FILE

#1

08-777-EL-ORD

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2008 OCT 17 PM 4:27
PUCO

August 29, 2008

Re: **Duke Energy Ohio Request for Proposals for Peaking/Intermediate Power Supply**

") appreciates the opportunity to provide this non-binding proposal for the purchase and sale of its 320-MW electric generating facility located in , Michigan (the "Facility") to Duke Energy Ohio, Inc. ("Duke Energy").

s a wholly owned subsidiary of Inc which is headquartered in a leading energy provider involved in the development and management of energy-related businesses and services nationwide. develops, acquires builds, owns, and operates energy projects in North America and its portfolio includes electric power generation facilities, as well as a wide array of energy projects for industrial, commercial and institutional customers. More information concerning"

The Facility consists of four General Electric 7EA simple-cycle combustion turbines that went into commercial operation and is a MISO Designated Network Resource

Assuming an October 1, 2010 acquisition date, . is proposing a sale of the Facility for [redacted] The sale would be subject to negotiation and execution of a mutually agreed upon purchase and sale agreement, which would include representations, covenants and indemnities customary for the purchase and sale of electric generating facilities. A term sheet of key informational and operational data has been included with this letter. Although is proposing an asset sale, it is willing to discuss other options for the ownership and operation of the Facility should it be useful to Duke Energy. This non-binding proposal will remain valid through December 31, 2008.

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician _____ Date Processed OCT 17 2008

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Non-Binding, Indicative Term Sheet
Purchase and Sale of
8/29/08

Item Description	Indicative Terms
Parties	Duke Energy Ohio ("Duke")
Resource	A 320-MW (nominal) gas-fired peaking power generation plant
Fuel Source	Natural Gas via the Michigan Consolidated Gas Co. ("MichCon") pipeline
Fuel Pricing Point	MichCon Citygate
MISO Commercial Pricing Node	
Seller	
Purchaser	Duke Energy Ohio, Inc
Capacity Amount	320 MWs (nominal) 336 MWs (winter) / 284 MWs (summer)
Purchase Price	[redacted] lump sum payment assuming a closing date of October 1, 2010
Guaranteed Heat Rates	See attached Performance Reports
Availability	See attached Operational Statistics
Minimum run time	2 hours
Start Time	<= 35 minutes, first 2 units <= 60 minutes, second 2 units
Ramp Rate	5.5 MW/minute (per unit)

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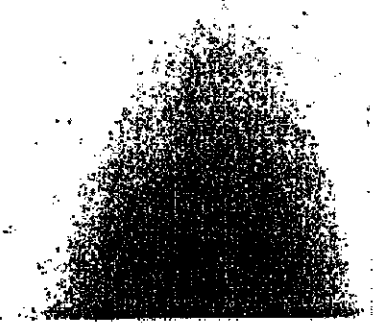
Operational Statistics

8/29/08

UNIT 1				
Total Fired Time:	0	324.5	293.2	472.7
Total Availability:	99.7%	99.2%	99.9%	99.9%
On-Peak Availability:	99.6%	98.7%	99.9%	99.8%
Starting Reliability:	N/A	100%	100%	100%
Factored Starts:	0	42	30	54
Fired Starts Counter:	0	39	30	54
Emergency Trips Counter:	0	1	2	1
Outage Hours:	23	69	4.5	8
On-Peak Hours:	4,112	4,112	4,144	4,208
On-Peak Outage Hours:	14	53	4.5	8
Period Hours:	8,760	8,760	8,760	8,760
UNIT 2				
Total Fired Time:	0	331.6	293.1	476.4
Total Availability:	99.7%	99.7%	99.8%	99.6%
On-Peak Availability:	99.6%	99.8%	99.8%	99.3%
Starting Reliability:	N/A	100%	100%	100%
Factored Starts:	0	47.6	40.7	61.8
Fired Starts Counter:	0	39	30	56
Emergency Trips Counter:	0	2	2	3
Outage Hours:	23	22	16	34
On-Peak Hours:	4,112	4,112	4,144	4,208
On-Peak Outage Hours:	14	8	8	26
Period Hours:	8,760	8,760	8,760	8,760



