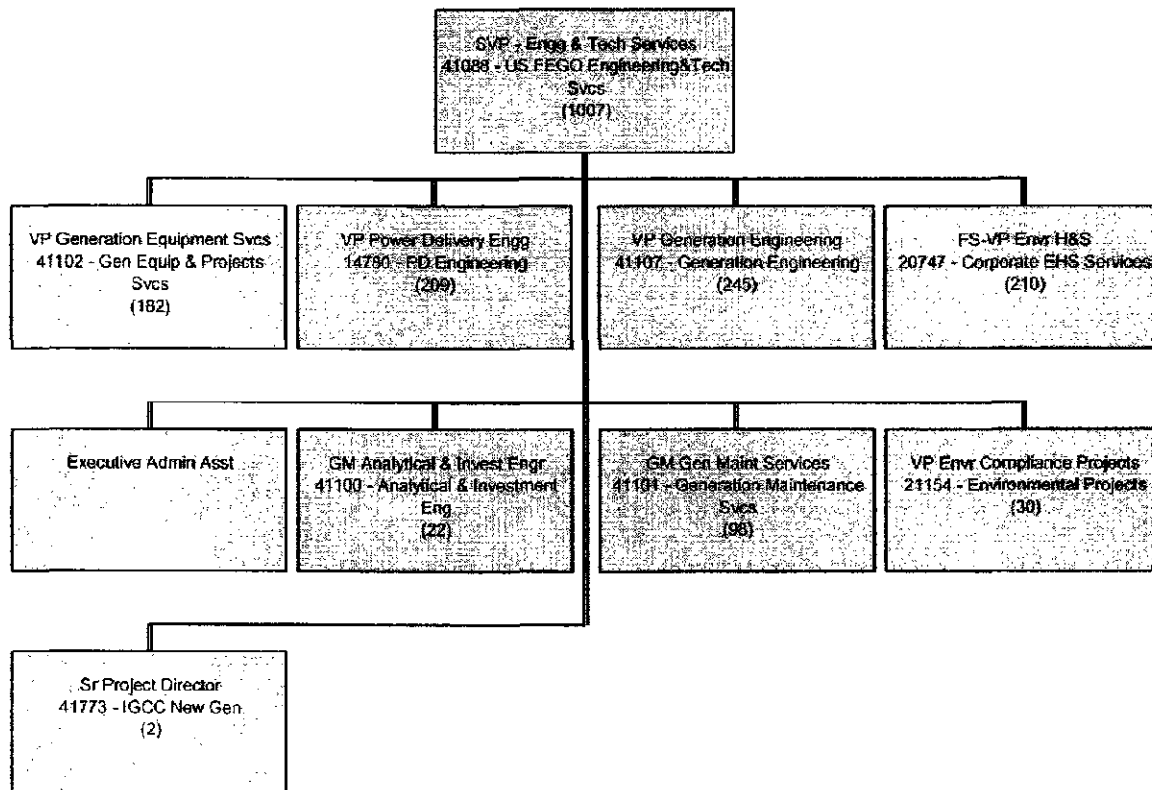
- Environmental compliance is a function of both electronic data submittals to the state EPA and testing to demonstrate compliance with permits.

Employees receive semi-annual performance reviews to measure and report progress toward individual goals in support of the department and corporate goals.

See Exhibits E&TS-2 and E&TS-3

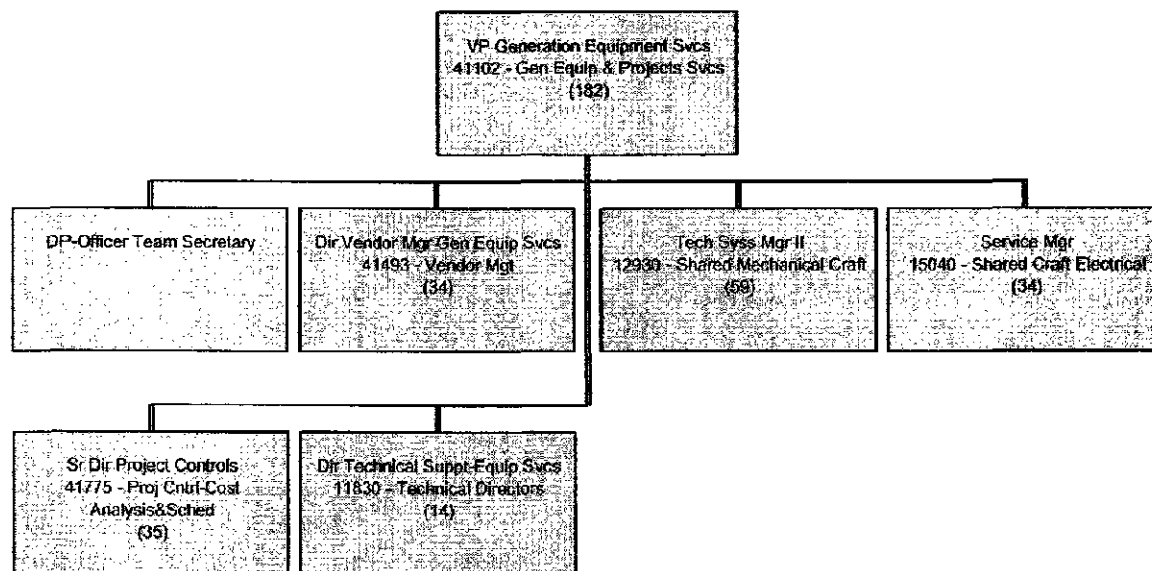
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

### Senior Vice President Engineering & Technical Services



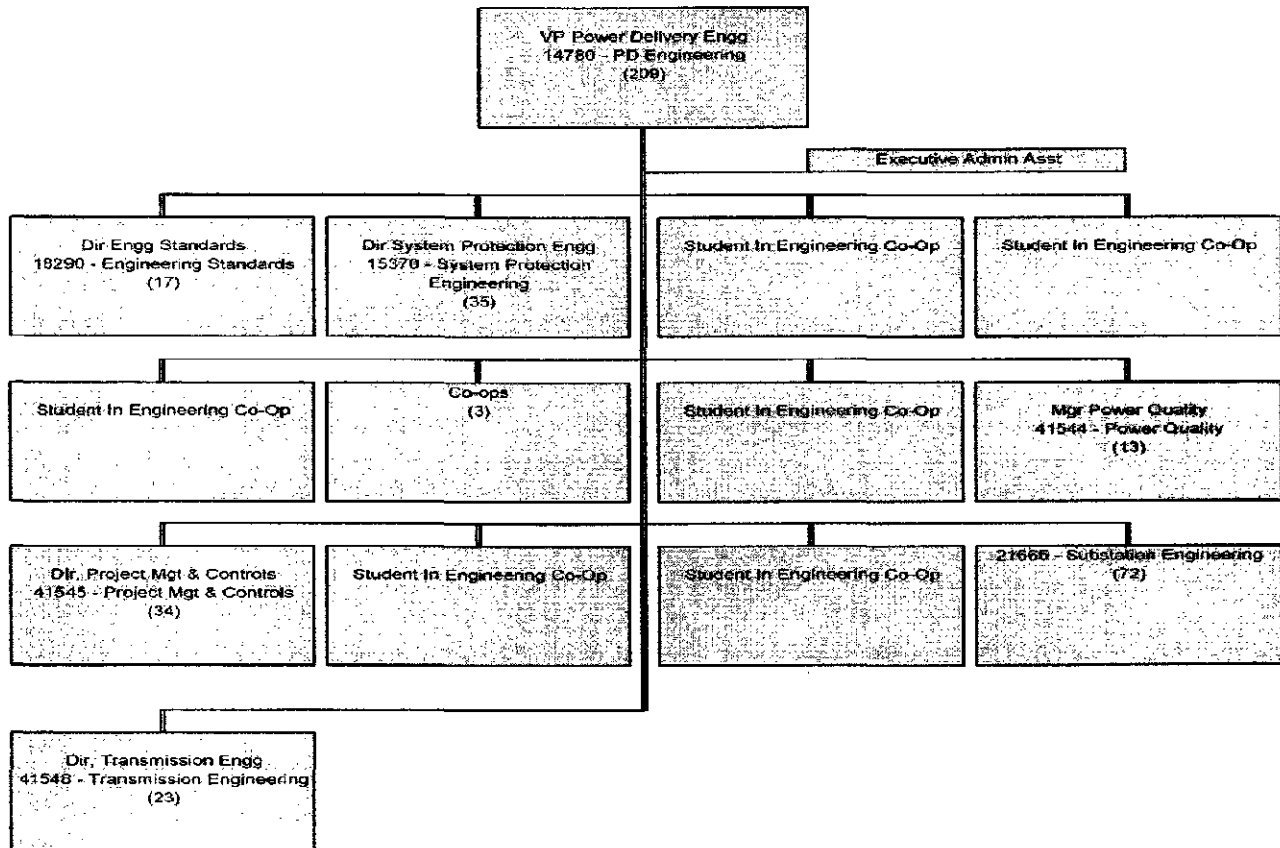
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

### Vice President Generation Equipment Services



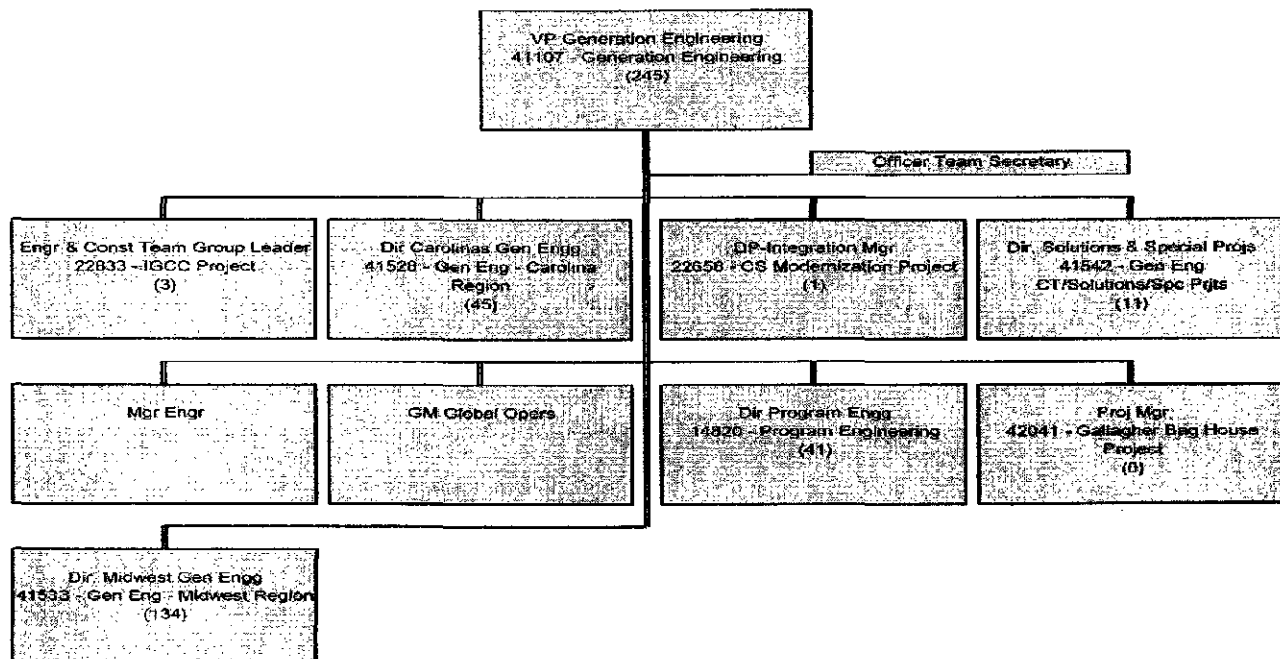
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Vice President Power Delivery Engineering



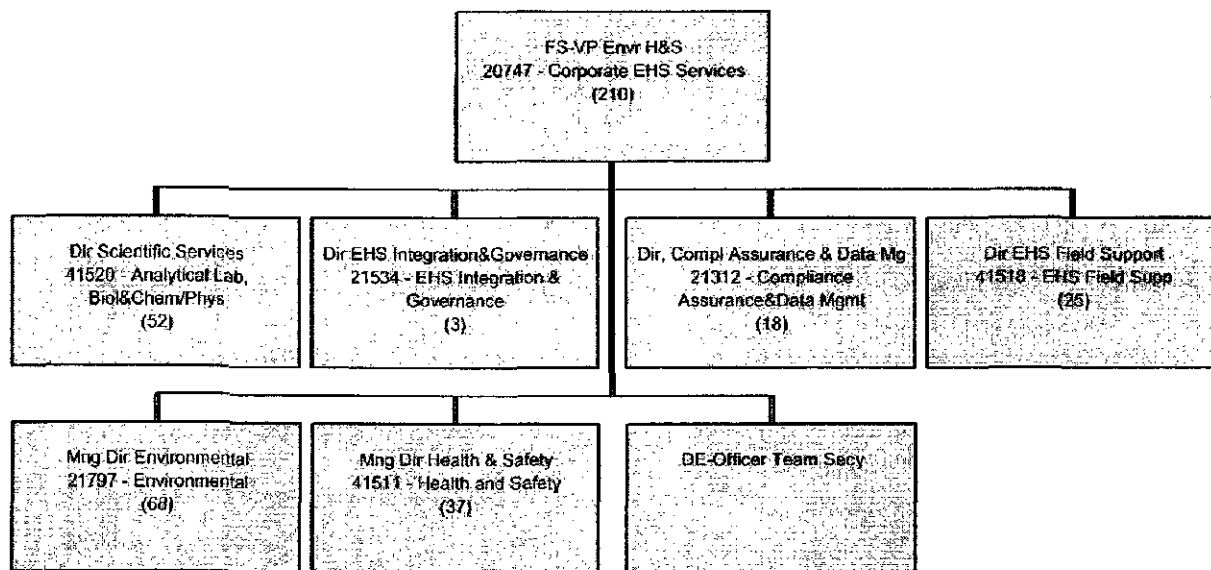
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Vice President Generation Engineering



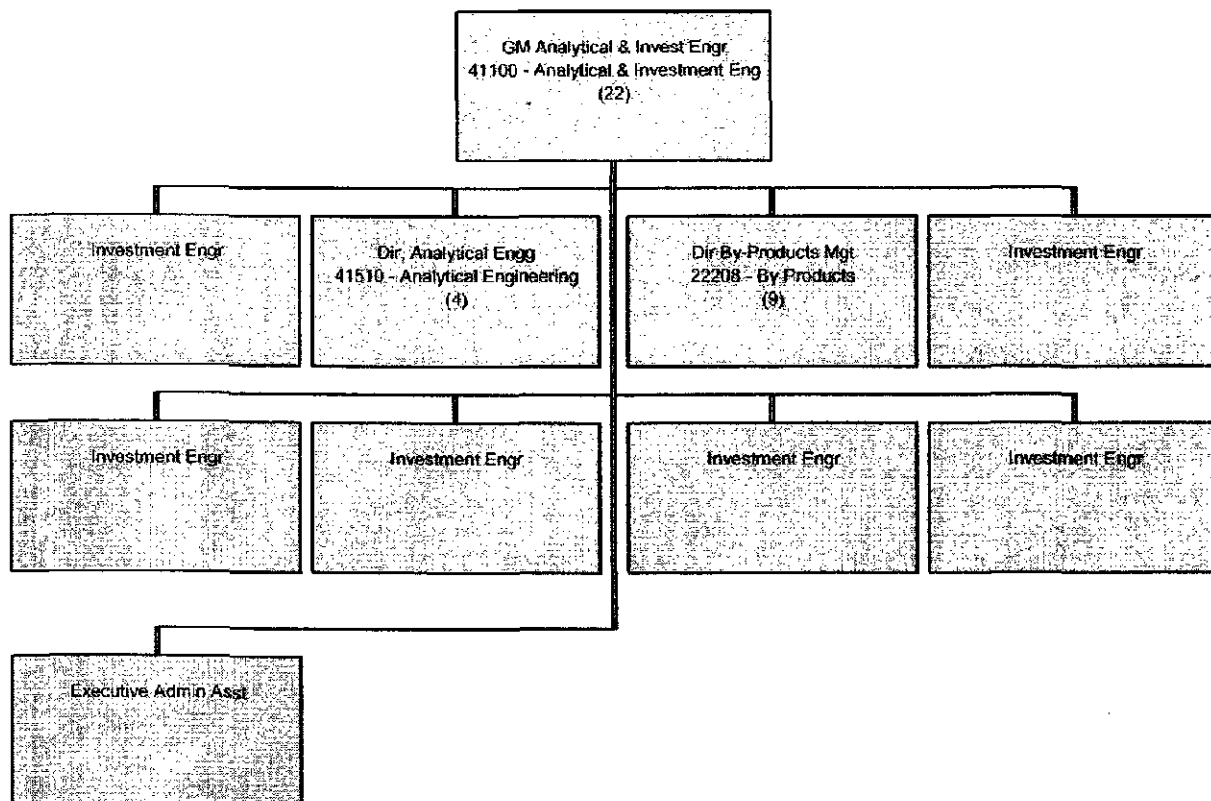
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Vice President Environmental Health &amp; Safety



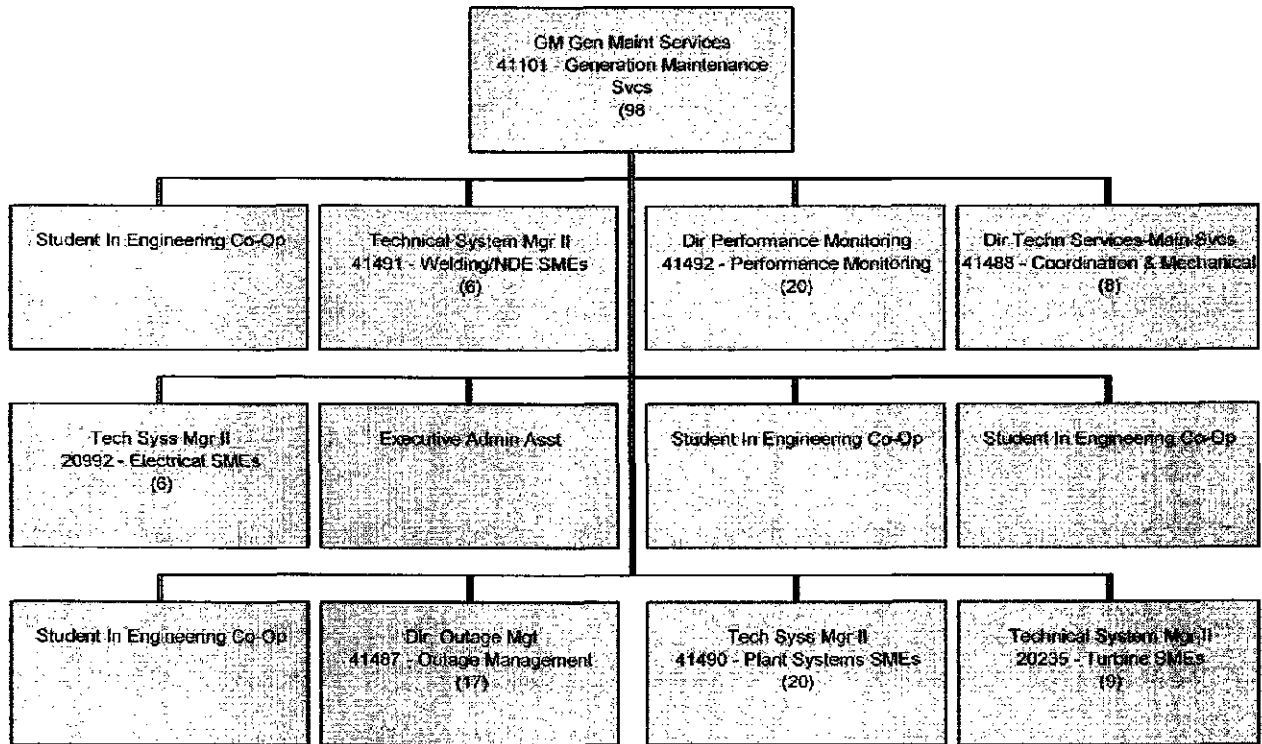
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager Analytical &amp; Investment Engineering



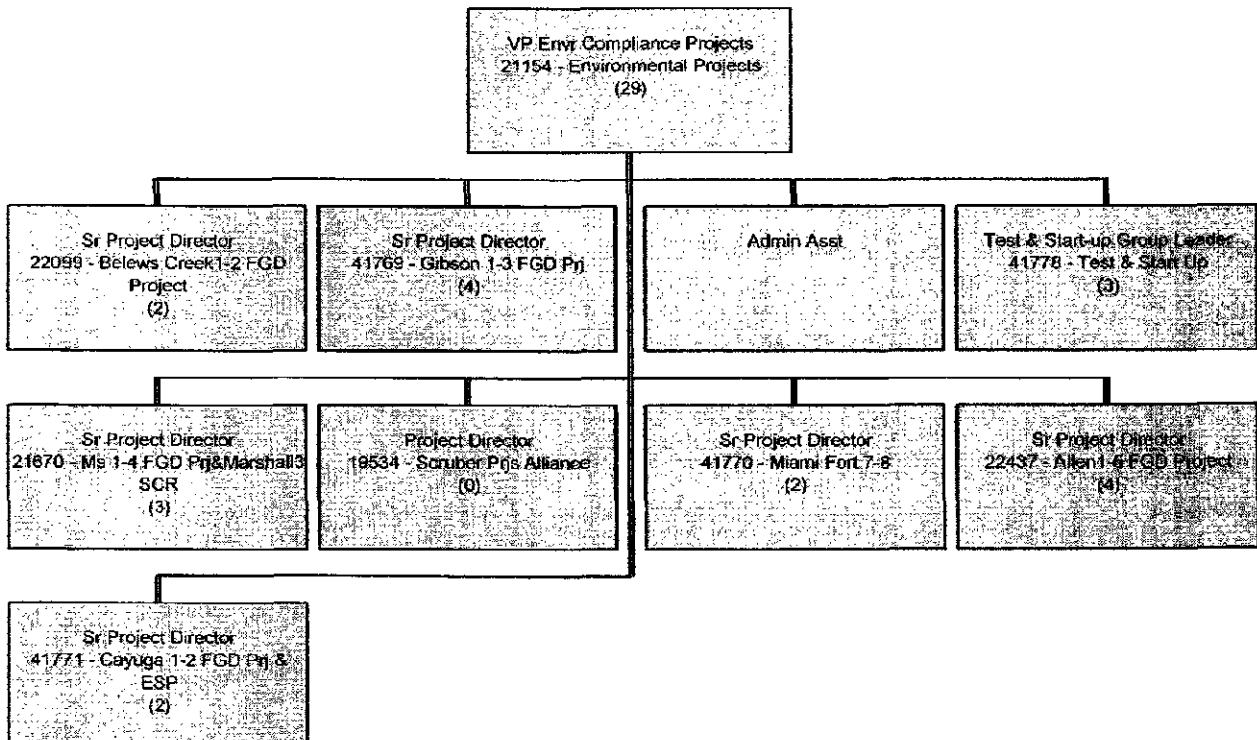
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager Maintenance Services



## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Vice President Environmental Compliance Projects



**Duke Energy Enterprise YTD EHS Performance Report**  
March 2007

Business Entity	EMPLOYEES															CONTRACTORS <sup>1</sup>	
	TOTAL RECORDABLE INCIDENTS <sup>4</sup>					LOST WORKDAY CASES <sup>5</sup>					PREVENTABLE VEHICLE ACCIDENTS <sup>1</sup>			ENVIRONMENTAL		Total Number of Injuries/Illnesses	Total Incident Case Rate (TICR)
	Current Month	2007 YTD	2007 YTD TICR Actual	2007 TICR Target	2006 TICR Year End	Current Month	2007 YTD	2007 YTD LWCR Actual	2007 LWCR Target <sup>3</sup>	2006 LWCR Year End	Current Month	2007 YTD	2006 Year End	Regulatory Citations	Fines & Penalties		
<b>DUKE ENERGY</b>	15	54	1.13	1.43	1.60	2	6	0.13	0.33	0.36	16	51	164	2	\$0	56	1.68
Regulated Operations, Engineering & Services	1	3	0.38	1.55	1.63	0	2	0.25	0.29	0.31	3	4	10	2	\$0	22	3.32
Franchised Electric & Gas	13	36	2.59	2.59	2.73	2	3	0.20	0.62	0.65	12	40	140	0	\$0	23	1.93
Commercial Businesses	0	3	0.42	0.90	0.94	0	0	0.00	0.28	0.29	1	1	3	0	\$0	7	1.29
Nuclear Generation	0	7	0.67	0.48	0.75	0	1	0.16	0.18	0.19	0	1	3	0	\$0	4	0.69
Corporate Administration	1	3	0.56	0.79	0.65	0	0	0.00	0.09	0.16	0	5	8	0	\$0	0	0.90
Other Office/Administrative	0	0	0.00	0.17	0.16	0	0	0.00	0.00	0.00	0	0	0	0	\$0	0	0.00

**NOTES:**

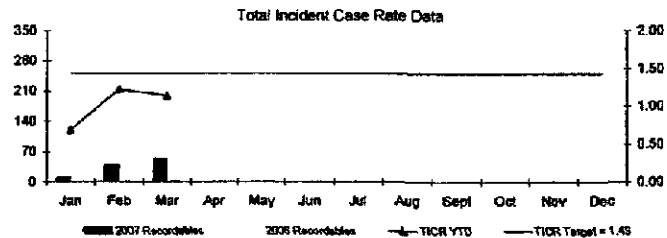
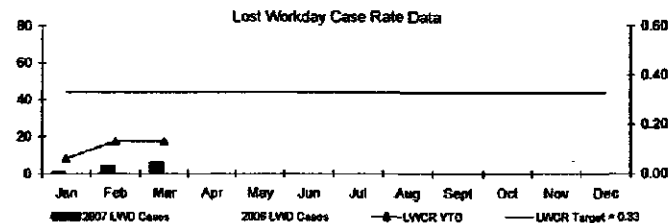
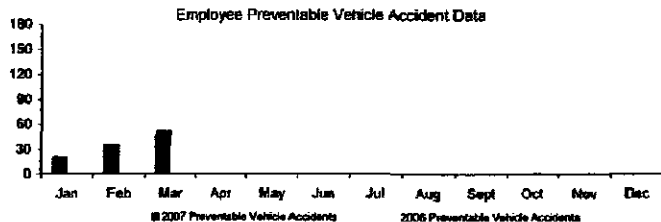
- 1 - Programs and systems for collecting and reporting contractor data throughout the organization are being developed in phases and will be included in this report as completed.
- 2 - Preventable vehicle accidents does not include DEI.
- 3 - LWCR Target (5% improvement over 2006 results) is for information only, not incentive purposes.
- 4 - 2005 EEI Top Decile TICR for Group 1 Companies (more than 7,000 employees) = 0.93
- 5 - 2005 EEI Top Decile LWCR for Group 1 Companies (more than 7,000 employees) = 0.09

**2007 DETAILED REPORT LINKS**

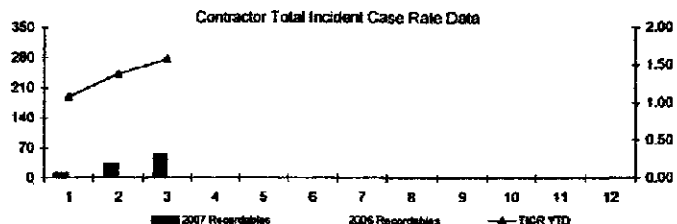
- Employee OSHA Incidents
- Employee Preventable Vehicle Incidents
- Contractor OSHA Incidents

**EMPLOYEE TOTAL INCIDENT CASE RATE SUMMARY****FATALITY/SERIOUS INJURY SUMMARY:**

FERG Power Delivery - 1/30/07: Employee was ejected from the bucket while attempting to put a pole with a material handler. Employee fell 35 feet to ground. Fractured hip and pelvis. Released from hospital to go home 1/23/07.  
 ROES FRI Wabash River - 2/14/07: Two injuries same incident - While removing an inspection door an internal pulverizer mill explosion occurred and (emp 1) caused burn to left side of face and arm (emp 2) caused injury to left side of face. Fracture and out around left eye.  
 FERG Power Delivery - 3/23/07: Employee descending pole, belt slipped to around knees, flipping employee upside down causing fall to ground. Employee fell approx 16 ft landing on head, neck & back. Fractured back. Released from hospital on 4/3/07. Will be off another 6 weeks.

**EMPLOYEE LOST WORKDAY CASE RATE DATA****LWCR DETAILS:****EMPLOYEE PREVENTABLE VEHICLE ACCIDENT SUMMARY****PVA DETAILS:****CONTRACTOR TOTAL INCIDENT CASE RATE SUMMARY****FATALITY/SERIOUS INJURY SUMMARY:**

ROES ETS Miami Fort FGO Project - 2/16/07: Contractor was standing close to a construction radiant heater when his denim coveralls ignited - received serious burns to both legs. He was transported to the hospital and treated for first, second, and third degree burns to both legs.



## 2007 NONREG CAPITAL BUDGET STATUS REPORT

### SHARE DOLLAR SUMMARY VIEWS

Based upon March 2007 Actuals  
w/o AFUDC

April 24, 2007

Operated View						
	<u>3/27 Projection</u>	<u>YTD Actuals</u>	<u>Power Plant Budget</u>	<u>YE Projection</u>	<u>Variance to Budget</u>	<u>Var to Prior Proj</u>
Generation Operated	103,849,312	19,801,379	108,295,321	106,563,433	-1,731,889	2,714,121
Generation Non-Operated	167,185,527	42,936,389	179,074,525	181,021,808	1,947,282	13,836,280
<b>TOTAL SHARE</b>	<b>271,034,839</b>	<b>62,737,768</b>	<b>287,369,847</b>	<b>287,585,240</b>	<b>215,394</b>	<b>16,550,401</b>

Program View						
	<u>3/27 Projection</u>	<u>YTD Actuals</u>	<u>Power Plant Budget</u>	<u>YE Projection</u>	<u>Variance to Budget</u>	<u>Var to Prior Proj</u>
Betterment	91,171,884	14,469,011	87,161,523	94,519,838	7,358,315	3,347,954
New Generation	0	0	0	0	0	0
NOx	2,723,127	1,069,299	3,677,023	3,545,907	-131,117	822,780
CAIR - CAMR	177,139,828	47,199,459	186,327,916	189,519,495	3,191,579	12,379,667
Misc. Unassigned	0	0	10,203,383	0	-10,203,383	0
<b>TOTAL SHARE</b>	<b>271,034,839</b>	<b>62,737,768</b>	<b>287,369,847</b>	<b>287,585,240</b>	<b>215,394</b>	<b>16,550,401</b>

Corp View						
	<u>3/27 Projection</u>	<u>YTD Actuals</u>	<u>Power Plant Budget</u>	<u>YE Projection</u>	<u>Variance to Budget</u>	<u>Var to Prior Proj</u>
DEO	271,034,839	62,737,768	287,369,847	287,585,240	215,394	16,550,401
<b>TOTAL SHARE</b>	<b>271,034,839</b>	<b>62,737,768</b>	<b>287,369,847</b>	<b>287,585,240</b>	<b>215,394</b>	<b>16,550,401</b>

Owner View						
	<u>3/27 Projection</u>	<u>YTD Actuals</u>	<u>Power Plant Budget</u>	<u>YE Projection</u>	<u>Variance to Budget</u>	<u>Var to Prior Proj</u>
NonReg Coal Fleet	267,635,935	62,604,841	283,901,355	285,006,347	1,104,992	17,370,412
NonReg CT Fleet	3,398,904	132,927	3,468,492	2,578,893	-889,599	-820,011
<b>TOTAL SHARE</b>	<b>271,034,839</b>	<b>62,737,768</b>	<b>287,369,847</b>	<b>287,585,240</b>	<b>215,394</b>	<b>16,550,401</b>

# 2007 NONREG STATION SHARE DOLLAR SUMMARY

Based upon March 2007 Actuals

April 24, 2007

Exhibit E-75-3

Page 2 of 12

Generation Operated - DEO - NON-REG							
Plant	Official Budget	3/27 Projection	YTD Actuals	Mgt Budget	Current Proj	Proj vs Mgt Bud	Proj vs Prior
<b>CTFLEET - DEO</b>	<b>3,471,866</b>	<b>3,398,904</b>	<b>132,927</b>	<b>3,468,492</b>	<b>2,578,893</b>	<b>-889,599</b>	<b>-820,014</b>
BECKJORD CT	308,416	340,707	75,081	308,416	97,772	-210,643	-242,935
BROWNSVILLE	8,919	8,145	0	8,919	8,145	-774	0
CALEDONIA	3,374	3,375	0	0	0	0	-3,375
DICKS CREEK CT	0	0	0	0	0	0	0
MIAMI FORT CT	0	0	0	0	0	0	0
FAYETTE	670,004	593,155	-51,391	670,004	568,569	-101,435	-24,586
HANGING ROCK	1,241,150	1,227,335	97,889	1,241,150	1,031,405	-209,745	-195,930
LEE COUNTY	54,999	54,999	0	54,999	20,000	-34,999	-34,999
VERMILLION	29,999	29,999	0	29,999	30,000	1	1
WASHINGTON	1,155,005	1,141,188	11,346	1,155,005	823,002	-332,002	-318,186
<b>FUTURE GENERATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
New Generation	0	0	0	0	0	0	0
CAIR / CAMR	0	0	0	0	0	0	0
<b>MIAMI FORT 5 AND 6</b>	<b>2,131,291</b>	<b>1,796,261</b>	<b>59,634</b>	<b>2,131,291</b>	<b>1,800,102</b>	<b>-331,189</b>	<b>3,841</b>
Betterment	2,131,291	1,796,261	59,634	2,131,291	1,800,102	-331,189	3,841
NOx	0	0	0	0	0	0	0
CAIR / Clear Skies	0	0	0	0	0	0	0
<b>MIAMI FORT 7</b>	<b>46,729,302</b>	<b>42,735,726</b>	<b>5,889,734</b>	<b>45,343,062</b>	<b>45,706,070</b>	<b>363,008</b>	<b>2,970,344</b>
Betterment	25,009,600	20,797,436	795,700	23,823,360	23,702,590	79,230	2,905,154
NOx	0	0	0	0	0	0	0
CAIR / CAMR	21,719,701	21,938,290	5,094,033	21,719,701	22,003,480	283,778	65,190
<b>MIAMI FORT 8</b>	<b>30,962,802</b>	<b>29,916,201</b>	<b>10,354,431</b>	<b>30,962,802</b>	<b>29,365,315</b>	<b>-1,597,487</b>	<b>-550,886</b>
Betterment	10,199,373	9,717,274	4,412,382	10,199,373	8,873,135	-1,526,238	-1,044,139
NOx	1,205,222	422,109	411,376	1,205,222	850,171	-355,051	426,063
CAIR / CAMR	19,558,208	19,776,819	5,530,673	19,558,208	19,842,009	283,801	65,190
<b>BECKJORD 1-5</b>	<b>9,265,143</b>	<b>9,918,309</b>	<b>2,214,207</b>	<b>9,265,143</b>	<b>10,084,779</b>	<b>819,637</b>	<b>166,471</b>
Betterment	6,862,513	6,983,223	885,810	6,862,513	6,948,377	86,864	-43,848
NOx	0	0	0	0	0	0	0
CAIR / CAMR	2,402,630	2,925,086	1,318,397	2,402,630	3,136,403	733,773	210,317
<b>BECKJORD 6</b>	<b>5,213,132</b>	<b>5,038,239</b>	<b>454,727</b>	<b>5,213,132</b>	<b>5,216,716</b>	<b>3,584</b>	<b>178,476</b>
Betterment	4,967,779	4,866,035	151,195	4,967,779	4,787,838	-199,940	101,803
NOx	0	0	0	0	0	0	0
CAIR / CAMR	245,353	372,204	303,532	245,353	448,877	203,524	76,673
<b>ZIMMER</b>	<b>10,521,786</b>	<b>11,045,672</b>	<b>695,721</b>	<b>10,521,786</b>	<b>11,811,557</b>	<b>1,289,771</b>	<b>765,585</b>
Betterment	9,858,511	9,989,524	533,494	9,858,511	10,750,762	892,251	761,238
NOx	26,566	47,174	0	26,566	45,854	18,488	-2,120
CAIR / CAMR	636,709	1,008,974	162,227	636,709	1,015,742	379,033	6,768
<b>Misc. Unassigned</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,389,614</b>	<b>0</b>	<b>-1,389,614</b>	<b>0</b>
Betterment	82,500,932	77,368,656	5,132,276	82,500,932	77,368,656	-5,132,276	-5,132,276
New Generation	0	0	0	0	0	0	0
NOx	1,281,788	472,283	411,376	1,281,788	850,171	-431,617	-431,617
CAIR / CAMR	44,562,601	45,051,373	12,006,453	44,562,601	45,051,373	488,772	488,772
Misc. Unassigned	0	0	0	1,389,614	0	-1,389,614	0
<b>GenOp - DEO</b>	<b>108,295,321</b>	<b>103,849,312</b>	<b>19,801,675</b>	<b>108,295,321</b>	<b>106,563,433</b>	<b>-1,731,888</b>	<b>-2,731,888</b>

Generation Non-Operated - DEO - NON-REG							
Plant	Official Budget	3/27 Projection	YTD Actuals	Mgt Budget	Current Proj	Proj vs Mgt Bud	Proj vs Prior
<b>CONESVILLE</b>	<b>61,436,749</b>	<b>54,827,924</b>	<b>6,903,232</b>	<b>58,561,200</b>	<b>55,208,760</b>	<b>-3,352,440</b>	<b>380,836</b>
Betterment	6,706,105	6,772,558	1,222,969	6,830,568	7,121,296	320,741	348,739
NOx	0	0	0	0	0	0	0
CAIR / CAMR	54,730,644	48,055,366	5,680,263	54,730,644	48,087,464	-6,643,180	32,098
<b>KILLEN</b>	<b>20,636,358</b>	<b>19,927,768</b>	<b>8,852,358</b>	<b>19,607,486</b>	<b>25,994,843</b>	<b>6,387,357</b>	<b>6,067,075</b>
Betterment	2,904,608	3,025,490	598,858	1,875,735	3,092,565	1,216,830	67,076
NOx	311,575	297,000	0	311,575	297,000	-14,575	0
CAIR / CAMR	17,420,175	16,605,278	8,253,700	17,420,175	22,605,278	5,185,102	6,000,000
<b>STUART</b>	<b>97,001,418</b>	<b>92,429,836</b>	<b>27,180,799</b>	<b>92,092,070</b>	<b>99,818,205</b>	<b>7,726,135</b>	<b>7,388,369</b>
Betterment	25,253,262	24,015,180	5,668,543	20,343,914	25,083,280	4,739,366	1,068,100
NOx	2,133,660	1,956,845	657,923	2,133,660	2,363,682	220,021	396,837
CAIR / CAMR	69,614,496	66,457,811	20,854,333	69,614,496	72,381,243	2,766,748	5,923,432
<b>Misc. Unassigned</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,813,769</b>	<b>0</b>	<b>-8,813,769</b>	<b>0</b>
Betterment	4,863,913	3,811,228	3,671,322	4,863,913	3,671,322	-1,192,591	-1,192,591
NOx	2,443,536	2,222,925	657,923	2,443,536	2,500,000	55,464	55,464
CAIR / CAMR	341,755,315	315,019,254	54,780,588	341,755,315	343,073,985	1,318,670	1,318,670
Misc. Unassigned	0	0	0	8,813,769	0	-8,813,769	0
<b>GenNonOp</b>	<b>179,074,524</b>	<b>167,115,527</b>	<b>42,536,600</b>	<b>179,074,524</b>	<b>181,023,808</b>	<b>1,949,284</b>	<b>1,949,284</b>

Generation - NON-REG							
Plant	Official Budget	3/27 Projection	YTD Actuals	Mgt Budget	Current Proj	Proj vs Mgt Bud	Proj vs Prior
Betterment	97,304,907	91,171,984	27,180,799	97,304,907	99,818,205	2,513,298	2,513,298
New Generation	0	0	0	0	0	0	0
NOx	3,677,023	3,222,129	1,069,299	3,677,023	3,450,000	-227,023	-227,023
CAIR / CAMR	186,327,416	177,139,322	7,180,580	186,327,416	182,518,483	-3,808,933	-3,808,933
Misc. Unassigned	0	0	0	0	0	0	0
<b>NON-REG</b>	<b>287,369,346</b>	<b>271,034,335</b>	<b>52,371,768</b>	<b>287,369,346</b>	<b>285,586,240</b>	<b>-1,783,106</b>	<b>-1,783,106</b>



## 2007 NONREG JOINT OWNER SUMMARY

Excludes AFUDC  
Based upon March 2007 Actuals

April 24, 2007

<b>Dayton Power &amp; Light</b>				
<b>MF 7 &amp; 8, WHZ 1 and WCB 6</b>				
	<u>YTD Actuals</u>	<u>Power Plant Budget</u>	<u>YE Projection</u>	<u>Variance to Budget</u>
Budget	10,121,612	56,816,061	54,778,765	-2,037,296
Carryover	26,706	0	630,364	630,364
Non-Budget	30,808	0	648,848	648,848
Delayed / Canceled	0	476,971	0	-476,971
PERs	0	0	0	0
<b>Total Dayton -- Budget Share</b>	<b>10,179,126</b>	<b>57,293,031</b>	<b>56,057,976</b>	<b>-1,235,055</b>
<b>Total Dayton -- Official JO Exchange</b>		<b>56,825,018</b>		<b>-567,042</b>
		<small>September 1, 2006</small>		

<b>Columbus Southern</b>				
<b>Zimmer 1 and Beckford 5</b>				
	<u>YTD Actuals</u>	<u>Power Plant Budget</u>	<u>YE Projection</u>	<u>Variance to Budget</u>
Budget	458,190	7,485,095	7,539,352	54,257
Carryover	73,336	0	243,409	243,409
Non-Budget	0	0	123,478	123,478
Delayed / Canceled	0	0	0	0
PERs	0	0	0	0
<b>Total Columbus -- Budget Share</b>	<b>531,526</b>	<b>7,485,095</b>	<b>7,906,238</b>	<b>421,143</b>
<b>Total Columbus -- Official JO Exchange</b>		<b>7,459,546</b>		<b>446,693</b>
		<small>September 1, 2006</small>		

"Budget Share" reflects the Power Plant / Management budget Joint Owner's share.  
"Official JO Exchange" reflects the budget level given to the Joint Owners during budget exchanges during September.

