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Case Number: 03-93-EL-ATA

Date: 5/28/2008

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Settlement Agreement

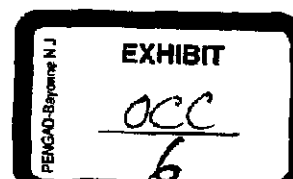
PUCO

This Settlement Agreement is between The Cincinnati Gas & Electric Company ("CG&E"), and the City of Cincinnati ("City") (collectively the "Parties"), effective this 14th day of June 2004. It is the intent of this Settlement Agreement to bind the Parties to the terms and conditions set forth herein.

1. The Parties, for good consideration, agree to amend the three existing Electricity Agreements dated February 5, 2004 by and between CG&E on the one hand, and the City for City Facilities, and the City on behalf of the Metropolitan Sewer District of Greater Cincinnati, Hamilton County, Ohio, and the City on behalf of the Greater Cincinnati Water Works, on the other hand (collectively "Electricity Agreements"), by including in such Electricity Agreements the following:

The "aggregate generation rate" referenced in Paragraph 1.1 and in Exhibit 1 shall be amended in Exhibit 1 to define the term as "the avoidable generation charge available to shopping customers, as specified in CG&E tariffs, as such tariffs may be amended and approved from time to time by the Public Utilities Commission of Ohio."

2. CG&E will provide the City one million dollars (\$1,000,000.00) in total consideration for the above amendments to the Electricity Agreements. The City shall determine, and provide notice to CG&E, in advance of payment, the proportion of the total consideration to be paid under each Electricity Agreement, and the terms and timing of payment. No payment of consideration shall occur before January 1, 2005.
3. This Settlement Agreement does not affect the rates or terms and conditions of public utility service provided by CG&E to the City, any division of the City, or any utility account managed by the City.
4. This Settlement Agreement is expressly conditioned upon City Council's approval of the amendments to the Electricity Agreements, and any other approval if required, by June 30, 2004, and the City's withdrawal from PUCO Case No. 03-93-EL-ATA within three business days of the approval by City Council and any other required approval of any of the amendments to the Electricity Agreements.
5. The Parties recognize that in a settlement, both Parties have granted concessions to the other and that if the Parties were to litigate the issues that they have now settled, their positions would be different. In the spirit of compromise and to ensure a complete resolution, it is important that the Parties uphold this Settlement Agreement. Therefore, this Settlement Agreement is expressly conditioned upon CG&E and the City not formally advocating a position in any forum in opposition to the issues resolved in the Stipulation and



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Recommendation filed in Case No. 03-93-EL-ATA, as that Stipulation and Recommendation is adopted and approved by the Public Utilities Commission of Ohio. The Parties also agree that the City will have the same rights as signatories to the Stipulation and Recommendation.

6. This Settlement Agreement terminates at the end of the day, December 31, 2008, or as follows:
 - i. The Commission, in Case No. 03-93-EL-ATA or a related case necessary to carry out the terms and conditions of the Stipulation and Recommendation filed in that case, issues an order unacceptable to CG&E.
 - ii. A court or administrative agency of competent jurisdiction issues an order depriving the Parties of the benefits of this Settlement Agreement or otherwise voiding this Settlement Agreement.
 - iii. The failure of the City to satisfy the conditions set forth in paragraphs 4 and 5 above.
7. Before termination of the Settlement Agreement as provided in paragraphs 6 (i), (ii) and (iii) above, the Parties agree to use best efforts to fulfill the intent of this Settlement Agreement, by negotiating amendments to the Settlement Agreement that provide the Parties with substantially the same economic benefit for substantially the same consideration as contained in the original Settlement Agreement.
8. All notices, demands, and statements to be given hereunder shall be given in writing to the Parties at the addresses appearing herein below and will be effective upon actual receipt:

To the City:

Julia Larita McNeil Esq.
City Solicitor
City of Cincinnati
Room 214
801 Plum Street, Room 122
Cincinnati, OH 45202

and

Daniel J. Schlueter Esq.
Legal Affairs Administrator
Greater Cincinnati Water Works
4747 Spring Grove Avenue
Cincinnati, OH 45232

To CG&E:

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James B. Gainer
Vice President, Regulatory and Legislative Strategy
Cinergy Services, Inc.
139 East Fourth Street
Cincinnati, OH 45202


or such other address as is provided in writing by the recipient from time to time.



9. The City agrees that this Settlement Agreement constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable or sovereign or other immunity defenses. CG&E agrees this Settlement Agreement constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defenses. This Settlement Agreement is for the exclusive benefit of the Parties and may not be assigned without the written consent of the non-assigning party.
10. This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.
11. Except as provided in Paragraph 1 above, this Settlement Agreement does not modify any other terms of the Electricity Agreements and all other terms of the Electricity Agreements shall remain in full force and effect.

Entered into on this 14th day of June:

On Behalf of
The Cincinnati Gas & Electric Company

On Behalf of the
City of Cincinnati


John Finnigan,
Senior Counsel
The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 43202


Valerie A. Lemmie
City Manager
City of Cincinnati
801 Plum Street, Room 122
Cincinnati, OH 45202
and

Julia Larita McNeil Esq.
City Solicitor
City of Cincinnati
Room 214
801 Plum Street, Room 122
Cincinnati, OH 45202