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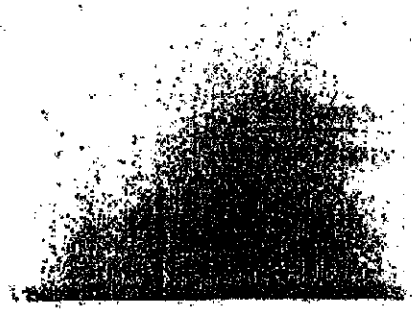
Operational Statistics

8/29/05

UNIT 3				
Total Fired Time:	0	353.2	280.6	473.6
Total Availability:	99.9%	99.6%	99.9%	99.7%
On-Peak Availability:	99.9%	99.2%	99.9%	99.6%
Starting Reliability:	N/A	100%	100%	100%
Factored Starts:	0	39	35	58.6
Fired Starts Counter:	0	39	30	56
Emergency Trips Counter:	0	1	1	2
Outage Hours:	3	46	2.5	20
On-Peak Hours:	4,112	4,112	4,144	4,208
On-Peak Outage Hours:	3	30	2.5	13
Period Hours:	8,760	8,760	8,760	8,760
UNIT 4				
Total Fired Time:	0	344.4	283.9	474.5
Total Availability:	99.9%	96.9%	99.8%	99.7%
On-Peak Availability:	99.9%	97.1%	99.7%	99.7%
Starting Reliability:	N/A	100%	100%	100%
Factored Starts:	0	38	30.5	57
Fired Starts Counter:	0	40	33	57
Emergency Trips Counter:	0	1	1	2
Outage Hours:	3	270	12.5	18
On-Peak Hours:	4,112	4,112	4,144	4,208
On-Peak Outage Hours:	3	118	12.5	12
Period Hours:	8,760	8,760	8,760	8,760



2. Performance Guarantees

2.1 Guaranteed Performance

Operating Point	Fuel	Gross Unit Output (kW)	Gross Unit Heat Rate (Btu/kWh, LHV)
Baseload (fogger OFF), 90°F	Customer Gas	73,490	10,800

2.1.1 Basis for Unit Performance

The performance guarantees listed above are based on the scope of equipment supply as defined herein and as stated for the following operating conditions and cycle parameters:

A. The natural gas fuel is in compliance with Seller's Gas Fuel Specification GEI-41040F.

B. Customer Gas Fuel Heating Value = 20,384 Btu/lb (LHV) @ 80°F

C. Site Elevation = 600 ft

D. Site Pressure = 14.39 psia.

E. Inlet Loss = 3.6 in Water

F. Exhaust Loss = 5.5 in Water @ ISO conditions

G. Fuel Gas Supply Temperature = Minimum 50°F of superheat required (@ GT Stop Valve)

H. Fuel Gas Supply Pressure = 320 psig – 375 psig (@ GT Stop Valve)

I. Gas turbines are operating at steady state baseload.

J. Tests to demonstrate guaranteed performance shall be conducted in accordance with the Suppliers proposal Test Philosophy attached in Tab #.

K. Generator power factor for baseload operation = .85 lagging.

L. Performance is measured at the generator terminals and includes allowances for excitation power and the shaft-driven equipment normally supplied.

M. The equipment is in new and clean condition (less than 150 fired hours of operation).

N. Performance curves such as ambient effects curves and generator loss curves will be provided after contract award. These curves along with correction factors such as fuel property corrections are to be used during the site performance test to correct performance readings back to the site conditions at which the performance guarantees were provided.

O. Natural gas performance is based on operation with a dry low NOx combustion system without gas turbine diluent injection for NOx control.