## 2007 Capital Monthly Budget -- Share w/o AFUDC

**2007 Capital Monthly Expenditure / Protection -- Share w/o AFUDC**

**1081972**

## 2007 NONREG C

## Budget Status Report -- Detail

Budget Status Report -- Detail										A			J-gst			Year To Date Actuals			Year End Projections		
Category	Type	Comp	Plant	Costal Method	P/E	W/O	Project Description	Whole	Days	Column	Whole	Days	Column	Whole	Days	Column	Whole	Days	Column		
Generation Operated	Budget	010	BCC	BCC	800	BC201202	WCB-CT2 GENERATOR INSPECTION	249,800	249,800	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	BCC	BCC	800	BC501205	WCB-FUEL LINE PROTECTION	22,737	22,737	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	BCC	BCC	800	WB392C	WCB-CT General Equipment	25,115	25,115	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	BCC	BCC	800	WB393C	WCB-CT Misc Values	10,764	10,764	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Carryover	010	BCC	BCC	800	BC0081	C3351 WCB-CT1 Major Overhaul & Rotor	0	0	0	0	0	0	453	0	0	0	0	0		
Generation Operated	Carryover	010	BCC	BCC	800	BC101201	C3350 CT1 Turning Gear Replacement	0	0	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Carryover	010	BCC	BCC	800	BC201201	C3168 CT2 TURNING GEAR REPLACEMENT	0	0	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Non Budget	010	BCC	BCC	800	WB4152	C3081 WCB-CT2 Major Overhaul & Rotor	0	0	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA001	FCS MISC VALVES	50,000	50,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA002	FCS GENERAL EQUIPMENT	50,000	50,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA003	Enclosure for CT1 Batteries	112,501	112,501	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA004	Level Control on Inlet Chiller	30,000	30,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA005	Steam Saturated & Wetway	75,001	75,001	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA006	Chiller filtration system	112,501	112,501	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA007	Roof structures	45,000	45,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA008	Cathodic protection system	150,000	150,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Fayet	DEF	800	DEFCA009	Chemical additions to inlet ch	45,000	45,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Carryover	010	DEF	DEF	800	DEFCA009	Miscellaneous Actual YTD	0	0	0	-51,391	0	0	0	0	0	0	0	0		
Generation Operated	Prefin Eng	010	FGM	FCN	800	STE01203	PER NEW GENERATION STUDY EAST	0	0	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA001	HRGS misc valves	74,998	74,999	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA002	HRSG general equipment	74,998	74,999	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA003	Enclosure for CT1 batteries	225,000	225,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA004	Secondary containment for F6	112,500	112,500	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA005	Level control on inlet chiller	141,152	141,152	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA006	Steam saturated & wetway	150,000	150,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA007	Chiller filtration system	112,500	112,500	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA008	Cathodic protection system	50,000	50,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Hang	DEH	800	DEHCA009	Emergency DG vs alternate backfeed	300,000	300,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Lee	CDEL	800	DELCA001	Miscellaneous Actual YTD	0	0	0	97,889	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Lee	CDEL	800	DELCA002	General equipment 10 years	2,000	2,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Lee	CDEL	800	DELCA003	Miscellaneous valves	2,000	2,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Lee	CDEL	800	DELCA004	Oil venting filtration syst	35,000	35,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	Lee	CDEL	800	DELCA005	CO2 LP Fire Protection tank RI	16,000	16,000	0	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	M6801206	INF Anti Flood Bin Ditch	411,867	263,608	148,279	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	M6801210	C6854 MF Ash Pond Rim Ditch	184,505	124,483	70,022	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	M6701206	C6878 Replace CSDA Var DC MTR Drives	374,748	239,938	134,809	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF3317	C9549 U7 Initial Hydrovape	89,535	57,387	32,148	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF359C	C9549 U7 Replace Sac. PH Cells	937,277	599,857	337,420	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF4397	A4068 New Banga Splitter Facilities	1,702,164	1,089,997	612,166	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF4407	A4068 MFS-CFSD Misc Values	894,538	439,090	245,430	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF4407	A4068 MFS-CFSD General Equipment	214,851	136,868	78,983	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700487	C9895 U7 TAFWHEATER	1,054,747	676,038	378,709	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700592	C9813 Replace L-1 Injectors U7	6,737,334	4,311,983	2,425,350	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700692	C9813 Replace L-1 Injectors U7	1,221,200	787,288	433,912	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700630	C9859 U7 Repl inlet Exhaust Pans	4,246,221	2,717,581	1,528,640	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700524	C9816 HPH Turbine Rotor Upgrade	7,721,559	4,942,054	2,779,505	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700624	C9816 HPH Turbine Rotor Upgrade	340,000	200,000	140,000	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701054	U7 UPGRADE SILO MICROPIU-SARE	155,532	99,540	55,991	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701203	C2181 U7-REMEDGE GENERATOR STATOR	682,841	424,216	258,625	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701205	C2181 Replace Turbine TSI System	960,270	627,373	332,897	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701212	U7 REPLACE HEP SUBBERS	338,430	216,565	121,865	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701213	U7 REPLACE HEP RISER CLAMPS	119,264	76,329	42,935	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701218	U7 REPLACE FIRE PUMPS	251,190	160,781	90,408	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701224	B8103 U7 REPLD	33,786,305	21,823,255	12,153,070	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701240	C9823 Ash Silica Pans Split Sinter	343,385	218,765	124,619	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701246	C9823 Replace H2 Coolers	405,711	258,645	147,065	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701251	C9859 Replace Main Oil Cooler Bundles	5,825,834	3,752,334	2,153,300	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701256	C5863 U7 REPL BURNEERS	111,778	59,538	292,240	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701260	C9463 Commutation Optimization	150,728	96,688	54,262	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700658	C7720 Rotor Pumps in Dentin Service	6,178	3,655	2,225	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF700510	C9855 MDCFT Fire Sensing System	328,454	208,031	117,524	0	0	0	0	0	0	0	0	0		
Generation Operated	Budget	010	MTC	MTC	800	MF701201	C9855 REPL MDCFT DISTRIBUTION BOXES	387,947													

2007 NONREGC

Budget Status Report - Detail

Category	1/99	2/99	3/99	4/99	5/99	6/99	7/99	8/99	9/99	10/99	11/99	12/99	1/00	2/00	3/00	4/00	5/00	6/00	7/00	8/00	9/00	10/00	11/00	12/00	1/01	2/01	3/01	4/01	5/01	6/01	7/01	8/01	9/01	10/01	11/01	12/01	1/02	2/02	3/02	4/02	5/02	6/02	7/02	8/02	9/02	10/02	11/02	12/02	1/03	2/03	3/03	4/03	5/03	6/03	7/03	8/03	9/03	10/03	11/03	12/03	1/04	2/04	3/04	4/04	5/04	6/04	7/04	8/04	9/04	10/04	11/04	12/04	1/05	2/05	3/05	4/05	5/05	6/05	7/05	8/05	9/05	10/05	11/05	12/05	1/06	2/06	3/06	4/06	5/06	6/06	7/06	8/06	9/06	10/06	11/06	12/06	1/07	2/07	3/07	4/07	5/07	6/07	7/07	8/07	9/07	10/07	11/07	12/07	1/08	2/08	3/08	4/08	5/08	6/08	7/08	8/08	9/08	10/08	11/08	12/08	1/09	2/09	3/09	4/09	5/09	6/09	7/09	8/09	9/09	10/09	11/09	12/09	1/10	2/10	3/10	4/10	5/10	6/10	7/10	8/10	9/10	10/10	11/10	12/10	1/11	2/11	3/11	4/11	5/11	6/11	7/11	8/11	9/11	10/11	11/11	12/11	1/12	2/12	3/12	4/12	5/12	6/12	7/12	8/12	9/12	10/12	11/12	12/12	1/13	2/13	3/13	4/13	5/13	6/13	7/13	8/13	9/13	10/13	11/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14	12/14	1/15	2/15	3/15	4/15	5/15	6/15	7/15	8/15	9/15	10/15	11/15	12/15	1/16	2/16	3/16	4/16	5/16	6/16	7/16	8/16	9/16	10/16	11/16	12/16	1/17	2/17	3/17	4/17	5/17	6/17	7/17	8/17	9/17	10/17	11/17	12/17	1/18	2/18	3/18	4/18	5/18	6/18	7/18	8/18	9/18	10/18	11/18	12/18	1/19	2/19	3/19	4/19	5/19	6/19	7/19	8/19	9/19	10/19	11/19	12/19	1/20	2/20	3/20	4/20	5/20	6/20	7/20	8/20	9/20	10/20	11/20	12/20	1/21	2/21	3/21	4/21	5/21	6/21	7/21	8/21	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	10/22	11/22	12/22	1/23	2/23	3/23	4/23	5/23	6/23	7/23	8/23	9/23	10/23	11/23	12/23	1/24	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24	11/24	12/24	1/25	2/25	3/25	4/25	5/25	6/25	7/25	8/25	9/25	10/25	11/25	12/25	1/26	2/26	3/26	4/26	5/26	6/26	7/26	8/26	9/26	10/26	11/26	12/26	1/27	2/27	3/27	4/27	5/27	6/27	7/27	8/27	9/27	10/27	11/27	12/27	1/28	2/28	3/28	4/28	5/28	6/28	7/28	8/28	9/28	10/28	11/28	12/28	1/29	2/29	3/29	4/29	5/29	6/29	7/29	8/29	9/29	10/29	11/29	12/29	1/30	2/30	3/30	4/30	5/30	6/30	7/30	8/30	9/30	10/30	11/30	12/30	1/31	2/31	3/31	4/31	5/31	6/31	7/31	8/31	9/31	10/31	11/31	12/31	1/32	2/32	3/32	4/32	5/32	6/32	7/32	8/32	9/32	10/32	11/32	12/32	1/33	2/33	3/33	4/33	5/33	6/33	7/33	8/33	9/33	10/33	11/33	12/33	1/34	2/34	3/34	4/34	5/34	6/34	7/34	8/34	9/34	10/34	11/34	12/34	1/35	2/35	3/35	4/35	5/35	6/35	7/35	8/35	9/35	10/35	11/35	12/35	1/36	2/36	3/36	4/36	5/36	6/36	7/36	8/36	9/36	10/36	11/36	12/36	1/37	2/37	3/37	4/37	5/37	6/37	7/37	8/37	9/37	10/37	11/37	12/37	1/38	2/38	3/38	4/38	5/38	6/38	7/38	8/38	9/38	10/38	11/38	12/38	1/39	2/39	3/39	4/39	5/39	6/39	7/39	8/39	9/39	10/39	11/39	12/39	1/40	2/40	3/40	4/40	5/40	6/40	7/40	8/40	9/40	10/40	11/40	12/40	1/41	2/41	3/41	4/41	5/41	6/41	7/41	8/41	9/41	10/41	11/41	12/41	1/42	2/42	3/42	4/42	5/42	6/42	7/42	8/42	9/42	10/42	11/42	12/42	1/43	2/43	3/43	4/43	5/43	6/43	7/43	8/43	9/43	10/43	11/43	12/43	1/44	2/44	3/44	4/44	5/44	6/44	7/44	8/44	9/44	10/44	11/44	12/44	1/45	2/45	3/45	4/45	5/45	6/45	7/45	8/45	9/45	10/45	11/45	12/45	1/46	2/46	3/46	4/46	5/46	6/46	7/46	8/46	9/46	10/46	11/46	12/46	1/47	2/47	3/47	4/47	5/47	6/47	7/47	8/47	9/47	10/47	11/47	12/47	1/48	2/48	3/48	4/48	5/48	6/48	7/48	8/48	9/48	10/48	11/48	12/48	1/49	2/49	3/49	4/49	5/49	6/49	7/49	8/49	9/49	10/49	11/49	12/49	1/50	2/50	3/50	4/50	5/50	6/50	7/50	8/50	9/50	10/50	11/50	12/50	1/51	2/51	3/51	4/51	5/51	6/51	7/51	8/51	9/51	10/51	11/51	12/51	1/52	2/52	3/52	4/52	5/52	6/52	7/52	8/52	9/52	10/52	11/52	12/52	1/53	2/53	3/53	4/53	5/53	6/53	7/53	8/53	9/53	10/53	11/53	12/53	1/54	2/54	3/54	4/54	5/54	6/54	7/54	8/54	9/54	10/54	11/54	12/54	1/55	2/55	3/55	4/55	5/55	6/55	7/55	8/55	9/55	10/55	11/55	12/55	1/56	2/56	3/56	4/56	5/56	6/56	7/56	8/56	9/56	10/56	11/56	12/56	1/57	2/57	3/57	4/57	5/57	6/57	7/57	8/57	9/57	10/57	11/57	12/57	1/58	2/58	3/58	4/58	5/58	6/58	7/58	8/58	9/58	10/58	11/58	12/58	1/59	2/59	3/59	4/59	5/59	6/59	7/59	8/59	9/59	10/59	11/59	12/59	1/60	2/60	3/60	4/60	5/60	6/60	7/60	8/60	9/60	10/60	11/60	12/60	1/61	2/61	3/61	4/61	5/61	6/61	7/61	8/61	9/61	10/61	11/61	12/61	1/62	2/62	3/62	4/62	5/62	6/62	7/62	8/62	9/62	10/62	11/62	12/62	1/63	2/63	3/63	4/63	5/63	6/63	7/63	8/63	9/63	10/63	11/63	12/63	1/64	2/64	3/64	4/64	5/64	6/64	7/64	8/64	9/64	10/64	11/64	12/64	1/65	2/65	3/65	4/65	5/65	6/65	7/65	8/65	9/65	10/65	11/65	12/65	1/66	2/66	3/66	4/66	5/66	6/66	7/66	8/66	9/66	10/66	11/66	12/66	1/67	2/67	3/67	4/67	5/67	6/67	7/67	8/67	9/67	10/67	11/67	12/67	1/68	2/68	3/68	4/68	5/68	6/68	7/68	8/68	9/68	10/68	11/68	12/68	1/69	2/69	3/69	4/69	5/69	6/69	7/69	8/69	9/69	10/69	11/69	12/69	1/70	2/70	3/70	4/70	5/70	6/70	7/70	8/70	9/70	10/70	11/70	12/70	1/71	2/71	3/71	4/71	5/71	6/71	7/71	8/71	9/71	10/71	11/71	12/71	1/72	2/72	3/72	4/72	5/72	6/72	7/72	8/72	9/72	10/72	11/72	12/72	1/73	2/73	3/73	4/73	5/73	6/73	7/73	8/73	9/73	10/73	11/73	12/73	1/74	2/74	3/74	4/74	5/74	6/74	7/74	8/74	9/74	10/74	11/74	12/74	1/75	2/75	3/75	4/75	5/75	6/75	7/75	8/75	9/75	10/75	11/75	12/75	1/76	2/76	3/76	4/76	5/76	6/76	7/76	8/76	9/76	10/76	11/76	12/76	1/77	2/77	3/77	4/77	5/77	6/77	7/77	8/77	9/77	10/77	11/77	12/77	1/78	2/78	3/78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## 2007 NONREG C

### Budget Status Report -- Detail

[illegible]



## Share Protection

Page 8 of 12

## Share Projection

977 Page 8 of 12

### Share Projection

Page 10 of 12  
978



## 2007 NONREG C

## Budget Status Report

## Detail

Category	Type	Corp	Plant	Control	Fund	P&H	MO	Project Description	F			Jiglet			Year To Date Actuals			Year End Projections			Share Projection vs Share Budget
									Whole	Part	Subtotal	Daynet	Subtotal	Daynet	Whole	Date	Daynet	Whole	Date	Daynet	
Generation Non-Operated	Carrier	010	CCC-COC	807	CON01239			Waste Water Treatment	311,575	0	311,575	0	0	0	507,163	507,163	0	297,000	297,000	0	507,163
Generation Non-Operated	Budget	010	KIC-KIC	811	KIC00682			SCR Catalyst Replacement	15,480,447	15,480,447	15,480,447	0	0	0	8,255,700	8,255,700	0	14,795,288	14,795,288	0	-724,159
Generation Non-Operated	Budget	010	KIC-KIC	819	KIC01204			FGD Construction (Sourber)	1,938,729	1,938,729	1,938,729	0	0	0	0	0	0	6,000,000	6,000,000	0	6,000,000
Generation Non-Operated	Budget	010	KIC-KIC	819	KIC01204			FGD Construction (Sourber)	506,244	506,244	506,244	0	0	0	0	0	0	1,848,990	1,848,990	0	90,739
Generation Non-Operated	Budget	010	KIC-KIC	800	KIC01209			SO2 Milligam - 985 Injection	1,159,752	1,159,752	1,159,752	0	0	0	0	0	0	482,658	482,658	0	-23,986
Generation Non-Operated	Budget	010	KIC-KIC	800	KIC01210			Wetwall Tube Replacement	1,238,511	1,238,511	1,238,511	0	0	0	0	0	0	1,105,500	1,105,500	0	-54,252
Generation Non-Operated	Budget	010	KIC-KIC	800	KIC01211			Prep Plates	0	0	0	0	0	0	0	0	0	1,180,575	1,180,575	0	-57,936
Generation Non-Operated	Budget	010	KIC-KIC	800	KIC01211			Routine Projects 2007	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	KIC-KIC	800	KIC00104			Routine Projects	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	KIC-KIC	816	KIC00681			FGD	0	0	0	0	0	0	0	0	0	41,060	41,060	0	41,060
Generation Non-Operated	Carrier	010	KIC-KIC	800	KIC01200			Distributed Control System	0	0	0	0	0	0	0	0	0	6,012	6,012	0	6,012
Generation Non-Operated	Carrier	010	KIC-KIC	800	KIC01201			DCS Simulator	0	0	0	0	0	0	0	0	0	11,001	11,001	0	11,001
Generation Non-Operated	Carrier	010	KIC-KIC	800	KIC01202			Routine Projects	0	0	0	0	0	0	0	0	0	265,759	265,759	0	265,759
Generation Non-Operated	Carrier	010	KIC-KIC	800	KIC01207			Routine Projects 2008	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Budget	010	STU-STU	813	STU0053			Start SCR 1-4	531,881	0	531,881	0	0	0	205,705	205,705	0	568,000	568,000	0	37,120
Generation Non-Operated	Budget	010	STU-STU	800	STU00574			U2 Chevron Roof Replacement	585,069	585,069	585,069	0	0	0	7,941	7,941	0	677,000	677,000	0	81,931
Generation Non-Operated	Budget	010	STU-STU	807	STU00576			U2 Precip Wess and Poles	1,581,323	1,581,323	1,581,323	0	0	0	5,232	5,232	0	1,507,053	1,507,053	0	-74,269
Generation Non-Operated	Budget	010	STU-STU	800	STU01203			U2 HPLP Generators	1,571,054	1,571,054	1,571,054	0	0	0	29,093	29,093	0	1,498,153	1,498,153	0	-72,941
Generation Non-Operated	Budget	010	STU-STU	811	STU01210			U2 Low Nox Burners	2,133,660	2,133,660	2,133,660	0	0	0	336,241	336,241	0	2,004,000	2,004,000	0	-99,660
Generation Non-Operated	Budget	010	STU-STU	800	STU01211			U2 LP Rotors Inlet & Rebuild	1,319,863	1,319,863	1,319,863	0	0	0	0	0	0	1,258,000	1,258,000	0	-61,863
Generation Non-Operated	Budget	010	STU-STU	800	STU01214			U2 Coal Pipe Replacement	372,317	372,317	372,317	0	0	0	50,315	50,315	0	568,000	568,000	0	193,683
Generation Non-Operated	Budget	010	STU-STU	800	STU01215			U2 Pendant Reheater	2,659,404	2,659,404	2,659,404	0	0	0	835,848	835,848	0	2,535,000	2,535,000	0	-124,404
Generation Non-Operated	Budget	010	STU-STU	800	STU01205			U4 Main Transformer	490,867	490,867	490,867	0	0	0	0	0	0	460,000	460,000	0	-30,867
Generation Non-Operated	Budget	010	STU-STU	800	STU01207			U4 Waterwalls	1,129,224	1,129,224	1,129,224	0	0	0	0	0	0	1,076,000	1,076,000	0	-53,224
Generation Non-Operated	Budget	010	STU-STU	800	STU01231			U4 Condenser Refrube	693,560	693,560	693,560	0	0	0	0	0	0	652,000	652,000	0	-41,560
Generation Non-Operated	Budget	010	STU-STU	819	STU03093			Flue Gas Desulfurization	61,942,613	61,942,613	61,942,613	0	0	0	20,846,555	20,846,555	0	65,072,800	65,072,800	0	3,120,188
Generation Non-Operated	Budget	010	STU-STU	800	STU03095			Makeup Demineralizer Replacement	511,424	511,424	511,424	0	0	0	0	0	0	488,000	488,000	0	-23,424
Generation Non-Operated	Budget	010	STU-STU	800	STU01202			Auditory Boiler Replacement	204,570	204,570	204,570	0	0	0	0	0	0	195,000	195,000	0	-9,570
Generation Non-Operated	Budget	010	STU-STU	800	STU01215			Balanced Draft Confession	3,756,306	3,756,306	3,756,306	0	0	0	7,738	7,738	0	3,580,200	3,580,200	0	-176,106
Generation Non-Operated	Budget	010	STU-STU	816	STU01215			SO3 Milligam	7,871,883	7,871,883	7,871,883	0	0	0	0	0	0	7,308,443	7,308,443	0	-563,440
Generation Non-Operated	Budget	010	STU-STU	800	STU01216			Economizer Replacements	818,278	818,278	818,278	0	0	0	187,849	187,849	0	648,589	648,589	0	-169,690
Generation Non-Operated	Budget	010	STU-STU	800	STU01220			Elk Run Design & Engineering	613,769	613,769	613,769	0	0	0	0	0	0	585,000	585,000	0	-28,769
Generation Non-Operated	Budget	010	STU-STU	800	STU01231			Powder	8,214,255	8,214,255	8,214,255	0	0	0	1,136,538	1,136,538	0	6,239,716	6,239,716	0	-1,974,539
Generation Non-Operated	Budget	010	STU-STU	800	STU01233			Routine Projects 2007	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Budget	010	STU-STU	800	STU00117			Compressed Air Sys Ph R & M	0	0	0	0	0	0	0	0	0	136,500	136,500	0	136,500
Generation Non-Operated	Budget	010	STU-STU	800	STU00124			Unit 1 Turbine HPLP	0	0	0	0	0	0	56,489	56,489	0	56,489	56,489	0	56,489
Generation Non-Operated	Carrier	010	STU-STU	800	STU01201			U1 Chevron Roof Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01203			U1 Verticals	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01205			U1 Dowdall Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01208			U1 Generator Rewind	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01209			U2 L2 Dowdall Turbine Rotors	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU00994			U4 Chevron Roof Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	807	STU01201			U4 Precipitator Boxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	807	STU01208			U4 Precipitator Boxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01209			U4 Generator Sator Rewind	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	811	STU01215			U4 SCR Catalyst Regeneration	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU00685			Routine Projects 2003	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01203			Routine Projects	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01220			Routine Projects 2008	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	807	STU00124			Ash Pd 10x11 Landfill Drip	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU00116			Routine Projects	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	807	STU00141			Unit 1 Precip Upgrades	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Carrier	010	STU-STU	800	STU01216			Main Boiler Support Beam	0	0	0	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Budget	010	STU-STU	807	STU01235			Asbestos Removal - ARO	-2,875,549	-2,875,549	-2,875,549	0	0	0	0	0	0	215,280	215,280	0	2,060,269
Generation Non-Operated	Budget	010	COC	818				Double insulation	-1,028,872	-1,028,872	-1,028,872	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Budget	010	KIC	819				Double insulation	-4,909,248	-4,909,248	-4,909,248	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Budget	010	STU	819				Double insulation	-3,613,769	-3,613,769	-3,613,769	0	0	0	0	0	0	0	0	0	0
Generation Non-Operated	Budget	010	JRC-HO					Miscellaneous Unassigned	0	0	0	0	0	0	0	0	0	0	0	0	0
Original DEO Data Totals									173,073,448	100,295,321	57,293,031	7,485,095	531,526	30,512,032	19,801,379	10,179,126	170,527,647	108,563,429	58,057,976	7,906,235	-1,731,869
Real Time DEO Data Totals									179,074,528	179,074,528	0	0	0	42,958,389	42,958,389	0	181,021,608	181,021,608	0	0	1,947,282
diff									362,147,973	287,269,847	57,293,031	7,485,095	531,526	73,448,420	62,737,768	10,179,126	351,549,455	287,565,240	58,057,976	7,906,235	215,394