P. Compressor air extraction for customer use from gas turbine = 0.

Q. Guarantees are based on the following gas fuel analysis

Natural Gas Analysis %vol (Mol%)

Component	
CH4 Methane	94.7255
C2H6 Ethane	2.3539
C3H8 Propane	0.2742
C4H10 N-Butane	0.0420
n-Pentane	0.0038
Isobutane	0.0297
Isopentane	0.0077
Hexanes	0.0092
Nitrogen	1.7748
Carbon Dioxide	0.7792
Hydrogren	0.00
Hydrogen Sulfide	0.00
Oxygen	0.00
H2O	0.00
CO	0.00
SO2	0.00
Ar	0.00
COS	0.00
Neopentane	0.00
Supply Pressure, psig	320 – 375 *

* Pressure at the gas valve module

#2

August 28, 2008

Jon Summerville
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

Re: Duke Ohio Request For Proposals

Dear Mr Summerville,

This letter is intended to express interest in supplying power generation facilities to Duke Ohio on a turn-key (EPC) basis either for the current RFP or future generation needs. We have below described a typical natural gas fired power plant.

- Very high efficiency at both full and part load, simple cycle efficiency down to 8700 BTU/kWh, HHV guaranteed (even lower for dual fuel engines)
- Due to multiple engines the plant has a flat heat rate vs output range
- Minimal performance impact from ambient conditions (full performance up to 105 F or 6000 f.a.s.l
- Virtually no water consumption (closed loop cooling system)
- Low emissions (single digit NOx emissions with SCR technology)
- Quick reaction to load requirements
- Start/stop several times per day without any added cost
- Full output in less than 10 minutes from stand-by
- Low gas pressure required (min. 65 psig)
- Dual fuel capability with automatic, instantaneous switch over in case of gas pressure loss for specific engine types
- No output degradation during life cycle, minimal heat rate degradation
- No need for total plant outages for maintenance since this is performed for one engine at a time. All maintenance done on site to minimize outage time.
- Modular design makes future capacity additions cost effective
- Built in increments of 8.4 or 16.6 MW to any size

Example of main characteristics of a plant;

	50 MW Plant	165 MW Plant
Engine configuration	6x20V34SG	20x20V34SG
Plant net heat rate, btu/kWh, HHV	8,700	8,700
Fuel	Natural gas	Natural gas
Fuel pressure required, psig	75	75
Standby to full output, minutes	<10	<10
Min run time, minutes	0	0
Min down time, minutes	5	5
Emissions	5 ppm NOx	5 ppm NOx
Water usage	Virtually none	Virtually none
Max ambient with full performance, F	105	105
EPC capital cost, typical	[redacted]	[redacted]
Equipment only cost, typical	[redacted]	[redacted]
Maintenance cost, (parts/overhauls), $/MWh	[redacted]	[redacted]

Exhibit D-Ownership Offer –Life of Unit
Sample Term Sheet

Note to Bidder: Provide a separate term sheet for each different asset option offered

Resource	___
Primary Fuel Source	___Natural Gas___
Primary Fuel Pricing Point	___Tennessee Gas Pipeline 500 Leg___
Secondary Fuel Source	___None___
Secondary Fuel Pricing Point	___NA___
MISO Commercial Pricing Node	___Cin Hub___
Seller	___
Purchaser	DUKE ENERGY OHIO, INC.
Capacity Amount	___960___ MW (Minimum of 50 MW). *DUKE ENERGY OHIO will evaluate any amount from minimum to Capacity Amount in increments of 50MW unless bidder so notes that only the Capacity Amount can be evaluated.*
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Purchase Price (Provide purchase price in one of the following formats)

a. Fixed Purchase Price Over Life of Asset ___NA___ ($/MW-year)

b. Lump Sum Payment ___[redacted]___ ($)
Lump Sum Payment Year $$ ___2008___

Fixed O&M	___NA___ ($/MW-month)
Fixed O&M Escalation	___NA___ (% per year)
Year of Fixed O&M Cost Quote	___NA___
Variable O&M	___NA___ ($/MWh)
Variable O&M Escalation	___NA___ (% per year)