2007 NONREG Capital Budget Status Report Summary				ABB Budget				Year to Date Actuals				Year End Projections			
DESCRIPTION				Whole	Duke	Dayton	Columbus	Whole	Duke	Dayton	Columbus	Whole	Duke	Dayton	Columbus
<b>CATEGORY BY TYPE SUMMARY</b>															
Generation Operated				Whole	Duke	Dayton	Columbus	Whole	Duke	Dayton	Columbus	Whole	Duke	Dayton	Columbus
Count															
220	Budget			170,274,242	105,973,087	56,816,061	7,485,095	29,417,081	18,837,279	10,121,612	458,190	163,041,652	100,723,539	54,778,769	7,539,352
145	Carryover			58,879	58,879	0	0	961,754	861,711	26,706	73,336	3,023,591	2,151,818	630,384	243,409
26	Non Budget			0	0	0	0	119,676	88,869	30,808	0	2,933,539	2,161,213	848,848	123,478
5	Delayed			1,707,454	1,265,260	442,193	0	0	0	0	0	0	0	0	0
4	Cancelled			134,928	100,201	34,727	0	13,520	13,520	0	0	1,528,865	1,528,865	0	0
12	Prelim Eng			897,896	897,896	0	0	30,512,032	19,801,379	10,179,126	531,528	170,527,647	106,663,433	55,057,976	7,906,238
	Generation Operated Total			173,073,448	108,295,321	57,293,031	7,485,095	39,078,810	29,717,882	2,971,782	0	177,186,568	107,723,539	54,778,769	7,539,352
44	Generation Non-Operated			179,074,525	179,074,525	0	0	2,971,782	885,797	0	0	2,936,443	2,936,443	0	0
30	Budget			0	0	0	0	885,797	885,797	0	0	885,797	885,797	0	0
2	Carryover			0	0	0	0	0	0	0	0	0	0	0	0
0	Non Budget			0	0	0	0	0	0	0	0	0	0	0	0
0	Delayed			0	0	0	0	0	0	0	0	0	0	0	0
0	Cancelled			0	0	0	0	0	0	0	0	0	0	0	0
	Generation Non-Operated Total			179,074,525	179,074,525	0	0	42,936,389	42,936,389	0	0	181,021,808	181,021,808	0	0
	Total NonReg			352,147,973	287,369,847	57,293,031	7,485,095	73,448,420	62,737,768	10,179,126	531,528	351,548,455	287,885,240	55,057,976	7,906,238
<b>GENERATION OPERATED -- NON-REG SUMMARY</b>															
DOO	Beckjord CT	N	DEO	308,416	308,416	0	0	75,081	75,081	0	0	97,772	97,772	0	0
DOO	Brownsville CT	N	NREG	8,919	8,919	0	0	0	0	0	0	8,145	8,145	0	0
DOO	Caledonia CT	N	NREG	0	0	0	0	0	0	0	0	0	0	0	0
DOO	Dick's Creek Int	N	DEO	0	0	0	0	0	0	0	0	0	0	0	0
DOO	Fayette CT	N	DEO	670,004	670,004	0	0	-51,391	-51,391	0	0	568,569	568,569	0	0
DOO	Hanging Rock CT	N	DEO	1,241,150	1,241,150	0	0	97,889	97,889	0	0	1,031,405	1,031,405	0	0
DOO	Lee County CT	N	DEO	54,999	54,999	0	0	0	0	0	0	20,000	20,000	0	0
DOO	Vermilion CT	N	DEO	29,999	29,999	0	0	0	0	0	0	30,000	30,000	0	0
DOO	Washington CT	N	DEO	1,155,005	1,155,005	0	0	11,348	11,348	0	0	823,002	823,002	0	0
DOO	New Generation	N	DEO	0	0	0	0	0	0	0	0	0	0	0	0
DOO	Miami Fort U7	N	DEO	71,130,587	45,343,082	25,787,526	0	8,214,194	5,889,734	3,324,460	0	71,463,882	45,706,070	25,757,792	0
DOO	Miami Fort U8	N	DEO	48,379,379	30,983,802	17,418,576	0	16,182,456	10,354,431	5,828,025	0	45,888,982	29,385,916	16,521,647	0
DOO	Miami Fort CT	N	DEO	0	0	0	0	0	0	0	0	1,800,102	1,800,102	0	0
DOO	Miami Fort Common	N	DEO	2,131,291	2,131,291	0	0	59,634	59,634	0	0	13,911,242	5,216,716	8,955,621	1,738,905
DOO	Beckjord U6	N	DEO	13,901,665	5,213,132	8,950,843	1,737,711	1,212,605	454,727	606,302	151,576	10,084,779	10,084,779	0	0
DOO	Beckjord U 1-5	N	DEO	9,265,143	9,265,143	0	0	2,214,207	2,214,207	0	0	24,801,808	11,811,557	6,822,915	6,167,333
DOO	Zimmer	N	DEO	22,627,487	10,521,786	5,388,327	5,747,384	1,406,011	685,721	420,339	379,951	170,527,647	106,663,433	55,057,976	7,906,238
DOO	Roeber's Float - NR	N	DEO	2,189,374	1,388,614	778,760	0	0	0	0	0	0	0	0	0
	GenOp Totals			173,073,448	108,295,321	57,293,031	7,485,095	30,512,032	19,801,379	10,179,126	531,528	170,527,647	106,663,433	55,057,976	7,906,238
<b>GENERATION NONOPERATED CENTER SUMMARY</b>															
DOO	Generation Non-Operated			179,074,525	179,074,525	0	0	42,936,389	42,936,389	0	0	181,021,808	181,021,808	0	0
DOO	Total NonReg			352,147,973	287,369,847	57,293,031	7,485,095	73,448,420	62,737,768	10,179,126	531,528	351,548,455	287,885,240	55,057,976	7,906,238

DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
Enterprise Asset Management  
SFR Reference: Chapter II (B)(9)(b)(v)

I. Policy and Goal Setting

Corporate work policies are established by executive management and are embodied in the Working Environment Policy Manual and the Duke Energy Code of Business Ethics, which are provided to all employees. These policies, which establish guidelines by which Duke Energy employees are expected to conduct business, are supported by those employees assigned to the Enterprise Asset Management (EAM) project. In addition, employees on the EAM project are required to adhere to all corporate policies in conducting their work.

The annual goals for the EAM project are established in conjunction with the annual business plans for Duke Energy. EAM project leadership works closely in conjunction with operational leadership to establish project objectives, identify project scope and schedule.

II. Strategic Planning

The EAM project is aligned with the strategic goals of Duke Energy and supports the company's objectives to continually improve work processes and create a standardized way of doing business.

III. Organizational Structure

The project is responsible for the implementation of a new work tool (Maximo) which will support essential operational and supply chain functions within US Franchise Gas & Electric. The EAM project reports to the Vice President of EAM. Additionally, the project utilizes both working and Executive sponsors to provide input, oversight, support, and commitment to the implementation of this new tool.

The EAM project is organized into different teams:

- Business Teams
  - Generation
  - Supply Chain
  - Fleet
  - Power Delivery / Gas Operations

- Change Management
- Information Technology (IT)
- Project Management Office (PMO)

The organizational structure of EAM is charted in Exhibit EAM-1.

## Responsibilities

The four Business teams are responsible for development of business processes and business requirements that define the work processes for their area of expertise. Their work must be consistent with all regulatory and corporate policies. The Business teams must ensure that project deliverables are approved by the appropriate Information Technology (IT) and corporate resources. The Business teams are also responsible for verifying that the tool is built in accordance with the requirements defined and indicate acceptance that the tool works as designed for the corporation. Testing of the tool and training also are part of the work of the Business teams.

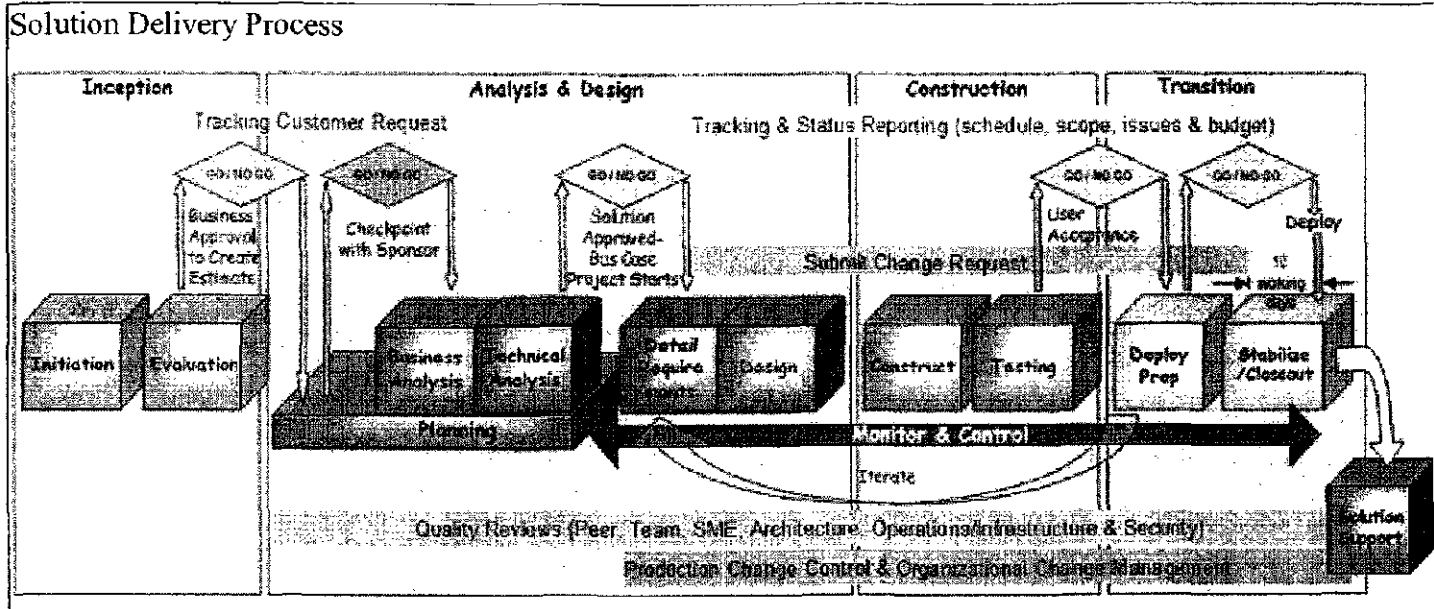
The Change Management team is responsible for communication and training strategies for the deployment of the tool. They are responsible for identifying communication needs and facilitating the delivery of these messages. They must identify the types of training needed to deploy the tool to the broader organization and identify the resources needed to deliver the training.

The IT team is responsible for providing the infrastructure for the tool and the strategy for data migration, system architecture, interfaces, existing system retirement and testing. They will provide direction to the team for data conversion. In addition, the IT team must create the environments for development and the support for both these environments as well as the production environment. They must also develop the staff and the processes for on-going production support.

The PMO is responsible for monitoring the project throughout the project lifecycle. This includes providing the development of schedules, budgets, staffing, and status to all internal stakeholders. They must assess any change in project scope and gain approval for scope changes from the broader organization. They must monitor critical project milestones to ensure that they are met and to ensure project deliverables are timely and of appropriate quality. The PMO must develop potential risks and strategies to mitigate these risks. They must also track project issues and ensure that those affecting the overall project are resolved.

#### IV. Practices and Procedures

The EAM project will follow Duke Energy's standard Solution Delivery Process for a Software Development. This methodology can also be applied to tool integration.



The project phases are:

- Planning - Detailed project planning, budgeting, and scope definition
- Analysis & Design – detailed business process designs including business process flows, gap analysis, reports, applications, workflows, interfaces, conversions, and enhancements (RAWICE) inventory, Key data elements, Use Case Inventory and Role Definitions, and Implementation plan
- Construction/ Build – configure Maximo tool to meet business requirements, reconnect interfaces, develop reports, and data conversion programs. Multiple testing cycles will be planned in the testing phase, including unit/function, integration, system, performance, hardware and infrastructure, mock conversions, and user acceptance testing
- Transition/Deploy – deploy tool to the end-user and provide training, implement change control, implement post-implementation support and complete data cleansing/conversion and system retirement

Stage Gates are used as a project control method for work progression and project continuance (Go/No Go Decisions).

#### V. Decision Making and Control

The EAM project is managed by the PMO office, the Executive Steering Committee and the Executive Sponsors. These three entities provide the overall

project direction and decision-making. Decisions made are communicated to impacted organizations.

Monthly reports of performance are used to monitor the project's performance. These reports are reviewed routinely with Duke Energy's management.

## VI. Internal & External Communication

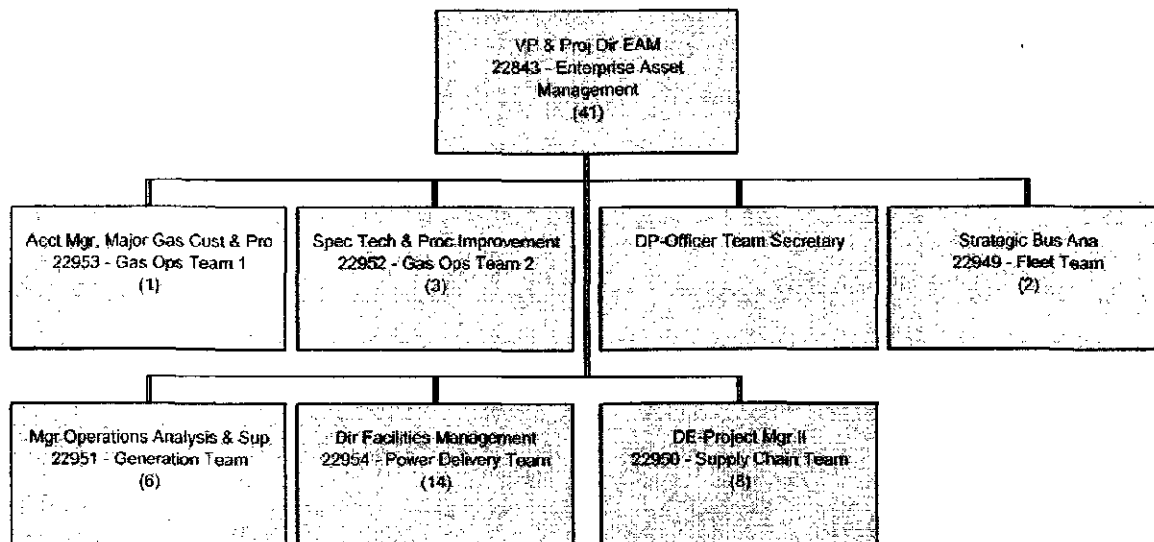
The Change Management team is tasked with identifying the communication strategy for the EAM project and providing mechanisms in which to deliver program messages to the Duke Energy organization. Project sponsors are also expected to provide communication on the project status to their organizations, as appropriate. Executive Sponsors, Working Sponsors and Executive Steering Committee members are updated on a monthly basis.

### Goal Attainment and Qualification

The EAM project has developed a number of quantifiable indicators that are used to establish metrics which reflect our success in delivering the tool within schedule, scope and budget. Goals are identified in the departments Short Term Incentive Plans. Listed below are a few performance metrics employed by the EAM project:

- Number of Deliverables complete (with appropriate sign-off);
- Hours burned vs hours earned (as defined by the project team);
- Financial performance;
- Work plan status of major milestones

**DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE**  
**Vice President & Project Director Enterprise Asset Management**



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
CORPORATE DEVELOPMENT AND M&A  
SFR Reference: Chapter II (B)(9)(b)(iv)

I. Policy and Goal Setting

Corporate Development and Mergers & Acquisitions (M&A) is responsible for providing detailed strategic and financial analysis, and recommendations on strategic corporate transactions.

The Corporate Development and M&A Department (Department) supports the corporate policies and objectives as described in the Working Environment Policy Manual through the Department directives, procedures and practices.

The Department is responsible for setting goals under the direction of the Senior Vice President and Chief Development Officer of Duke Energy Corporation. Corporate Development and M&A's goals and policies are established to further the strategic direction of the Company in meeting both short and long term growth and earnings targets. The goals and policies are based on growth targets, operational opportunities, and meeting stakeholder needs.

II. Strategic Planning

Strategic planning for Corporate Development and M&A is based on overarching corporate goals. Plans to achieve Corporate Development and M&A goals are designed to occur over long and short-term periods and are reviewed and updated as often as macro-level changes in the utility sector and internal corporate changes warrant updating goals.

A number of target companies (merger and acquisition candidates) are defined and monitored continually as part of the long-term goal of making strategic transactions at the corporate level. The target company list is established through a process of evaluating potential merger synergies, strategic fit, size, location, etc. and is updated periodically. Input to the target list for long-term planning is provided through the executive management team, with particular guidance from the Group Executive and President of Commercial Businesses, the Senior Vice President and Chief Development Officer, and the managing directors of Corporate Development and M&A.

Short-term goals are established to support annual corporate goals. Short-term goals and planning are also created with input from the managing directors of Corporate



Development and M&A, the Senior Vice President and Chief Development Officer and the Group Executive and President of Commercial Businesses. Short-term goals are particularly aimed at supporting earnings goals and strategic acquisitions at the business unit level, plus monitoring changes to the strategic target list.

### III. Organizational Structure

Corporate Development and M&A has a flat organizational structure with one layer of direct reporting. Directly reporting to the Group Executive and President of Commercial Business is the Senior Vice President and Chief Development Officer who has three managing directors and two directors reporting up to him.

An organizational chart is attached as exhibit CDM-1.

### IV. Responsibilities

Corporate Development and M&A is responsible for providing detailed financial analysis and recommendations on strategic corporate transactions. Additionally, due diligence is directed from within Corporate Development and M&A for corporate transactions. Corporate Development and M&A is also responsible for facilitating approval of business unit transactions requiring corporate approval, including preparation and verification of financial and business details for presentation to the executive committee and board of directors as needed. Corporate Development and M&A also provides input to the business units on strategic direction and the executive management team on potential mergers and acquisitions.

### V. Practices and Procedures

Financial and strategic analysis is performed on a variety of potential transactions on a day-to-day basis. Once a transaction is identified, from a corporate or business unit perspective, Corporate Development and M&A personnel are assigned to the transaction according to the specific needs of the particular transaction. General practices follow a number of steps; the first is to verify the transaction meets the financial and strategic goals of the business unit and corporation. Once the transaction is qualified, an analyst and businessperson are assigned to the transaction to provide financial and strategic support, respectively. As the transaction progresses toward consummation, the managing directors of Corporate Development and M&A provide a review of the financial analysts' strategic and business work as well as due diligence efforts. Finally, the Senior Vice President and Chief Development Officer presents the transaction to the executive committee for approval, with the assistance of the parties involved up to that point.

No manuals or policy directives exist to direct the Corporate Development and M&A function. However, policies and procedures have been developed as part of the workflow, creating an efficient method of covering corporate and business unit transactions thoroughly.

## VI. Decision Making and Control

The Senior Vice President and Chief Development Officer of Duke Energy is the key decision-making person for the department. Internal meetings to discuss the work product of the department and potential transactions are taken to the executive committee, and if necessary the board of directors, by the Senior Vice President and Chief Development Officer. Depending on the amount of capital commitment required, the executive committee and/or the board make decisions regarding pursuing a transaction. Controls on decision-making are based on the total dollar commitment required by a transaction. Transactions exceeding a minimum threshold require approval at the corporate level, by the executive management team. Once transactions reach a predetermined amount, the board of directors is required to approve the commitment of funds.

Day-to-day decisions are monitored by the managing directors of Corporate Development and M&A and are communicated to the Senior Vice President and Chief Development Officer as required. The managing directors of Corporate Development and M&A routinely make personnel decisions, with ultimate decision-making authority residing with the Senior Vice President and Chief Development Officer.

## VII. Internal and External Communications

Internal communications are carried out through a number of mediums, including e-mail, voice mail, phone contact, and in person. Weekly staff meetings are held to coordinate work efforts and communicate information to the department. An e-mail distribution list is also used to disseminate non-sensitive, routine material. Corporate policy and non-private human resource material is conveyed through the administrative assistants or company internal mail.

External communications occur with consultants, bankers, and counter-parties. External communication is facilitated through a number of mediums, including e-mail, voice mail, phone, written material, and in person. The managing directors of Corporate Development and M&A, in concert with the Senior Vice President and Chief Development Officer, arrange most of the external communication with bankers and consultants, with additional communication from members of the department as various transactions progress toward consummation. Communication with counter-parties occurs at every level of the department in an ongoing effort to further corporate business goals.

## VIII. Goal Attainment and Qualification

Corporate Development and M&A is charged with execution of corporate level transactions and assisting in execution of business unit level transactions. Facilitating, in part or in entirety, the process of originating, analyzing, due

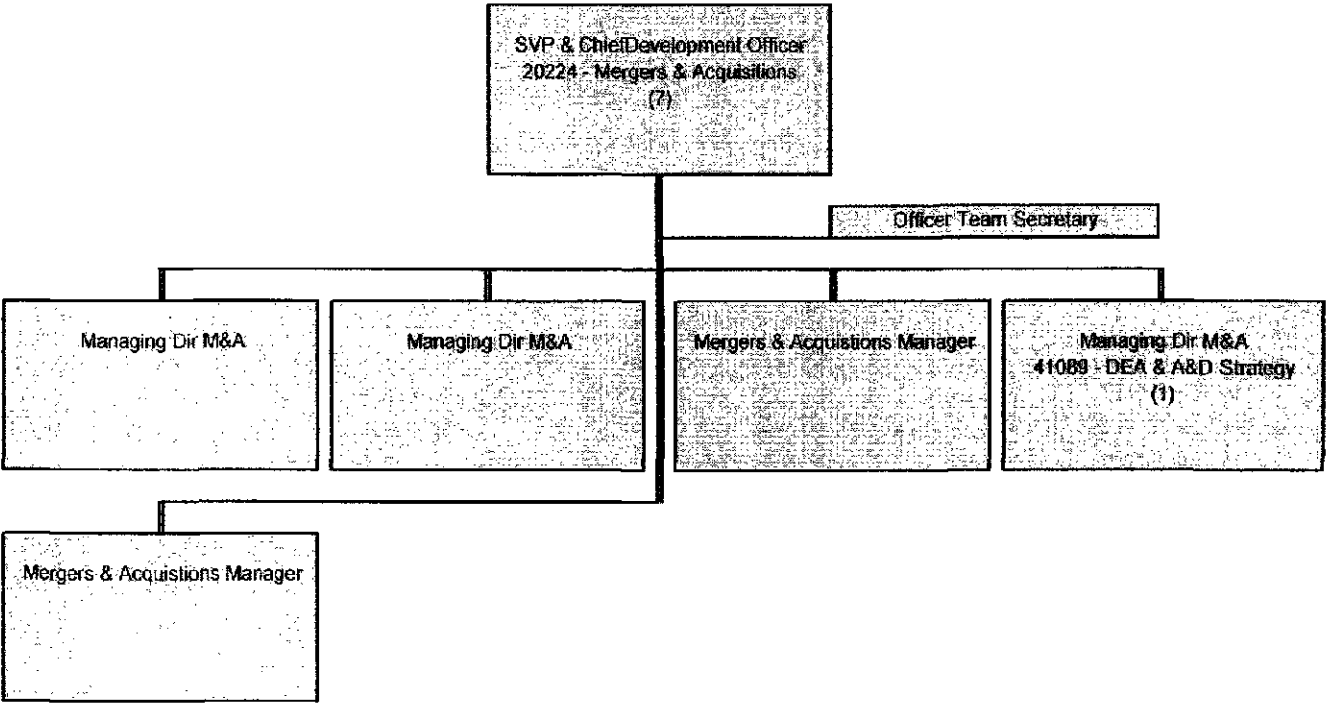
diligence, and closing of a transaction are all part of Corporate Development and M&A's goals. In addition, Corporate Development and M&A may lend its expertise in valuing and evaluating potential transactions to other areas in the corporation in support of ongoing business.