Year of Variable O&M Cost Quote	_____NA_____
Capital Spending Schedule	Provide schedule of any upgrades or life extension efforts
Maintenance Spending Schedule	Provide schedule of annual maintenance expenses
Guaranteed Heat Rate	___See Attachment_____ Btu per kWh (HHV) minimum load (define MW load) _____ Btu per kWh (HHV) 50% load _____ Btu per kWh (HHV) 70% load _____ Btu per kWh (HHV) 90% load _____ Btu per kWh (HHV) 100% load (define MW load)
Availability	Attach scheduled maintenance outages planned for next five years and equivalent forced outage performance for past five years (if from an existing resource). See Attachment
Minimum run time	See Attachment_____ (hours)
Start time to Synchronization	See Attachment_____ (hours)
Start up Cost	See Attachment_____ ($/start)
Start up Cost Escalation	See Attachment_____ (% per year)
Year of Start up Cost Quote	_NA_____
Ramp Rate	See Attachment_____ (MW/hour)

1. OFFER SUMMARY

is pleased to offer to Duke Energy Ohio ("Duke") a dedicated power generation resource and associated services from existing 960-MW natural gas-fired combined-cycle generating facility located in the TVA region in northwest Mississippi near (the "Facility"). At this location owns three identical 320-MW (nominal) units that comprise the Facility. Each unit is designed with approximately 253 MW of base-block combined-cycle capacity (7,100 Btu/kWh net heat rate) and 67 MW of duct-firing capacity.

proposes to serve Duke pursuant to this RFP using each of three units. Under this proposal, Duke has the option of contracting for the use of one, two or all three of units.

The contracted units will be fully dispatchable by Duke. The normal procedure will be for Duke to provide a day-ahead dispatch schedule via email directly to the plant, and Duke will also have intra-day dispatch rights and will work to meet such intra-day schedule changes on a best efforts basis. The Facility is equipped with automatic generator control such that Duke can control output in real time from its dispatch center.

The Facility is directly interconnected to the 500-kV SERC/TVA transmission system at the 500-kV substation, substation to the northwest and the 500

This proposal is contingent upon obtaining transmission service from to the MISO/CINERGE load zone, and has received written confirmation from MISO and TVA that such transmission service is technically feasible and available.

Note that all information provided herein is considered proprietary and confidential and not to be distributed outside of the bid evaluation parties without the prior written consent of

[redacted]

2. STATEMENTS

2.1 Proposal Time Period

This proposal is valid until December 31, 2008, or longer if the parties are engaged in good-faith negotiations toward the completion of a power purchase agreement (the "Proposal Period"). Upon the expiration of the Proposal Period, shall be entitled to update its pricing and terms proposed herein.

2.2. Authorized Representative

is authorized to offer this proposal to Duke Energy Ohio.

Contact Information:

2.3 Facility Description

2.3.1 Technical Information

The Plant is an existing 960-MW natural gas-fired combined-cycle generating facility located in the TVA region in northwest Mississippi near Each of three 320-MW units is highly reliable, efficient and has an excellent track record of availability, safety and environmental compliance. Each unit utilizes a GE 7FA combustion turbine exhausting into a Foster Wheeler HRSG, which in turn generates steam that is routed to a dedicated Alstom steam turbine (i.e., 1x1x1 configuration). The Facility, which was designed and built by and commissioned in is equipped with automatic generator control ("AGC") and can be cycled on and off on a daily basis. Each unit is designed with approximately 253 MW of base-block combined-cycle capacity (7,100 Btu/kWh net heat rate) and 67 MW of duct-firing capacity (8,800 Btu/kWh incremental net heat rate). Duke will be entitled to dispatch each unitindependently. Each unit is capable of generating over an output range from the unit's minimum load—150 MW (varies slightly with ambient temperature)—up to the unit's full load of about 330 MW (at 15 F). is a natural gas-only facility with connections to two high-pressure Tennessee Gas pipelines. The Facility is operated by on a contract basis. Historical operating statistics are provided in Table 1 and output and heat rate performance data are provided in Table 2.

[redacted]

Table 1. Historical Operating Statistics (Entire Facility)

Parameter	2004	2005	2006	2007
MWh Generated (millions)	0.47	1.53	1.27	2.29
Average Net Capacity (MW)	924	921	917	918
Equiv. Availability (%)	95.9	96.2	90.0*	96.6
Forced Outage Factor (%)	0.5	0.0	6.9 *	0.5

experienced a steam turbine failure in Apr caused by too-cold steam admitted into the intermediate-pressure section. The Unit 3 repair outage lasted approximately two months. The fully-repaired] returned to service on June

Table 2. Expected Unit Output and Heat Rate

Summer (95F)	Output	Heat Rate
Min load	150 MW	7,800 Btu/kWh
Baseload	230 MW	7,150 Btu/kWh
Full load peaking only	65 MW	8,800 Btu/kWh
Full load total	295 MW	7,500 Btu/kWh

Average (60F)	Output	Heat Rate
Min load	150 MW	7,850 Btu/kWh
Baseload	253 MW	7,100 Btu/kWh
Full load peaking only	67 MW	8,800 Btu/kWh
Full load total	320 MW	7,525 Btu/kWh

The estimated fuel requirements and electrical generation per unit start/stop cycle are provided in Table 3.

Table 3. Estimated Start/Stop Parameters (per Unit)

Start Type	Start/Stop Fuel (MMBtu)	Start/Stop Gen (MWh)	Start Duration (hours)
Cold	2,700	240	3.5
Warm	1,900	160	2.5
Hot	1,300	120	1.5

[redacted]

2.3.2 Environmental Performance

operates in full compliance with its environmental and regulatory permits. has received no notices of environmental noncompliance since it began commercial operations in 2003. The Facility is equipped with selective catalytic reduction ("SCR") on each unit to control NOx emissions to levels below. 3.5 ppm permit limit. Historical CO2 and NOx emission rates are provided in Table 4. Note that SO2 emissions are solely a function of the sulfur content of natural gas and typically total 5-6 tons per year for the full Facility.

The Mississippi Department of Environmental Quality ("MDEQ") has confirmed that two of three units meet MDEQ's criteria for receiving full NOx allowance allocations under its CAIR implementation process. Thus two of three units are scheduled to receive allowance allocations for their full annual "potential to emit" levels. The third unit (which did not reach first-fire until early 2003) will be eligible for potential allowance allocations from the state's set-aside pool. Based on historical dispatch levels typical of an intermediate-type generating resource, believes the allocations for the two units will fully cover the entire Facility operations up to a roughly 60% annual capacity factor.

Table Historical Emission Rates (Facility)

Parameter	2005	2006	2007	Avg
CO2 (tons)	760,507	571,210	1,041,434	[redacted]
CO2 (ton/MWh)	0.50	0.45	0.45	0.47
NOx (tons)	75	76	114	[redacted]
NOx (ton/MWh)	0.00005	0.00006	0.00005	0.00005

2.3.3 Scheduled Maintenance

Scheduled maintenance is typically performed in the spring (Mar-Apr) and fall (Oct-Nov) during periods of low expected utilization. Each unit is made unavailable for approximately one week during the spring and fall to perform scheduled maintenance. Major maintenance on the CTs and steam turbines and associated generators is provided by GE pursuant to Long-Term Service Agreements. GE's maintenance recommendations are to perform a hot gas path inspection every 900 factored starts for starts-governed units is in this category currently) or every 24,000 factored fired hours for hours-governed units. CTs are equipped with GE "long-life" combustor components so the normal combustion inspection that is typically performed every 450 starts or 8,000-12,000 hours is not required at Currently each of

[redacted]

proposal is contingent upon successfully obtaining TVA and MISO transmission service satisfactory to Duke to move the power from Facility Busbar to the Delivery Point and/or such further designations as Duke may require.