The highest level of goal measurement is that of achieving closure on a transaction. Goals measured in reaching the ultimate goal consist of accurate due diligence, arranging financing, establishing operations if applicable, negotiating a fair price, and other similar actions leading to the closing of a transaction. Daily progress and goals are measured by how far a transaction moves toward closing or being discarded. Keeping fresh information and potential transactions moving toward increasing stakeholder value is a constant target.

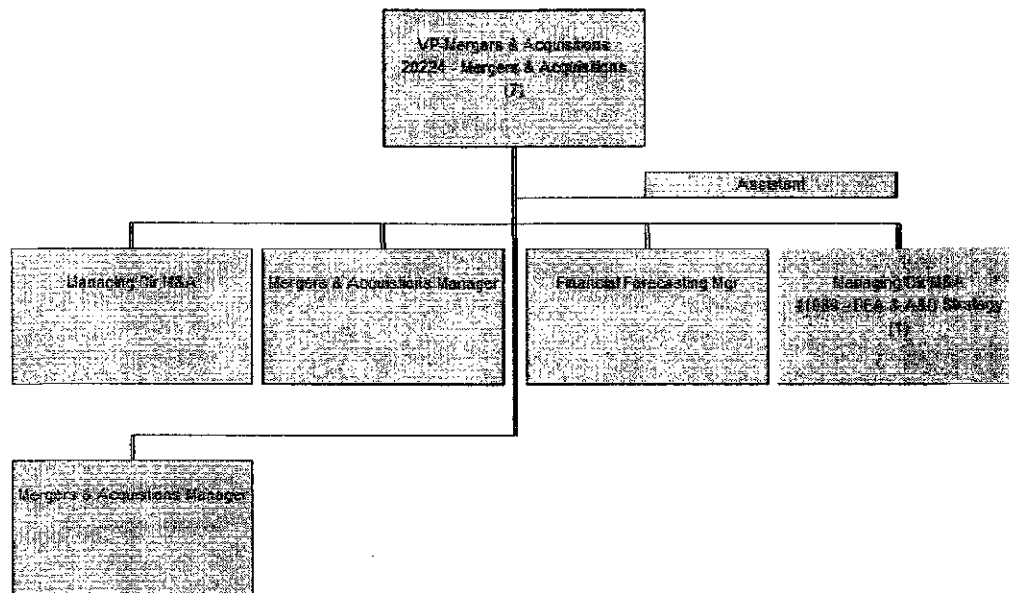
Goals are qualified by the accretion to financial and strategic positioning for the business units and corporate entity. Underlying the strategic and financial positioning is the impact to stakeholders and shareholders alike.

DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

Senior Vice President & Chief Development Officer



Vice President, Mergers and Acquisitions



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
MIDWEST GENERATION OPERATIONS  
SFR Reference: Chapter II(B)(9)(a)(ii,iii,iv)

I. Policy and Goal Setting

Midwest Generation Operations is responsible for the operation of the various production facilities used for electric power generation. This group manages the generating facilities in a safe, efficient, reliable, and environmentally responsible manner.

Midwest Generation Operations does not set corporate policy per se, but supports the corporate policies and objectives through directives, procedures and practices.

The Senior Vice President Midwest Generation Operations, with the assistance of the department staff, establishes department specific policies, practices, safety standards and guidelines for use in day to day decision-making in operating power plants that support Company policy. In addition to company policy manuals, these documents include department procedure manuals and station directives. The Senior Vice President Midwest Generation Operations and management staff evaluate results achieved at the station level. The evaluations are made on the basis of the criteria established by the station goals, objectives, standards and guidelines. Changes in department policies, practice and procedures are conveyed to employees as they become known.

Department goal setting is coordinated by the General Manager Generation Services and the Manager Performance & Valuation in Generation Services. Goals are designed to support the business plan of Commercial Power and are incorporated within the Officer area goals of Commercial Power. Annual performance goals are established for the Department including specific goals for each generating station. Each performance goal established by Midwest Generation Operations is defined in department and station Measures Programs. Meeting or exceeding annually established performance goals is a measure of accomplishment of the objectives of the department and station

By using the appropriate documents for guidance in anticipated situations, station personnel can concentrate their efforts on improved methods of meeting performance goals.

Objectives that apply directly to each Station are paraphrased below.

- When fulfilling the performance objectives established for each station, the priorities for action are safety, environmental compliance, availability, and efficiency.
- Each station is operated in a competent, cost effective manner in compliance with pertinent legal and regulatory requirements and applicable codes and standards;
- Company representatives participate in activities of the community, the public utility industry and those professional organizations that contribute to achieving the objectives of the Company;
- Station management personnel maintain open communications and constructive relations with each other, employees, the department staff, personnel of other stations, other Company departments, local residents and regulators;
- Station personnel review current practices and, where justified, develop and apply improved methods and procedures; and

## II. Strategic Planning

In support of the Company's strategic plan, Midwest Generation Operations develops a strategic work plan that addresses the financial, administrative and operational annual and long term goals and objectives of the Commercial Power strategy.

The strategy provides an outline of those issues, which are critical to the Department's continued success as well as the Department goals formulated to address those issues.

Midwest Generation Operations strategy is revised periodically in light of modifications to the Company plans and goals.

Reporting for issues and goals is a continuous process. Measurable department goals are monitored and reported monthly while key issues are reviewed and reported as an integral part of the strategic planning process.

## III. Organizational Structure

Midwest Generation Operations is under the general direction of the Senior Vice President Midwest Generation Operations. One Vice President, three Station General Managers, and a General Manager Generation Services report to the Group Vice President Midwest Generation Operations. Midwest Generation Operations is comprised of the staffs of generation stations and Generation Services personnel.

The organizational chart for Midwest Generation Operations is attached as exhibit MWGO-1

The stations are organized along lines of major functional responsibility. The station organization begins with the Production Group, which is comprised primarily of operations and maintenance personnel.

#### IV. Responsibilities

Generation Services is a staff group within Midwest Generation Operations and assists the management teams at each facility by coordinating the flow of information in and out of the overall Department. This group is responsible for consolidating the fleet technical, operational and management information for internal as well as external reporting. This group performs department goal setting and reporting as well as consolidation of individual generating unit/station goals. The unified operating view of the department is developed and disseminated by this group.

Midwest Generation Operations is responsible for the operational, maintenance and administrative aspects of the Company's non regulated electric generating facilities. It is the objective of Midwest Generation Operations to operate and maintain all facilities for the production of electric energy at the lowest overall cost and in a manner consistent with all federal, state and local regulations. Each station is operated and maintained in a safe, efficient, reliable, and environmentally responsible manner by the assigned station staff under the leadership and guidance of the station manager. Authority for the general direction of the activities of the station staff is vested with the station manager. The general division of work activities and appropriate authority is delegated to organizational elements. In addition, department personnel perform specific duties related to the planning and oversight management of generating units that are operated by other utilities and are jointly owned by the Company.

In carrying out its primary responsibility of operating and maintaining the assigned generating facilities, Midwest Generation Operations assumes a range of subsidiary responsibilities. These responsibilities are grouped into department responsibilities, department staff responsibilities and station staff responsibilities.

##### Department Responsibilities

Department responsibilities are those that are applicable to all aspects of the department, regardless of organizational assignment or geographical location. These responsibilities may be delegated in part to individuals and/or organizations. The basic test of department responsibilities is that significant actions are not taken, or meaningful changes made in this responsibility area, without direction from the Senior Vice President Midwest Generation Operations.



The actions and accountabilities that are categorized as department responsibilities are line functions. The following are typical department responsibilities:

- General Management of Department;
- Department Objectives and Annual Goals;
- Annual Performance Goals for Stations;
- Department Organization;
- Communication with Executive Management; and
- Department Policies and Procedures.

#### Department Staff Responsibilities

The department staff responsibilities are those responsibilities applicable to the technical, administrative and personnel functions that are performed to support the actions of the station staffs and to facilitate the management of the department.

#### Station Staff Responsibilities

Station staff responsibilities are those responsibilities that are applicable to the personnel of the Station Staff and relate to stations' personnel, property, structures and equipment.

In addition to the specific management, department staff or station responsibilities, each station manager participates in developing and planning goals and objectives of their component and participates in the review and assessment of progress made toward the achievement of goals.

Managers are responsible for measuring, interpreting and reporting the level of performance of their station and taking appropriate corrective action when required.

### V. Practices and Procedures

#### Midwest Generation Operations Duties

General management of the department is accomplished by exercising the following managerial duties:

- Establishing clearly defined objectives and goals;
- Quantifying the measures that constitute attainment of those goals;
- Assigning specific individual or organizational element responsibility for attainment of the goals and objectives;
- Developing the measures of performance for the established objectives and goals.

### Midwest Generation Operations Staff Duties

In organization terminology, department and station staff duties are predominantly line functions. In contrast, the duties of the department staff are largely staff functions, with few line functions. The following are typical department staff duties:

- Administration of Personnel Policies and Practices;
- Budget Preparation/Review;
- Strategic Planning;
- Financial Planning;
- Budget Variance Analysis;
- Commonly Owned Units Coordination;
- Station Budget Reviews;
- Cost Control;
- Coordination with Accounting and Engineering Departments;
- Maintenance Planning;
- Technical Liaison with Engineering;
- Engineering Analysis and Reports;
- Availability and Reliability Analysis;

### Station Staff Duties

The Station Staff is responsible for assigning a sufficient number of qualified personnel to monitor and operate the station systems and equipment necessary for electric generation, including pollution control and waste or by-product material handling responsibilities as appropriate. The Station Staff is also responsible for assigning a sufficient number of qualified personnel for accomplishing maintenance and instrument and controls activities, as well as the operation of the chemistry and test laboratory. Within this framework, station staff duties are a mix of line and staff functions. Staff duties typically fall within the following areas:

- Direction of the Station Work Force;
- Personnel Assignments;
- Issuance of Station Policies, Directives and Procedures;
- Operations;
- Fuel and Lime Handling;
- Maintenance;
- Flue Gas Desulfurization;
- Training;
- Instrumentation and Controls; and
- Office Service and Document Control.

Because of the importance of successfully operating each station, it is vital that activities be performed in a manner that is supportive of Company objectives and in close cooperation with other elements of the Company.

Because of the need for specialized services and equipment, the functioning of the station requires frequent interchange among the station staff, other Company organization elements, vendors, and contractors.

The station staff obtains the support and assistance of many individuals and organizational elements of the Company. This support and assistance takes various forms. Interface activities are performed in accordance with custom and past practice. To achieve efficiency and consistency in relationships with other Company organizations, when practical such work activities and communications are formalized into section procedures or instructions.

#### Organizational Premise

Midwest Generation Operations is organized to effectively perform the three types of responsibilities and duties as previously identified. This organization is established on the basis of the following precepts:

- All tasks are identified and assigned to individuals or organizational elements for performance;
- Tasks are grouped in a logical and effective fashion into specific, clearly defined positions; and
- Inter-plant communications and cooperation is encouraged. Organization similarities permit the exchange of personnel for experience and staff augmentation, and the interchange of data for comparison purposes.

The responsibility for decision making and action is assigned to the organization level that has the information and facts necessary to make sound judgments, and the authority to take effective action.

Dissemination of information through the department is intended to improve uniform performance among the station staffs and enhance integrated action with the department staff. Access to organization information permits personnel to understand how their actions affect and relate to other staff members.

Successively higher management positions direct concentration toward operational and resource planning activities to ensure continued improvements in efficiency, availability, environmental compliance and personnel safety.

#### Midwest Generation Operations Staff Assignments

The Midwest Generation Operations staff functions in three areas. First are those activities which are designed to provide advice and counsel to the line organization, and to develop policies, procedures and standards for the station staffs. Second are those specifically designated services which for various reasons are provided by the centralized function. The third area of activity of the department staff is to assist the

station staffs in adhering to regulations, policies, procedures, instructions and standards.

- Advice and Counsel - The department staff advises and counsels the line organization on problem resolution and assists in the interpretation and execution of policies, procedures, methods and standards. Staff personnel gather and disseminate information, often of a specialized nature, to their components of the organization. Staff personnel obtain assistance from and communicate with other Company departments and with organization components outside the Company;
- Service - Department staff personnel supply services to the stations when they can be provided more economically or where specialized expertise is required. Staff personnel provide services designed to help the station manager, but do not impose or force their judgment or service on the personnel with line authority; and
- Policies and Regulatory Adherence - When regulations, policies, procedures or directives are issued, the department staff is frequently assigned to interpret the manner in which the department and/or the stations are to respond to or comply with the new requirements or standards. The department staff assists with interpretation and recommended application. Staff personnel respond to requests for policy or regulation clarification.

#### Functional Authority

The Midwest Generation Operations staff, at the direction of the Senior Vice President Midwest Generation Operations, develops policies, practices, programs or standards in specific areas of their expertise following consultation with station managers and/or section superintendents, after careful consideration of relevant factors.

Following approval by the Senior Vice President Midwest Generation Operations or executive management, and publication of such policies, practices, programs or standards, station managers are responsible for observing the policies and carrying out the directives.

Staff personnel have the duty and authority to satisfy themselves that properly issued directives are being adhered to, exceptions properly identified and adequate corrective action taken.

#### Authority and Relationships

The source and nature of authority exercised by the department staff is less clear cut than for line managers, and thus their relationship with the line organization is of a special and unique nature. To better understand this relationship, the following principles apply:

- The authority of staff personnel is derived from the knowledge, experience and expertise of each individual, and from the requirements published in policies, procedures and instructions, or authority specifically delegated by the Group Vice President Midwest Generation Operations;

Midwest Generation Operations has built a strong reputation for developing aggressive, innovative programs to improve service and decrease costs. In particular, these programs have resulted in greater operating efficiencies and lower operating costs as characterized in the following examples.

#### Electric Generating Efficiency and Reliability

Equivalent availability is a measure of generating unit reliability. Higher equivalent availability indicates better reliability. Duke Energy Ohio operated generating units achieved an equivalent availability of 85.49% in 2005.

### VI. Decision Making and Control

The management philosophy of Midwest Generation Operations is characterized by a system of centralized control with decentralized decision-making, with participative management as the central theme. The station managers operate their stations within the policy, goals, objectives and guidelines established by Midwest Generation Operations.

This management philosophy was adopted with consideration of the remote location of generating facilities and the requirements for seven-days-per-week around-the-clock- operation. These conditions make it essential that station managers be authorized to make necessary operating decisions within the constraints of Company policies, procedures and authority delegation. In this regard, the overall responsibility for station management is delegated to the station managers by the Senior Vice President Midwest Generation Operations.

Each station staff is composed of personnel of various disciplines, experiences and skills. It is the policy of station management to foster and encourage the application and growth of each individual's base of skill and knowledge. To achieve an atmosphere that is conducive to personal growth, station management ascribes to the following premises for innovation and quality of work:

- Within the guidelines of established policies and procedures, personnel are encouraged to exercise their initiative to propose or try new methods or approaches;
- It is recognized by station management that the experience and knowledge of station personnel is the catalyst for ideas, suggestions and recommendations for improving station performance; and
- Station manager and supervisors foster and stimulate the efforts of all station personnel to conceive and contribute ideas for improved methods,

better techniques or safer practices. Such ideas are encouraged, considered and acted on through informal discussions, normal supervisory actions and special communications sessions.

## VII. Internal and External Communication

As an integral part of the Company management and communication processes, the Senior Vice President Midwest Generation Operations has authorized the publication of a series of manuals and procedures. The information contained in the department's manuals and procedures represents the best known means of performing work and taking actions. By adhering to the guidance of the manuals and procedures, it is intended that station personnel will accomplish Company and department objectives in a safe manner, in compliance with statutes, regulations and agreements. The Station Manager or designee is responsible for external communication specific to an individual station. For departmental items, the Senior Vice President Midwest Generation Operations or General Manager Generation Services, or designee is responsible for any external communications. Internal communications are handled as appropriate in verbal, written and electronic formats. Midwest Generation Operations communication processes are in two major categories; verbal and written.

### Verbal Communications

Verbal communication between and among individuals is the most prevalent form of information transmission. Verbal communications include the conduct of meetings and following are some of the meetings held on a monthly basis:.

#### Monthly Midwest Generation Operations Measures Meetings

The purpose of the meetings is to discuss station and department performance and relevant items from staff meetings attended by the Group Vice President Generation.

#### Monthly Midwest Generation Operations Extended Staff Meetings

The purpose of the meeting is to review various activities of each department providing service to Midwest Generation Operations, and selected topics relevant to Company, department and station performance.

### Written Communications

Written communications are essential supplements to verbal communication. Written communication is to be used to supplement or confirm verbal communication whenever practicable. The following documents are examples of formal, written communications used by Midwest Generation Operations.

### Targets

On an annual basis, targets and goals are established for each organizational entity in Midwest Generation Operations. On a monthly basis, department goals are reviewed and the performance of each organizational entity is evaluated (see discussion of Monthly Midwest Generation Operations Measures Meeting).

### Operating Performance

Generation Services provides feedback of information to station and department management for operating performance through several formal information reports.

### Environmental Performance

Generation Services provides feedback of information to station and department management for environmental performance through monthly Measures reporting.

### Requests for Information from Outside the Department

It is often necessary, and sometimes required, to provide information to organizations outside of Midwest Generation Operations. Such information may concern station and/or department performance data, statistics, design information, etc. Examples of these organizations with which the department regularly, or occasionally, communicates are regulatory agencies, industry groups, consultants and contractors, and other utilities.

### Response Guidelines

It is not possible to address every situation regarding communication of information outside the department. However, the following general guidance is to be observed when requested to furnish information to organizations outside of the department.

### Regulatory Agencies

Requests from government organizations or regulatory agencies should be referred to the General Manager Generation Services.

### Method of Response

Information should be released via methods approved by the Senior Vice President Midwest Generation Operations.

### Established Communication Channels

Communication channels that are established by approved procedures are to be followed as described in the procedure. Such routine correspondence does not require the specific notification or approval of the Group Vice President Midwest Generation Operations.

When prior approval has been obtained for recurring exchanges of information, it is not necessary to notify the Senior Vice President Midwest Generation Operations for each subsequent exchange. An example of such communication is the quarterly exchange of availability data with the North American Electric Reliability Council (NERC).

### Caution

In cases where requests are made informally, or where protocol is not followed, caution and individual judgment must be exercised concerning whether or not to respond to a request or to release information. When doubt exists concerning the propriety of releasing information, consult with the appropriate Manager, General Manager, or the Vice President Midwest Generation Operations.

## VIII. Goal Attainment and Qualification

Meeting or exceeding the annually established goals is the measure of accomplishment of the stations. Monthly, each station monitors the parameters that measure the progress toward achieving annual goals. If performance is below the pro-rated level of goal achievement, the station manager is responsible for identifying the cause. In this circumstance the station manager is required to present a plan of action for achieving the assigned goal.

Performance indicators utilized by Midwest Generation Operations are measures of goal performance. Examples of performance indicators that relate to specific goal performance are listed below:

- Safety - Lost Time Incidents and Rates;
- Safety - Injury Incidents and Rates;
- Financial - O & M Budget Variance;
- Financial - Cents/kWh Fuel, O & M, Lime;
- Financial - Capital Budget Variance;
- Financial - Inventory Reduction;
- Steam Unit Performance – Commercial Availability; Equivalent Availability Factor, Equivalent Forced Outage Rate;
- Performance - Combustion Turbine Successful Starts Percentage;
- Performance - Heat Rate; and
- Environmental – Incidents and Severity/Response.

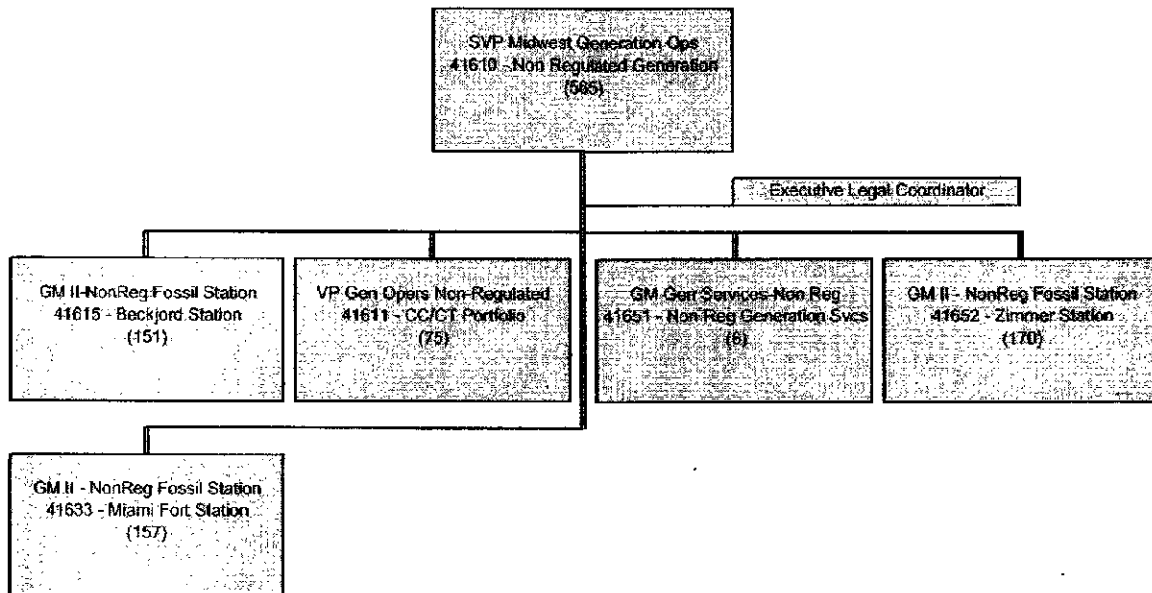


Timely collection and reporting of information is essential to providing adequate control of station and department performance. Various station and department procedures describe reports that are required for making information available for cognizant decision makers.

Measurement of performance is accomplished through the Measures System implemented in Power Operations. The Manager of Performance and Valuation in the Power Services Department closely monitors station goal performance.

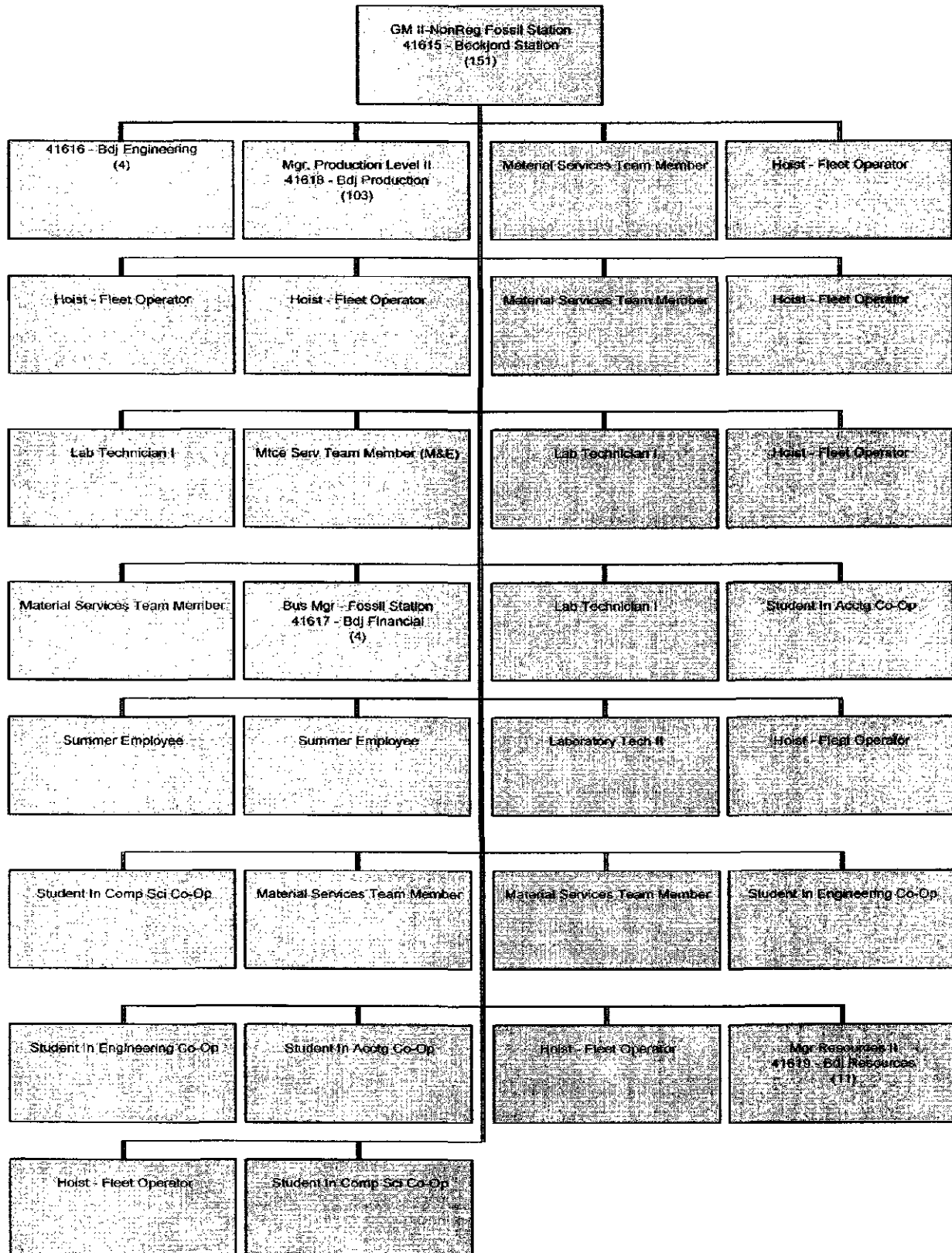
# DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Senior Vice President Midwest Generation Operations



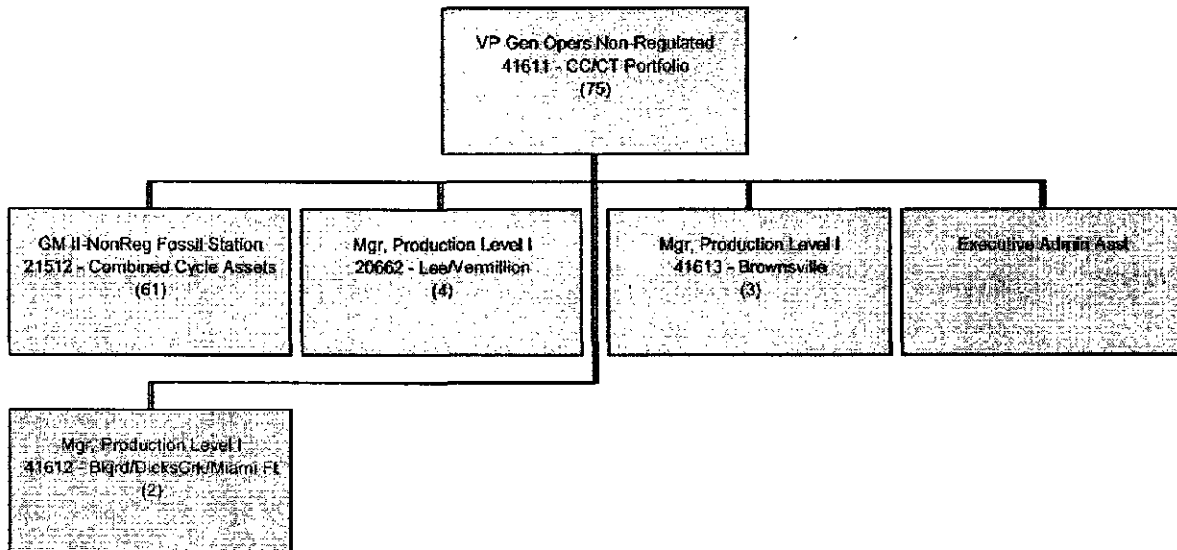
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager II Non-Reg Fossil Station - Beckjord



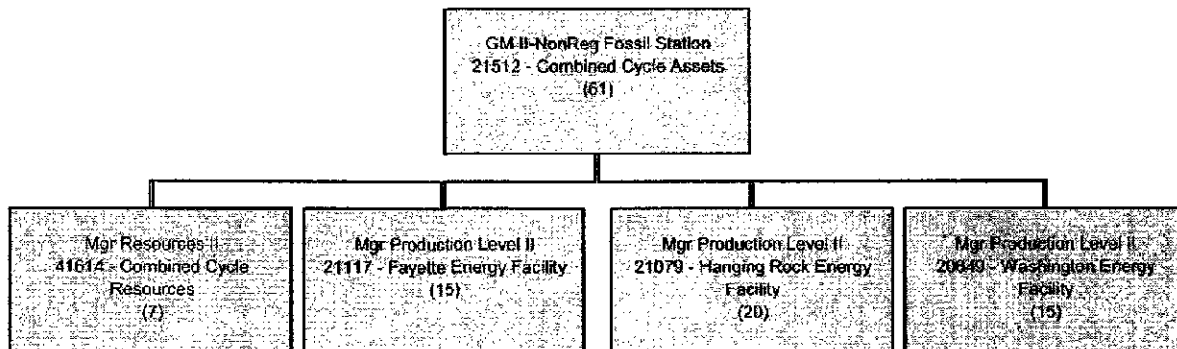
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## Vice President Generation Operations Non-Regulated



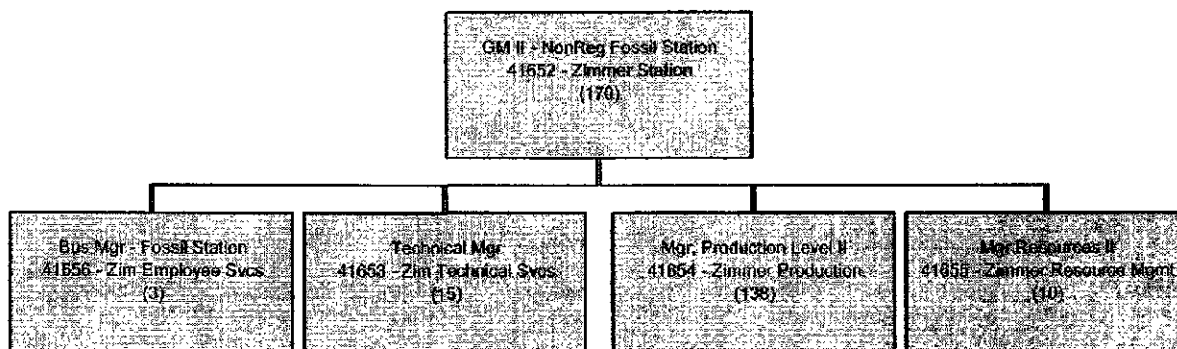
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager II Non-Reg Fossil Station - Combined Cycle Assets



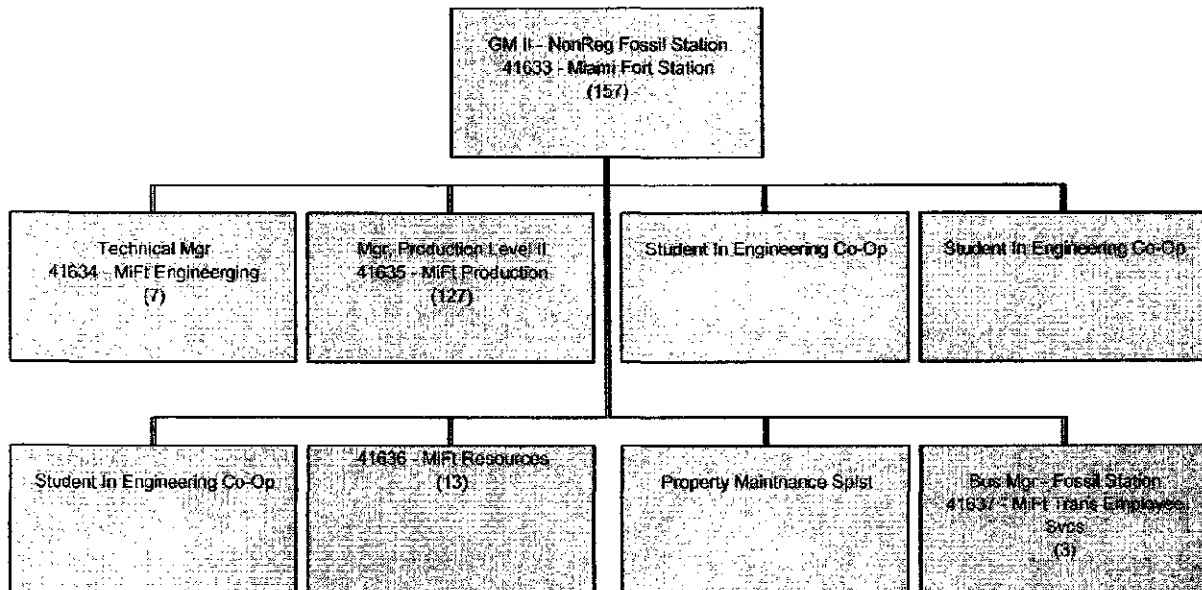
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager II Non-Reg Fossil Station - Zimmer



## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

## General Manager II Non-Reg Fossil Station - Miami Ft.



[Home](#) [Documents and Lists](#) [Create](#) [Site Settings](#) [Help](#)

## Monthly Non Regulated Scorecard

[Modify Shared Page](#)

### Office Scorecard View


☒ Filter Mode

Dim Date.Calendar March 07

Dim Unit.Unit All

Dim Season.Ozone Name All

Dim Season.Summer Name All

Dim Unit Details.Reporting Region All

Dim Unit Details.Load Type All

Dim Unit Details.Operated Type All

Dim Unit Details.Primary Fuel Type All

Dim Unit Details.Technology Type All

Dim Regulation Type.Regulation Type Name NonRegulated

Only show rows with indicators: (Any)

	Actual	Target 2	Variance	Score	Trend
<input checked="" type="checkbox"/> <b>Monthly Non Regulated Scorecard</b>					
Safety Total Incident Rate	0.00	2.25	-2.25	3.00	→
Commercial Availability	74.20%	75.61%	-1.42%	1.22	↔
Regulatory Citations	0	0	0	3.00	→
Operating Generation	1,710,897	1,908,674	-197,777	0.00	↔
Capacity Utilization	26.88%	29.99%	-3.11%	0.00	↔
EFOR	11.50%	9.51%	1.99%	1.26	↔
Heat Rate	9,865	9,788	77	1.36	→
Operations & Maintenance	\$14,427,686	\$15,590,975	-\$1,163,289	3.00	↔
Capital	\$25,315,653	\$30,238,416	-\$4,922,763	3.00	↔
Merger Integration Team Savings	\$799,655	\$997,834	-\$198,179	0.00	↔
<input checked="" type="checkbox"/> <b>Overall Score</b>					
Non Regulated - Overall Score	NA	NA	-	1.58	

Chart 1

Chart 1 Data

Chart 2

Chart 2 Data

Chart 3

Chart 3 Data

1008



## YTD Non Regulated Scorecard

Modify Shared Page ▼

## Office Scorecard View



Filter Mode

Dim Date.Calendar	March 07	...
Dim Unit.Unit	All	...
Dim Season.Ozone Name	All	...
Dim Season.Summer Name	All	...
Dim Unit Details.Load Type	All	...
Dim Unit Details.Operated Type	All	...
Dim Unit Details.Primary Fuel Type	All	...
Dim Unit Details.Reporting Region	All	...
Dim Unit Details.Technology Type	All	...

Dim Regulation Type.Regulation Type Name NonRegulated

Only show rows with indicators: (Any) ▼

<input type="checkbox"/> YTD Non Regulated Scorecard	Actual	Target	Variance	Score
YTD Safety Total Incident Rate	0.70	2.25 ●	-1.56	3.00
YTD Commercial Availability	84.95%	82.73% ●	2.23%	3.00
YTD Regulatory Citations	0	1 ●	-1	3.00
YTD Operating Generation	5,890,144	6,196,888 △	-306,744	1.01
YTD Capacity Utilization	31.88%	33.54% △	-1.66%	1.01
YTD EFOR	8.72%	9.63% ●	-0.91%	2.36
YTD Heat Rate	9,837	9,724 △	114	1.05
YTD Operations & Maintenance	\$37,141,667	\$41,850,563 ●	-\$4,708,896	3.00
YTD Capital	\$62,744,270	\$92,225,838 ●	-\$29,481,568	3.00
YTD Merger Integration Team Savings	\$2,228,315	\$2,993,501 ◆	-\$765,186	0.00
<input type="checkbox"/> Overall Score				
YTD Non Regulated Overall Score	NA	NA -		2.04

Chart 1

Chart 1 Data

Chart 2

Chart 2 Data

Chart 3

Chart 3 Data

DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
COAL GROUP  
SFR Reference: Chapter II (B)(9)(a)(i),(b)(v)

I. Policy and Goal Setting

The Coal Group (Department) is responsible for providing fuel to the Company's generating stations on a dependable basis, which works favorably in the station from unloading through the burn process, at the best possible price consistent with prevailing commercial and economic conditions and existing regulatory requirements.

The Coal Group is also responsible for establishing the Company policies, practices and procedures associated with the acquisition and delivery of coal, oil, lime and limestone. The business unit risk limits, commodity risk policies and credit risk policies are reviewed and approved by the Company's Chief Risk Officer and the Chief Financial Officer based on the strategy and risk tolerance for the business as determined by senior management. To keep abreast of and provide direction in an ever-changing coal market, the risk policies and objectives such as hedging strategy, inventory policy, and potential contracts for procurement of fuel are reviewed periodically.

The Coal Group's goals and strategies are designed to support the overall business functions of Portfolio Risk Management (PRM). The goal setting process includes input from Midwest Generation Operations, Commercial Analytics, and Finance.

II. Strategic Planning

The Coal Group's strategic plan is a component of the Portfolio Risk Management business plan. The PRM business plan utilizes Commercial Analytics' forecast of fuel consumption, along with many other inputs received from various departments throughout the company.



### III. Organizational Structure

The Coal Group is under the direction of the Managing Director Coal Risk Management, who reports to the Vice President of Portfolio Risk Management. Five positions report to the Managing Director Coal Risk Management: three Originators, a Manager Fuel Supplies, and a Portfolio Analyst. The organization chart is attached as Exhibit COG-1.

### IV. Responsibilities

The Coal Group is responsible for procurement of all coal, oil, lime and limestone used at the company-operated electric generating stations. Additionally, the Coal Group attends regular meetings and exchanges information periodically with DPL and AEP pertaining to the procurement of fuel for the jointly-owned generating stations. The department is also responsible for ensuring quantity and quality of coal deliveries, arranging for the transportation of purchased fuel and lime, and determining coal capability and optimum selection. This includes preparation of records and reports for internal and external use.

### V. Practices and Procedures

The Company, as a matter of GRM transaction policy, purchases fuel using both contracts and spot market purchases. The majority of the forecasted coal consumption is under contract. This practice allows the Company to secure the benefits of long-term contracts while maintaining the flexibility to utilize spot purchases to absorb the changes in its coal requirements. The Coal Group utilizes the expertise of Commercial Analytics to forecast the usage and associated expense of coal, oil, lime, and limestone for generating units owned by the Company and either operated by the Company or by other utilities.

### VI. Decision Making and Control

As mentioned before, fuel purchases are made either on long-term contracts or from the spot market. The hedging actions are determined by the output of the Commercial Business Model. The contract purchases made by the Coal Group are a result of a negotiated agreement with the producer, utilizing Duke Energy Ohio's negotiating team. The members of this team generally consist of: an Originator, the Managing Director Coal Risk Management, one member from the legal staff, and one member from credit. This team recommends contracts, in final form, for approval under policy guidelines based on the term and commitment amount of the contract.

Day to day activities that support the Coal Group's functions is delegated appropriately to staff persons. The department encourages a participative management style to allow each member of the department to fully perform his or her job to the best of their ability and provide valuable input into the many decisions necessary for the procurement of coal, lime, fuel oil, and limestone.

## VII. Internal and External Communication

The Coal Group generally communicates with Power and EA hedging managers in the Portfolio to understand the market impacts on the coal positions. Coal group also communicates with other departments that include: Midwest Generation Operations, Commercial Analytics, Engineering, Accounting, and Legal.

The Coal Group has recognized internal customers within the Company and has identified the service standards required to meet the needs of these internal customers. On a day-to-day basis, the Coal Group must communicate with generating stations to coordinate barge deliveries. The Coal Group also maintains the ComTrac data processing system (Commodities Tracking System). This system allows the stations to enter all fuel data such as barge weights, coal quality, and vendor names for data base uses. This system also provides pricing mechanisms for determining proper coal payments and processing of accounting transactions. The Coal Group also maintains all contracts in the Coal XL system to allow for accurate reporting of forwarding contracts and positions.

The Coal Group also interfaces closely with the Midwest Generation Operations for individual unit data for the fuel budget model and other engineering studies that may occur.

The Engineering Department is responsible for implementing design changes in fuel handling equipment, sampling and testing equipment, and designing and constructing ash storage facilities. Document exchanges such as coal pile inventory determinations, ash disposal studies, etc., occur on a periodic basis.

The Coal Group interfaces with Midwest Generation Operations to determine unit operating schedules and unit dispatching calculations as related to fuel costs. Written estimates of fuel costs are submitted weekly via the Energy Cost Manual, which contains internal guidelines governing unit dispatch.

Contract proposals and amendments are evaluated on the basis of incremental impact on the forward position, impact to estimated fuel costs (fully-loaded for emission allowances, etc.), economic value relative to the Portfolio.

Sarbanes Oxley Department also conducts audits on a quarterly basis to ensure that consistent and accurate practices are maintained and documented.

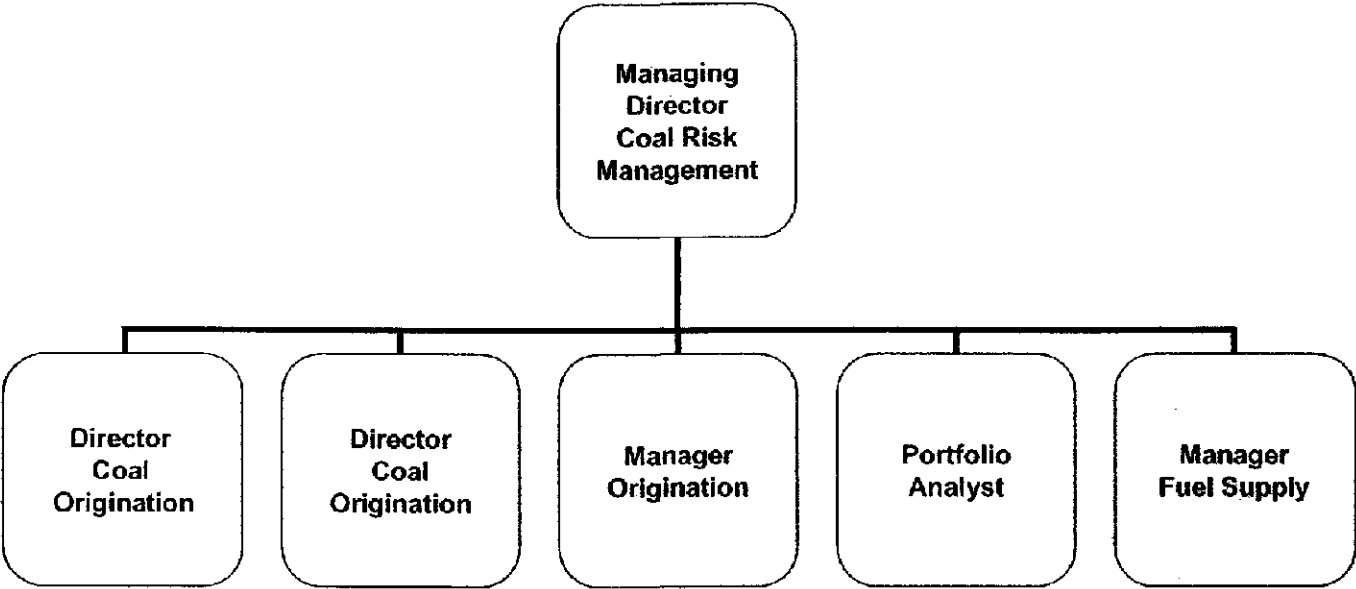
External communications involve corresponding information among co-owners of some of the generating facilities; namely, DP&L and AEP. These companies also perform periodic audits of Duke Energy Ohio's fuel procurement practices.