3. CONTRACT TERMS

3.1.2 Transmission Cost

Subject to Duke's option as described in Section 2.4.2, if Duke elects to have procure and pay for transmission service, then Duke shall reimburse for its actual costs of providing such service. Currently TVA's tariff provides for firm point-to-point transmission service applicable from the Facility Busbar to the TVA-MISO interface a[redacted]-month plus 3% losses on the energy transmitted. The MISO portion of the transmission path is currently priced at[redacted]-month plus applicable ancillary service charges.

3.1.3 Conversion Price

[redacted]

Conclusion

In order to receive the full 870 MW of requested long-term firm point-to-point transmission service, the identified network upgrade would have to be completed before April 2009. The network upgrade can not be completed by this time. Therefore, the following options are available for the customer:

1. 345 MW of transmission service is available from 01/01/09 to 01/01/11.

2. 595 MW of transmission service is available from of 01/01/09 to 06/01/10.

3. If the customer agrees to complete the required network upgrade by 06/01/10, 595 MW of transmission service is available from 01/01/09 to 6/01/10 and 870 MW of transmission service is available from 06/01/10 to 01/01/11.

7 Conclusion

Results obtained from this study indicate that the MISO OASIS TSR would not cause /aggravate any flow gate. thermal or voltage violations. Therefore, it is concluded that the TSR with 870 MW request from TVA to CIN for firm PTP transmission service can be granted at this time.

#4

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The contracted units will be fully dispatchable by Duke. The normal procedure will be for Duke to provide a day-ahead dispatch schedule via email directly to the plant, and Duke will also have intra-day dispatch rights and will work to meet such intra-day schedule changes on a best efforts basis. The Facility is equipped with automatic generator control such that Duke can control output in real time from its dispatch center.

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offer to Duke is a firm unit-contingent product under a tolling-type transaction structure consistent with the EEI Master Power Purchase and Sales Agreement whereby guarantees output, heat rate and availability of the Facility. The proposed pricing structure is a fixed monthly capacity component, a transmission pass-through component and certain variable components and as described further herein. offers a potential contract term of 30 years is prepared to discuss with Duke alternative contract structures, timing and other variations to this offer that might better serve Duke's needs.

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2. STATEMENTS

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[redacted]

2.3.2 Environmental Performance

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Table Historical Emission Rates (Facility)

Parameter	2005	2006	2007	Avg
CO2 (tons)	760,507	571,210	1,041,434	[redacted]
CO2 (ton/MWh)	0.50	0.45	0.45	0.47
NOx (tons)	75	76	114	[redacted]
NOx (ton/MWh)	0.00005	0.00006	0.00005	0.00005

2.3.3 Scheduled Maintenance

Scheduled maintenance is typically performed in the spring (Mar-Apr) and fall (Oct-Nov) during periods of low expected utilization. Each unit is made unavailable for approximately one week during the spring and fall to perform scheduled maintenance. Major maintenance on the CTs and steam turbines and associated generators is provided by GE pursuant to Long-Term Service Agreements. GE's maintenance recommendations are to perform a hot gas path inspection every 900 factored starts for starts-governed units is in this category currently) or every 24,000 factored fired hours for hours-governed units. CTs are equipped with GE "long-life" combustor components so the normal combustion inspection that is typically performed every 450 starts or 8,000-12,000 hours is not required at Currently each of

[redacted]

CTs have 500-600 factored starts and less than 10,000 factored hours. The scheduling of the next (and first) HGP inspection for is dependent on dispatch but expected to be in the 2010-2011 time frame, with subsequent HGP inspections roughly every four years thereafter.

2.4 Deliverability

2.4.1 Availability

is prepared to guarantee a monthly availability for the Contract Quantity of 95%.

2.4.2 Transmission and Delivery Point

Upon selection of its bid by Duke, would make application to TVA for year-round Firm Point to Point Service (or such other level of service at Duke's option) for the Contract Quantity from the Facility to the TVA-MISO interface as well as the MISO portion of transmission sinking to the CIN.CGE Load Zone. Duke shall have the option of paying for and managing such transmission service asset for its own benefit, or alternatively will pay for and manage such transmission service asset and treat the cost as a pass-through under the proposed transaction.