Other external communications that occur are with coal vendors, transportation companies, railroad companies and other organizations related to the coal industry. Written documents are exchanged to facilitate business transactions for procuring, transporting and using fuel.

#### VIII. Goal Attainment and Qualification

The Coal Group evaluates its performance related to contract execution, portfolio optimization, customer service, and management of hedges under the guidelines of the Portfolio. Performance is also measured on an individual basis through annual reviews of each employee's performance as defined by tasks that were given during the year. These include: developing internal and external customer relationships, developing producer databases to help evaluate price and quality issues, and support the coal hedging needs of Portfolio Management.

# Coal Group



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
COMMODITY LOGISTICS  
SFR Reference: Chapter II (B)(9)(a)(ii,iv,v)

I. Policy and Goal Setting

Commodity Logistics is responsible for all scheduling activities/requirements for coal, oil, lime and gas transactions as well as all power transactions. The objective of Commodity Logistics group is to perform all scheduling functions within industry guidelines and established timelines.

The Commodity Logistics group supports and abides by the corporate policies and objectives as outlined within the Code of Business Ethics, Code of Conduct, Risk Policy, and Antitrust and Trade Regulation Compliance manuals. In addition, all functions performed are fully compliant with Sarbanes Oxley (SOX) requirements.

The goals of the Commodity Logistics group are structured to support the business functions of the Commercial Asset Management (CAM) team. Individual as well as team goals are established by the manager of Commodity Logistics and submitted to the Senior Vice President of CAM. Each year the Senior Vice President requires his management team and their direct reports to use the Duke Energy Performance Management system to provide individual and team objectives that are used to align and measure departmental performance with the CAM business goals.

II. Strategic Planning

The Manager, Power Scheduling of Commodity Logistics is responsible for all day-to-day scheduling activities and ensures that all scheduling functions remain fully compliant with established contractual and regulatory requirements and protocols. The Manager of Commodity Logistics and its direct reports are tasked with the responsibility of monitoring and conveying any changes to and/or modifications of established contractual and/or regulatory guidelines to the appropriate CAM department personnel to ensure total compliance at all levels.

III. Organizational Structure

The Manager, Power Scheduling of Commodity Logistics reports directly to the Senior Vice President, Commercial Asset Management. Six positions report to the Manager of Commodity Logistics. Those positions are as follows: Power Scheduler (2), Coal Scheduler (2), Quality Control (1), and Sr. Fuel Field Rep. (1).

The organization chart for Commodity Logistics is shown is Exhibit CL – 1.

#### IV. Responsibilities

Commodity Logistics has the responsibility of scheduling the receipt and delivery of all fuel purchases and sales as well as all energy transactions conducted by the CAM organization. The Manager of Commodity Logistics, in addition to assigned daily functions, has the following responsibilities:

- Compliance of internal, state and federal protocols and requirements;
- Compliance of the company record retention policy;
- Setting objectives and (short-term & long term) goals;
- Communication with Management, Risk Management, Settlements and Accounting groups ; and
- Establishment of Procedures, Processes and Standards.

Other responsibilities are assigned as follows:

##### Power Scheduler

Coordinates and schedules all power and gas transactions with various counterparties. Submits load forecasts and energy schedules to the appropriate Independent System Operator (ISO) and/or Regional Transmission Organization (RTO).

##### Coal Scheduler

Monitors dam and lock conditions on various rivers as well as general river conditions and traffic. Coordinates and schedules all coal purchases and sales with various counterparties. Coordinates and schedules the receipt and delivery of coal and lime products with various transportation companies. Manages and maintains stock inventories at various dock locations.

##### Quality Control

On-site coal quality inspector. Monitors and inspects coal mines and loading facilities on a routine basis. Ensures correct coals are loaded for plant consumption. Ensures coal quality and tonnage information is received by appropriate personnel.

##### Senior Fuel Field Representative

Monitors and inspects coal mines and loading facilities on a routine basis. Ensures correct coals are loaded for plant consumption. Acts as the company liaison for the various coal and oil suppliers. Orders and schedules delivery of oil for plant consumption.

## V. Practices and Procedures

Commodity Logistics is responsible for providing accurate scheduling and business support activities to Generation Dispatch and Operations, Commercial Fuels, Enterprise Credit Risk Management, Bilateral Settlements, Power Operations, Global Risk Management and Accounting departments. The objective of the Commodity Logistics group is to receive, deliver and schedule all CAM transactions in the most time and cost efficient manner while abiding by all rules and protocols. A brief description of these practices and procedures is described below:

- Monitor current river conditions and the Corp of Engineers website to obtain current and forecast river condition reports and convey information obtained to appropriate personnel. Apply information obtained to current and/or future scheduling activities to minimize cost impact while still meeting needs of the generating facilities;
- Monitor the ISO and RTO websites for notification of modifications and/or revisions to current business practices, market rules or conditions and convey information to the appropriate personnel. Information obtained may or will be applied to current and/or future scheduling activities;
- All scheduling activities and logs are properly recorded and retained within the company per established guidelines and remain fully compliant with all internal and external rules and protocols;
- Obtain projections for system load & full requirement load and submit data to the appropriate ISO/RTO within established time constraints;
- Conduct periodic inspections of various loading, unloading and storage facilities for compliance and accuracy of inventories. Conduct spot inspections of quality sampling activities;
- Provide sound analytical analysis and forward-looking projections of market conditions (mining operations, conditions possibly impacting market activity) and report findings to appropriate personnel;
- Discuss current and future plant operations with Generation Dispatch and Operations personnel to determine fuel supply needs;
- Monitor and maintain barge inventory to minimize shipping company demurrage charges; and
- Monitor on-site inventories of oil and lime at the generating facilities and re-order as required to maintain sufficient quantities at all times

## VI. Decision Making and Control

All scheduling activities are conducted within established guidelines and protocols. The Commodity Logistics group fully supports and adheres to all controls, rules, regulations and policies. Decisions are made based on thorough studies, analysis and/or communications.

## VII. Internal and External Communication

Commodity Logistics works very closely with a number of commercial and/or risk-management groups both within as well as external to the Company. Internal (company) groups include:

- Generation Dispatch and Operations;
- Commercial Fuels;
- Enterprise Credit Risk Management;
- Bilateral Settlements;
- Power Operations;
- Global Risk Management;
- Accounting;
- Human Resources; and
- Information Technology

External companies are those approved by the company to conduct business with, governmental agencies and vendors.

Internal and external communications are conducted via meetings (in-person, video and/or teleconference), industry organizations, reports, presentations, phones, mail courier, electronic notification, facsimile and at desk interactions.

## VIII. Goal Attainment and Qualification

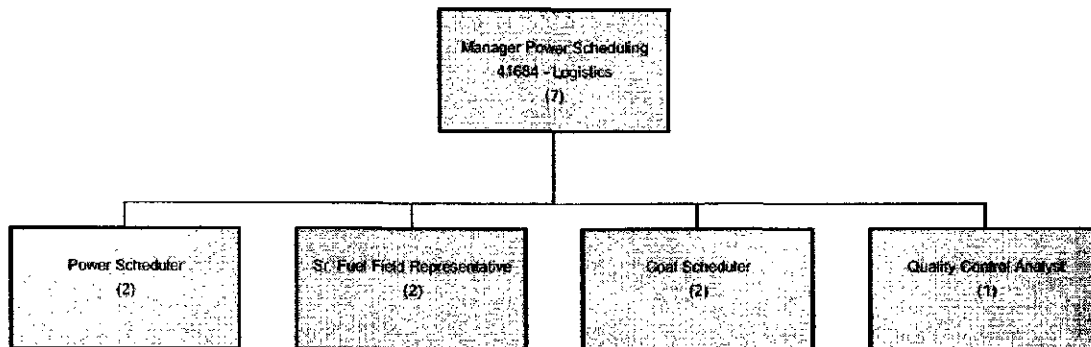
The Commodity Logistics group provided a three tier performance metric for which performance will be measured. Meeting or exceeding the annually established goals is the measure of accomplishment of the Department. Examples of performance indicators that relate to specific goal performance are listed below:

- Record retention compliance with Company protocols;
- Scheduling activity in compliance with Sarbanes Oxley requirements; and
- Compliance of loading and storage facilities.

Employees receive annual performance reviews listing measurement and progress towards individual goals in support of the department and corporate goals.



## Commodity Logistics



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
Generation Dispatch and Real Time Operation  
SFR Reference: Chapter II(B)(9)(a)(i,ii,iii,x), Chapter II (B)(9)(g)(vii)

I. Policy and Goal Setting

The Generation Dispatch and Real Time Operations Department ("RT Ops") at the direction of the Director, Generation Dispatch and Real Time Operations and associated staff, manages the economic dispatch of the Company's generation fleet with the specific goal of providing reliable power to the Company's on-system retail load obligations and certain affiliated and non-affiliated off-system sale commitments on a least cost basis. Economic dispatch considerations include, among other things, the prevailing cost of fuel stock for coal-fired, natural gas-fired and oil fired generation assets. The Company must comply with numerous environmental laws and regulations promulgated by the Environmental Protection Agency as part of the Clean Air Act. Consequently, the Department must account for the cost of pollution control allowances (*i.e.*, SO<sub>2</sub> and NO<sub>x</sub>) purchased from third-party suppliers when making its economic dispatch determination. Other factors included in the Department's dispatch considerations include, but are not limited to, operational limits and availability of the various generation assets, transmission constraints associated with both generation facilities and power purchases from external sources, and "must run" dispatch orders by the Midwest Independent System Operator and/or the Balancing Authority.

The goals of the Generation Dispatch and Real Time Operations Department are structured to support the business functions of the Commercial Asset Management (CAM) team. Individual as well as team goals are established by the Director, RT Ops and submitted to the Senior Vice President of CAM.

II. Strategic Planning

The Director, RT Ops is responsible for all day-to-day functions and short term outage planning associated with carrying out the goals set forth above. In carrying out this responsibility, the Director, RT Ops seeks advice and counsel from the staff that directly supports this function as well as from the Non-Regulated Generation Services management and support staff such, Legal, Settlement, and Accounting Departments.

### III. Organizational Structure

The Director, RT Ops reports to the Senior Vice President, Commercial Asset Management. The following positions report to the Director, RT Ops:

- Generation Dispatcher (5 Positions);
- Hourly Trader (5 Positions);
- Analyst, Load Forecast; and
- Generation Coordinator.

The organization chart for RT Ops is shown as Exhibit RT – 1.

### IV. Responsibilities

RT Ops has the responsibility for managing and maximizing the value of the physical portfolio of power. Overall responsibilities are handled by the Director and are as follows:

- General Management of the Department;
- Department objectives and annual goals;
- Communication with Management;
- Department Policies, Procedures and Standards; and
- Resource allocation within the Department.

Other responsibilities are assigned to the Sections and are as follows:

#### Generation Dispatchers:

- Managing the Balancing Authorities NERC compliance obligation. Those obligations include CPS1, DCS, and BAAL;
- Communication to all plants to communicate directions from the BA and/or MISO;
- Focus on the real time economic dispatch of generating units to meet schedule obligations in an economic manner while maintaining compliance with reliability standards.
- Maintaining accuracy of the MISO outage scheduler.

#### Hourly Trader:

- Focus on the real time economic dispatch of generating units to meet load obligations in an economic manner while maintaining compliance with reliability standards;
- Enter day ahead offers for the MISO Energy Market. This includes the unit availability, derates, unit parameters, and offer components (Start-up offer cost, no load offer costs, and incremental energy offer);
- Communicate with MISO;

- Communicate with outside counterparties regarding any hourly business;

Analyst, Load Forecasts:

- Develop and provide short term load forecast covering native load and any contractual obligations by hour for the next 7 days;
- Communicate short term load forecast to Portfolio Management in;
- Communicate updates in short weather outlook;
- Provide next day load forecast to Power Scheduling for entering the Demand Bid into the MISO Energy Market.

Generation Coordinator:

- Communicate with generation plants regarding daily load conditions, unit operating capabilities and outage & derate information;
- Conduct morning call with all generation plants to determine availability;
- Insure offers to the MISO convey the information received from the plants;
- Work with Non Regulated Generation Services and Portfolio Management on short term outage planning in order to minimize cost;

V. Practices and Procedures

The management philosophy of RT Ops is to create a least cost reliable supply for customers and maximize value for the stakeholders. A brief description of this process is as follows:

For each hour of the current day through the next seven-day period, a detailed plan is constructed that includes:

- Native load forecast;
- Full Requirement load forecast;
- Available generation supply;
- Incremental and average variable unit production costs on a per unit basis (includes changes in production costs due to changes in fuel, SO<sub>2</sub>, NO<sub>x</sub>, and other costs);
- Physical constraints of generating units (minimum up time and minimum down time requirements, minimum and maximum loading, ramp rates, automatic generation control capability, unit testing, etc.) are considered;
- Required spinning reserve requirement (the combination of required contingent, regulating, and supplemental reserves);
- Required regulating reserve required;
- Preexisting purchases and sales;
- Customer choice (alternate supplier) load; and
- Viewpoint of the regional prices of power.

VI. Decision Making and Control

RT Ops values accountability and clearly delineated responsibility, operating in an open and honest manner. We strive to have a high level of efficiency emphasizing communication. Controls and risk policies are adhered to rigorously. The nature of the portfolio requires coordination and teamwork.

VII. Internal and External Communication

Generation Dispatch and Real Time Operations works closely with a number of departments within the Company and outside the Company. These departments and outside entities are:

- Portfolio Management;
- Origination;
- Legal & Regulatory;
- Corporate Planning;
- Power Scheduling
- Non Regulated Generation Services
- Generation Operations;
- Global Risk Management;
- Electric System Operations/Transmission Operations;
- Accounting;
- Bilateral Settlements
- Human Resources;
- Balancing Authority;
- Information Technology;
- Midwest ISO; and
- PJM Interconnection.

Meetings, memoranda, and phone conversations are some of the means in which communications take place. Formal presentations are occasionally given to keep other departments informed, and the lines of communications open.

External communications are maintained through management meetings, industry organizations, written, oral and personal contacts with customers, governmental agencies, vendors, as well as through other Company departments.

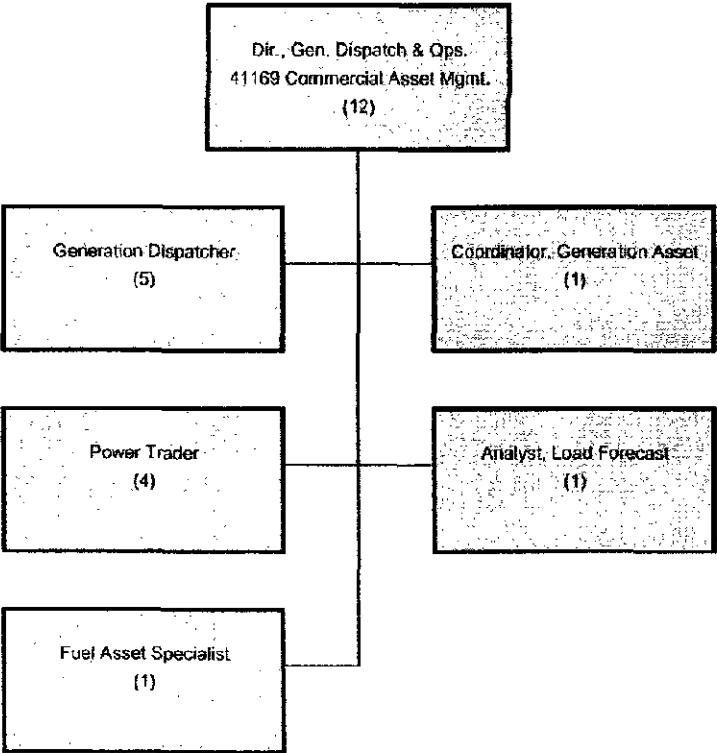
VIII. Goal Attainment and Qualification

A comparison of budget versus actuals for generation, revenues and costs are provided on a monthly, quarterly and annual basis. Load forecasting group compares its forecast

against actual, and reports the variance on a daily basis, thus measuring their load forecasting performance.

Performance of individuals are measured through annual reviews. Successful completion of tasks is a measure of goal attainment.

Generation Dispatch and Real Time Operations



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF POLICIES, PRACTICES AND ORGANIZATION  
PORTFOLIO RISK MANAGEMENT  
SFR Reference: Chapter II(B)(9)(a)(i,ii,iii,x)

I. Policy and Goal Setting

The Portfolio Risk Management Department (PRM) at the direction of the Vice-President, Portfolio Risk Management and associated staff, manages the economic dispatch of the Company's generation fleet and power purchases from third-party suppliers with the specific goal of providing reliable power to the Company's on-system retail load obligations and certain affiliated and non-affiliated off-system sale commitments on a least cost basis. The goal for the company's Duke Energy North America (DENA) gas assets is to increase utilization of assets and ultimately create a positive margin. Economic dispatch considerations include, among other things, the prevailing cost of fuel stock for coal-fired, natural gas-fired, and propane gas-fired generation assets. The Company must comply with numerous environmental laws and regulations promulgated by the Environmental Protection Agency as part of the Clean Air Act. Consequently, the Department must account for the cost of pollution control allowances (*i.e.*, SO<sub>2</sub> and NO<sub>x</sub>) purchased from third-party suppliers when making its economic dispatch determination. Other factors included in the Department's dispatch considerations include, but are not limited to, operational limits and availability of the various generation assets, transmission and transportation capacity limits or constraints associated with both generation facilities and power purchases from external sources, Pipeline directives and "must run" dispatch orders by the Midwest Independent System Operator ("MISO"), Pennsylvania, Jersey, and Maryland Connection Inc.,(PJM) and/or the Control Area Operator.

The PRM supports the corporate policies and objectives as described in the Working Environment Policy Manual through the Department directives, procedures and practices.

The goals of the Portfolio Risk Management Department are structured to support the business functions of the Commercial Asset Management (CAM) team. Individual as well as team goals are established by the Vice President, PRM and submitted to the Senior Vice President of CAM.



## II. Strategic Planning

The Vice President, PRM is responsible for all day-to-day functions and long-term planning associated with carrying out the goals set forth above. In carrying out this responsibility, the Vice President, PRM seeks advice and counsel from the staff that directly supports this function. He also consults Generation planning and Dispatch Group, Commercial Analytics Group, and Logistics Group with Commercial Asset Management Services (CAMS), and with the support staff such as the Legal and Accounting Departments.

## III. Organizational Structure

The Vice President, PRM reports to the Senior Vice President (CAMS). The following positions report to the Vice President of PRM:

- Desk Head, Coal Group;
- Power Portfolio Mangers – Term, Day-Ahead and Real-Time;
- Portfolio Manager, Gas Risk Management
- Portfolio Manager, Financial Transmission Rights; and
- Portfolio Manager, Emission Allowances.

An organization chart for the Vice President PRM is attached as Exhibit PO-1.

## IV. Responsibilities

PRM has the responsibility for managing and maximizing the value of the physical portfolio of power, fuel, generating capacity and emissions. Overall responsibilities are handled by the Vice President and are as follows:

- General Management of the Department;
- Department objectives and annual goals;
- Communication with Management;
- Department Policies, Procedures and Standards; and
- Resource allocation within the Department.

Other responsibilities are assigned to the Sections and are as follows:

### Portfolio Managers

- Position - maintenance and communication;
- View based on understanding of the fundamentals affecting price and volatility with their portfolio;
- Articulate and execute a hedging strategy consistent with the position and view; and
- Process continuously improve and document tasks and procedures.

### Short Term Manager

- Focus on the real time economic dispatch of generating units to meet load obligations in an economic manner while maintaining compliance with reliability standards;
- Develop and provide load forecast covering native load and contractual obligations; and
- Focus on managing economic position of DENA gas-assets to maximize revenue and capacity factors within constraints of units and pipeline guidelines ;
- Communicate with generation plants regarding daily load conditions, unit operating capabilities and offer preferences and outage information.

### V. Practices and Procedures

The management philosophy of Portfolio Risk Management is to create a least cost reliable supply for customers and maximize value for the stakeholders. A brief description of this process is as follows:

For the management of gas-fired assets, for each hour of the current day through the next day, (or three days for Saturday to Monday) a detailed plan is constructed that includes:

- Available generation supply;
- Incremental and average variable unit production costs on a per unit basis;
- Basis of units against AD hub
- Physical constraints of generating units (minimum up time and minimum down time requirements, minimum and maximum loading, ramp rates, automatic generation control capability, unit testing, etc.) are considered;
- Transmission capability;

Based on the gas and prices of power in PJM and MISO:

- Short-term view is developed.
- Power is offered in the physical market; simultaneously gas desk will decide whether or not to purchase gas in the day-ahead market for economic position.
- Units are offered to PJM and MISO in day-ahead markets at the respective deadline. Power sales made in the day-ahead market are decremented using the PJM virtual market
- PRM receives a commitment from the PJM or MISO at 4p.m for day-ahead awards
- Once PRM receives a commitment from the RTO a decision is made how much incremental gas needs to procure real-time and to roll the balance position with the next-day position; If physical gas is not available, the prompt month Nymex futures are executed as a proxy hedge. These hedges are sold as soon as the physical gas is purchased
- For unit dispatch for gas-fired peaking assets, a decision is made whether to purchase gas in real-time or to borrow gas from pipeline ( mainly dictated by constraints imposed by the pipeline)

For each hour of the current day through the next seven-day period, a detailed plan is constructed that includes:

- Native load forecast;
- Full Requirement load forecast;
- Available generation supply;
- Incremental and average variable unit production costs on a per unit basis (includes changes in production costs due to changes in fuel, SO<sub>2</sub>, NO<sub>x</sub>, and other costs);
- Physical constraints of generating units (minimum up time and minimum down time requirements, minimum and maximum loading, ramp rates, automatic generation control capability, unit testing, etc.) are considered;
- Required spinning reserve requirement (the combination of required contingent, regulating, and supplemental reserves);
- Preexisting purchases and sales;
- Transmission capability;
- Customer choice (alternate supplier) load; and
- Viewpoint of the regional prices of power.

Within the constraints listed above, for each hour the short-term Managers (construct a plan to balance our system in the most economic manner, maximize the value of our generation portfolio, and minimize the cost to supply our customers, full requirement load, and power sales positions. The basic premise is:

- If a generating unit is less expensive than the prevailing market price of power, that unit's generation is increased until its incremental cost is the same (or less than if that unit is increased to its maximum loading) as the market price (i.e., if a unit is in the money we increase its output);
- If a generating unit is more expensive than the prevailing market price of power, that unit's generation is decreased until its incremental cost is the same (or greater than if the unit drops to its minimum loading) as the market price (i.e., if a unit is out of the money we drop its output or take it off-line, depending on the economics of the situation, as well as its physical constraints); and
- The above process is managed through our continual power exchanges with external counter parties.

This long-term thru 2008 is managed in a similar manner as stated above. A proposal request has been made to senior management to extend the management horizon to 2010.

## VI. Decision Making and Control

Portfolio Risk Management values accountability and clearly delineated responsibility, operating in an open and honest manner. We strive to have a high level of efficiency emphasizing communication. Controls and risk policies are adhered to rigorously. The nature of the portfolio requires coordination and teamwork.

## VII. Internal and External Communication

Portfolio Risk Management works closely with a number of departments within the Company. These departments include:

- Online Exchanges;
- Brokers in the Over-the-Counter Market;
- Counterparties;
- Commercial Analytics Group
- Origination;
- Legal & Regulatory;
- Corporate Planning;
- Fuels;
- Power Operations;
- Global Risk Management;
- Electric System Operations/Transmission Operations;
- Accounting;
- Human Resources;
- Corporate Communications and Investor Relations;
- Information Technology; and
- Distribution Services/Transportation Services.

Meetings, memoranda, and phone conversations are some of the means in which communications take place. Formal presentations are occasionally given to keep other departments informed, and the lines of communications open.

External communications are maintained through management meetings, industry organizations, written, oral and personal contacts with customers, governmental agencies, vendors, as well as through other Company departments.

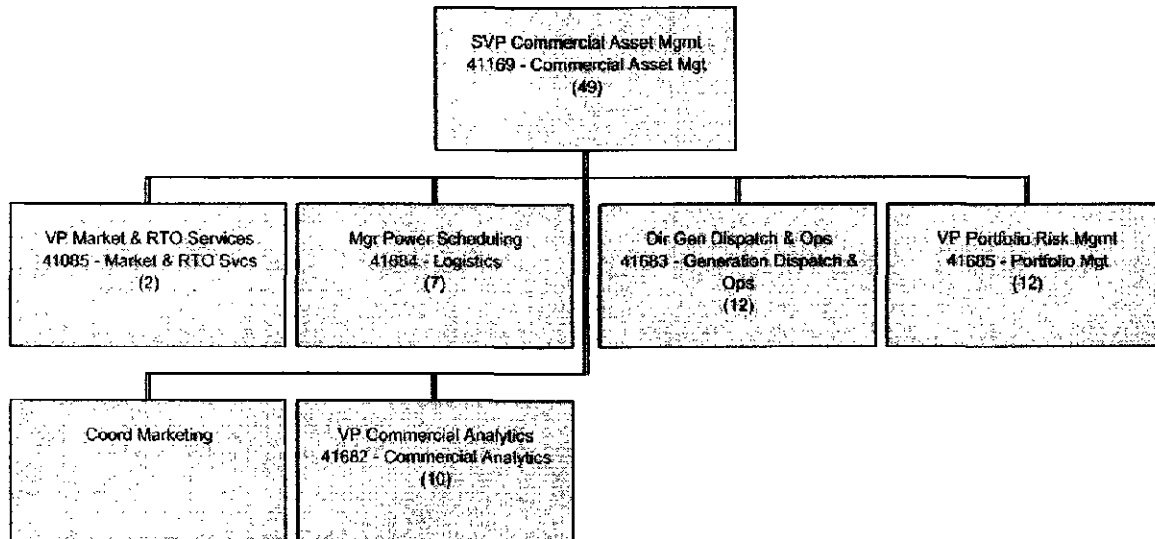
## VIII. Goal Attainment and Qualification

A comparison of budget versus actuals for generation, revenues and costs are provided on a monthly, quarterly and annual basis. Load forecasting group compares its forecast against actual, and reports the variance on a daily basis, thus measuring their load forecasting performance.

Performance of individuals is measured through annual reviews. Successful completion of tasks is a measure of goal attainment.

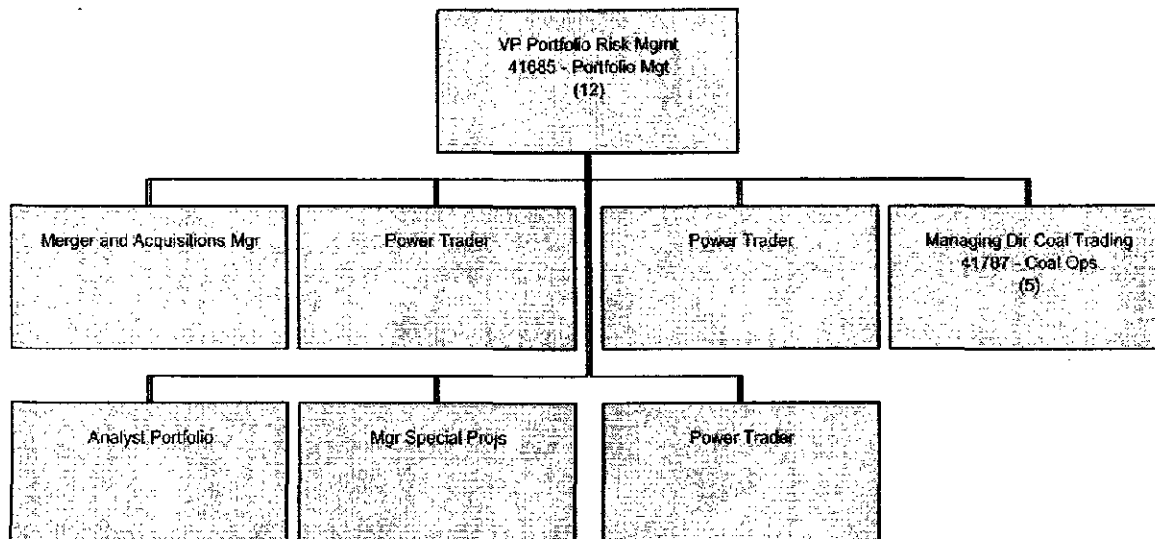
## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

### Senior Vice President Commercial Asset Management



## DUKE ENERGY CORPORATION MANAGEMENT STRUCTURE

### Vice President Portfolio Risk Management



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
COMMERCIAL ANALYTICS, STRUCTURING & FUNDAMENTALS  
SFR Reference: Chapter II(B)(9) (a)(ii,iv,v)

I. Policy and Goal Setting

Commercial Analytics, Structuring & Fundamentals is responsible for providing sound modeling and analytical support to Commercial Asset Management, Power Operations, Budgets and Forecasts and other groups. The objective of Commercial Analytics, Structuring & Fundamentals is to provide the analytical means and processes for Commercial Asset Management Group, Operations Group and other groups to make optimal decisions on behalf of the Company's customers and shareholders.

The Commercial Analytics, Structuring & Fundamentals Department supports the corporate policies and objectives as described in the Working Environment Policy Manual through the Department directives, procedures and practices.

The goals of the Commercial Analytics, Structuring & Fundamentals Department are designed to support the business functions of the Commercial Asset Management (CAM). The goal setting process begins with the Department Vice President and includes input from the Commercial Asset Management and Operations. Each year the Department Vice President requires his management team and their direct reports to use the Duke Energy Performance Management system to provide Key Performance Indicators (KPI) that are used to align and measure departmental performance with the CAM business goal.

II. Strategic Planning

The Vice President of Commercial Analytics, Structuring & Fundamentals leads all efforts of making strategic plans to develop new models and/or upgrade existing models based on frontier theoretical research, technology advancement, environmental regulation changes, industry de-regulation status, and business owners' needs. Since model development is a lengthy process, we must proactively make long-term plans.

### III. Organizational Structure

Commercial Analytics, Structuring & Fundamentals is under the direction of the Senior Vice President, Commercial Asset Management. Ten positions report to the Vice President, Commercial Analytics, and Structuring & Fundamentals: Director of Model Development, Manager of Portfolio Analysis, Manager of Quantitative Analytics, Manager of Structuring-Power, Manager of Structuring-Fuel, Senior Quantitative Researcher, Senior Quantitative Analyst, Senior Fundamental Analyst and two portfolio Analysts. The organizational structure is presented on Exhibit CA-1.

### IV. Responsibilities

Commercial Analytics, Structuring & Fundamentals has the responsibility of supporting across-the-company efforts to maximize the interest of customers and shareholders. The Vice President handles the following overall responsibilities:

- Provision of Intellectual and Technological leadership;
- Resource Management of the group;
- Setting objectives and (short-term & long term) goals;
- Communication with Management, Commercial Groups and Risk Groups; and
- Establishment of Procedures, Processes and Standards.

Other responsibilities are assigned as follows:

#### Director of Model Development

Coordinating and managing system projects, designing database structures and modeling interfaces for our valuation system, and providing technical support for commercial asset management, power operations, risk management and other business functions.

#### Manager of Portfolio Analysis

Managing load information databases and long-term load forecasting models, conducting weather and load analysis, and providing related analytical support to help Commercial Asset Management more effectively manage its cross commodity positions.

#### Manager of Quantitative Analytics

Responsible for developing models in support of risk management and portfolio optimization functions, and providing sound theoretical research.

#### Manager of Structuring

Responsible for supporting risk managers and originators with deal pricing and analysis, tracking and managing deal flows, as well as facilitating communications between groups.

#### Senior Quantitative Researcher

Responsible for conducting research in the valuation methodology of financial and physical trading instruments and/or derivatives, and developing models to support Commercial Asset Management, Power Operations and other groups.

#### Senior Quantitative Analyst

Providing analytical support to Commercial Asset Management, Power Operations and other groups to help them most effectively manage their business in the best interest of customers and shareholders.

#### Senior Fundamental Analyst

Providing fundamental information/analysis/views on power, gas, coal, oil and emission allowance markets to support CAM's strategic and daily decision making.

#### Portfolio Analysts

Providing daily position and analysis support to fuel desk head, power desk head, generation dispatching desk head and logistics desk head within Commercial Asset Management.

### V. Practices and Procedures

Commercial Analytics, Structuring & Fundamentals is organized and positioned to support and ensure optimal decision-makings on behalf of Company customers and shareholders. A brief description of the management practices and procedures is described below.

From a functional perspective, Commercial Analytics works closely with the above groups to perform these duties:

#### ***Model Development and Administration***

- Developing state-of-the-art models and analytical tools;
- Developing, maintaining and up-grading models for the pricing of full requirement deals, tolling deals, forced outage insurance, weather derivatives and other exotic options;



- Developing, maintaining and improving the commercial business model for the projections and analysis by unit generation MW hours, revenues, O&M costs, margins, fuel burns, SO<sub>2</sub> emissions, NO<sub>x</sub> emissions, CO<sub>2</sub> emissions and mercury emissions;
- Developing and maintaining models for the projections and analysis of system load & full requirement load, for the scenario and sensitivity analysis on power & fuel market, weather, unit performance, environmental regulation cases; and
- Developing and maintaining models for the quantification of risks of structured deals and the power generation and load portfolio.

***Providing Sound Analysis and Forward-Looking Projections***

- Performing daily model runs for updating Portfolio Optimization's generation positions, load positions, SO<sub>2</sub> positions and NO<sub>x</sub> positions;
- Running optimization model to analyze and select the most economic and reliable ways to serve our customers and optimize shareholders value at the same time;
- Conducting daily model runs for updating Commercial Fuel's coal positions;
- Providing daily sensitivity metrics for power, fuels, SO<sub>2</sub> and NO<sub>x</sub> positions to multiple risk factors;
- In support of the Company's annual budgeting and five year planning process, Commercial Analytics provides comprehensive analysis of generation, revenue, cost, emissions among others;
- Providing by unit and by hour generation projections to support Power Operations annual planning efforts; and
- Performing environmental and deregulation scenario analysis for our company's earning and risk profiles.

***Pricing Structured Deals, Valuing Assets and the Market and Credit Risks of Structured Deals in our Portfolio***

- Pricing structured deals that Portfolio Optimization need to best serve our customers and optimize value;
- Providing asset valuations for our entire generation fleet or any units of the companies' interest; and
- Providing market risk and credit risk metrics for individual deals and the entire portfolio;

From a process management standpoint, Commercial Analytics, Structuring & Fundamentals uses or conducts the following processes:

**Model Changes and Controls**

- Model designing, implementation, testing and user acceptance and external and internal auditing process;

- Uses frontier research and technology in designing and implementing models;
- Conducting comprehensive testing of all models;
- Working closely with business users in due testing process, and getting users' approval of new models;
- Getting models validated internally by Global Risk Management (GRM);
- Model change control process for models in production;
- Maintaining three environments for all models (production, testing and development environments) to ensure the integrity of the models;
- Following model change control protocols established by GRM and external auditors;
- Any model change must be requested by business users, implemented and tested by Commercial Analytics and users, validated and approved by GRM based on the control protocols; and
- With approval from all parties listed above, Information Technology (IT) controlling center pushes through new changes into production.

#### **CXL System Daily Update**

- Generation, load, fuel and emissions projection updates from department models are made to CXL system based on market information, operational information and environmental regulation status.
- Hourly power prices update to CXL.

#### **Risk Analytics and Pricing System Update**

- Fully calibrating the simulation and valuation system to newest market information;
- Saving all simulation data into the system;
- Running all sensitivity cases and saving all data into the system; and
- Portfolio Optimization and Commercial Fuels groups use the above information to make daily decisions.

#### **Deal Tracking and Database Maintaining Process**

- Recording and updating the status and structures of deals to facilitate the execution of new deals and the management of existing deals; and
- Providing deal summary reports to senior CBU executives.

### **VI. Decision Making and Control**

Commercial Analytics, Structuring & Fundamentals Group values intellectual integrity, professionalism, responsibility and accountability. All activities in research, model development, analysis, system and technical support are conducted in an open and honest manner. We adhere to controls, protocols and policies with

great rigor. Decisions are made based on thorough studies, analysis and communications and principles.

#### VII. Internal and External Communication

Commercial Analytics, Structuring & Fundamentals works very closely with a number of commercial and risk groups within the Company. These groups are:

- Commercial Asset Management;
- Budgets and Forecasts;
- Power Operations;
- Global Risk Management;
- Accounting;
- Human Resources; and
- Information Technology

We communicate through meetings, reports, presentations, phones, email and at desk interactions.

External communications are with external auditors, internal auditors, consulting firms, research institutions and conference organizations.

#### VIII. Goal Attainment and Qualification

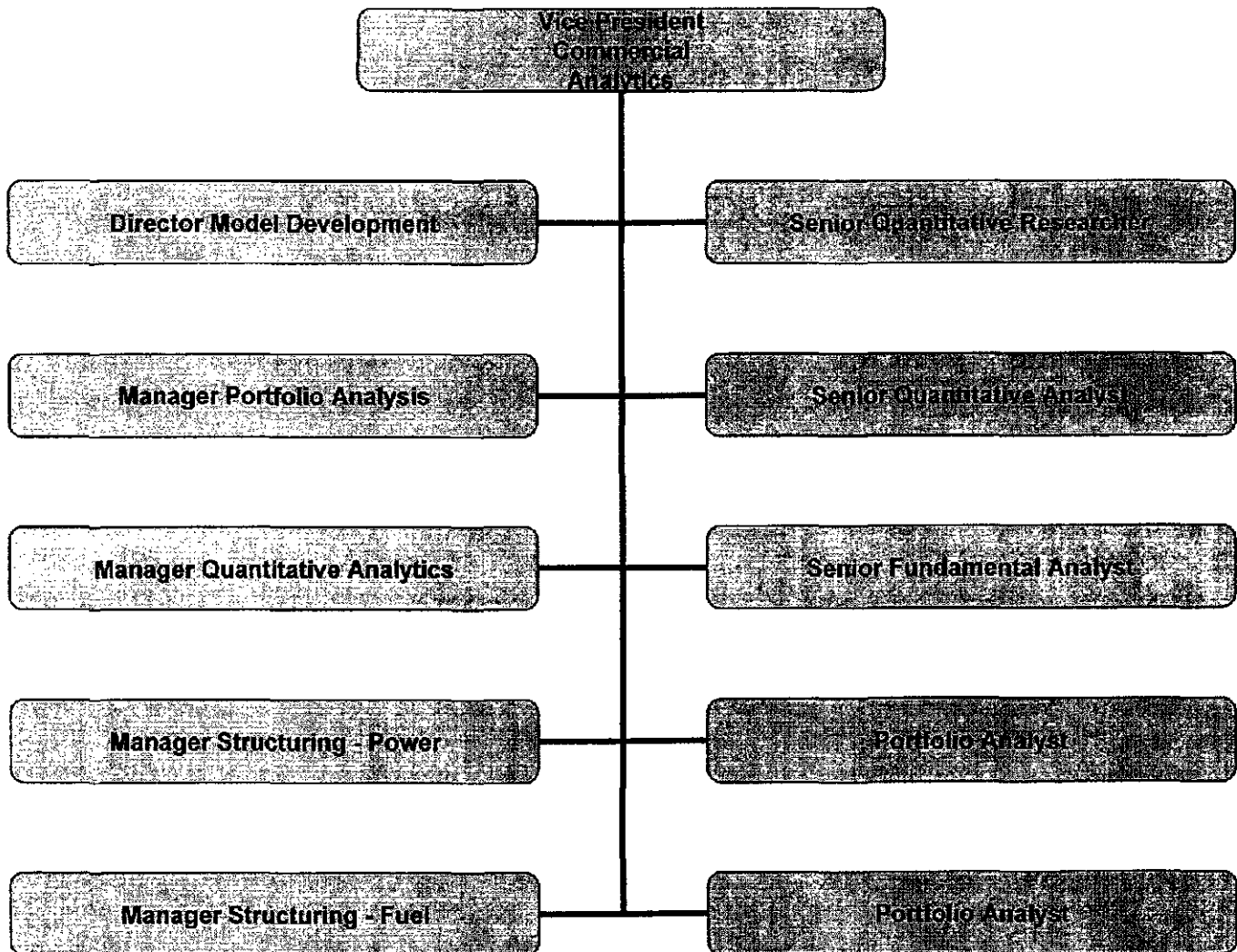
Meeting or exceeding the annually established goals is the measure of accomplishment of the Department. Performance indicators are measures of goal performance. Examples of performance indicators that relate to specific goal performance are listed below:

- Timeliness of daily projections for managing fuel, power, NO<sub>x</sub> and SO<sub>2</sub> positions;
- Quality and timeliness of deliverables for model development/update/administration;
- Timely and accurate pricing of structured deals that Commercial Asset Management needs to best serve our customers and optimize value; and
- Employee development.

Employees receive semi-annual performance reviews to measure and report progress towards individual goals in support of the department and corporate goals.

## Duke Energy Corporation Management Structure

### Vice President Commercial Analytics



DUKE ENERGY  
DUKE ENERGY OHIO  
SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION  
MARKET & REGIONAL TRANSMISSION ORGANIZATION (RTO) SERVICES  
SFR Reference: Chapter II(B)(9)(a)(i,ii,iii,x), Chapter II (B)(9)(g)(vii)

I. Policy and Goal Setting

The Market & RTO Services Group at the direction of the Vice President, Market & RTO Services is responsible for monitoring and identifying commercial opportunities and risks impacting Duke Energy Ohio's (DEO) unregulated generation from market policy changes occurring within the two organized electricity markets and at the Federal Energy Regulatory Commission (FERC). Specifically, the Group is an active market participant in 12 PJM committees and 15 MISO committees that have the potential to impact the P&L of DEO assets. Depending upon the issue and forum within the RTO, the Group advocates for policy changes beneficial to the unregulated generation fleet consistent with overall Duke Energy Corporation policy. To the extent the Group's issues are addressed at FERC or FERC initiates proceedings impacting the unregulated generation fleet, the Group coordinates its position and comments via the Federal Regulatory Policy Group. The Group is also responsible for developing effective relationships with the RTO market administrators and monitors. Finally, as requested by the Senior Vice President – CAMS, the Group supports analysis, filings, testimony and data requests related to Ohio's Rate Stabilization Plan (RSP).

The goals of the Market and RTO Services Group are structured to support the business functions of the Commercial Asset Management (CAM) team. Individual as well as team goals are established by the Vice President, Market and RTO Services and submitted to the Senior Vice President of CAM.

II. Strategic Planning

The Vice President – Market and RTO Services, is responsible for all day-to-day functions and long-term planning associated with carrying out the goals set forth above. In carrying out this responsibility, the market policy goals identified above are determined in conjunction with the commercial objectives established the Senior Vice President – CAMS and also communicated to the Federal Regulatory Policy Group.

### III. Organizational Structure

The Vice President, Market & RTO Services reports to the Senior Vice President - CAMS. The following positions report to the Vice President of Market and RTO Services:

Director – Market & RTO Services responsible for the MISO RTO and various Reliability Organizations

Director – Market & RTO Services responsible for the PJM RTO and various issues impacting the R.S.P.

The organization chart for Market & RTO Services is shown in Exhibit MRTO – 1.

### IV. Responsibilities

Please refer to Section V below.

### V. Practices and Procedures

Day-to-day operations consist of monitoring and assessing the impact of various RTO market rules changes and FERC initiatives, communicating those impacts with front-office personnel and other interested persons within the Corporation. To the extent the communication crosses business units the department operates under the appropriate Standards of Conduct. After receiving appropriate feedback, the Group works to influence the RTO rule changes or comments in response to rule changes before FERC.

### VI. Decision Making and Control

Market and RTO Services values accountability and clearly delineated responsibility, operating in an open and honest manner. The Group strives to have a high level of efficiency emphasizing communication. The nature of the Group and its role in supporting the commercial side of the business requires coordination and teamwork.

### VII. Internal and External Communication

Market and RTO Services works closely with a number of departments within the Company. These departments are:

- Power Trading;
- Coal and Emission Trading;
- Legal & Regulatory;
- Corporate Planning;
- Generation Operations and Real-Time Operations
- Power Operations;

- Global Risk Management;
- Federal Regulatory Policy
- Rate Departments
- Electric System Operations/Transmission Operations;
- Accounting;
- Corporate Communications and Investor Relations;

Meetings, memoranda, and phone conversations are some of the means in which communications take place. Formal presentations are occasionally given to keep other departments informed, and the lines of communications open.

External communications are maintained through management meetings, industry organizations, written, oral and personal contacts with customers, governmental agencies, vendors, as well as through other Company departments.

#### VIII. Goal Attainment and Qualification

Goal attainment is measured annually by attempting to quantify market policy implications in terms of financial benefits/losses. At times, this may require a subjective quantification that should be validated by the Senior Vice President – CAMS.

## Market & RTO Services