On behalf, TVA Transmission has completed a System Impact Study for Firm Point to Point Transmission Service from the busbar to the TVA-MISO Interface. This request has now progressed to the Facilities Study step and is expected to be completed this fall. The results of the System Impact Study (see Attachment 2) showed that 345 MW (more than one full unit) is currently deliverable to the TVA-MISO interface. The balance of the plant's output can be delivered if a minor line upgrade is performed.

In addition to the TVA studies, MISO has completed a System Impact Study performed to analyze transmission service from the TVA-MISO border to the CIN.CGE Load Zone. The results are included as Attachment 3. MISO concluded that there are no system constraints that would prevent the service from being granted.

The Delivery Point for this transaction shall be the requested TVA-MISO/CIN.CGE load zone if owns the transmission service asset or the Facility Busbar if Duke owns the transmission service asset.

proposal is contingent upon successfully obtaining TVA and MISO transmission service satisfactory to Duke to move the power from Facility Busbar to the Delivery Point and/or such further designations as Duke may require.

3. CONTRACT TERMS

offer to Duke is a firm unit-contingent product under a tolling-type transaction structure consistent with the EEI Master Power Purchase and Sales Agreement whereby guarantees heat rate and availability of the Facility. The proposed pricing structure is a fixed monthly capacity price, a conversion charge, natural gas charge and a transmission charge and as described further herein. offers a potential contract term of 30 years. is prepared to discuss with Duke alternative contract structures, timing and other variations to this offer that might better serve Duke's needs. The important details of proposed transaction are set forth in the attached Term Sheet. is prepared to negotiate expeditiously and in good faith with Duke to complete an agreement that is acceptable to both parties.

Previously has successfully completed two tolling agreements with TVA, based on the EEI form, and proposal team has substantial experience structuring a multitude of power sales transactions with various counterparties.

3.1 Price Proposal

During the Delivery Period, Buyer shall pay Seller the Monthly Capacity Payment, Transmission Cost, Conversion Price and Natural Gas Payment as set forth herein and described further in the Term Sheet.

3.1.1 Monthly Capacity Payment

Duke shall pay Seller the Monthly Demand Payment for the Contract Capacity as described in the Term Sheet.

3.1.2 Transmission Cost

Subject to Duke's option as described in Section 2.4.2, if Duke elects to have procure and pay for transmission service, then Duke shall reimburse for its actual costs of providing such service. Currently TVA's tariff provides for firm point-to-point transmission service applicable from the Facility Busbar to the TVA-MISO interface at [redacted] month plus 3% losses on the energy transmitted. The MISO portion of the transmission path is currently priced at [redacted]-month plus applicable ancillary service charges.

3.1.3 Conversion Price

Buyer shall pay Seller the Conversion Price including the following three components as set forth in detail in the Term Sheet:

(i) VO&M Charge of [redacted] per MWh of energy, escalating annually with a CPI-based escalator, plus

(ii) Start Charge, escalating annually with a CPI-based escalator

(iii) Emissions Charge equal to the cost of applicable emissions-related allowances, offsets, taxes or fees established by a regulatory authority with jurisdiction over [redacted] air emission profile is provided herein).

3.1.4 Natural Gas Payment

Duke shall reimburse [redacted] or pay directly for) for all natural gas costs incurred for the purposes of fulfilling Duke's dispatch requirements under this transaction. These natural gas costs, described more fully in the attached Term Sheet, include gas converted into electricity, startup/shutdown gas, and gas transportation charges. Under the typical tolling structure proposed by [redacted] Duke would be responsible for these natural gas costs and receive ramp energy.

4. PROPOSAL LIMITATIONS

The product [redacted] is offering is Unit Contingent Firm Energy and Capacity. The Contract Quantity is intended to be exclusively available to Buyer, equal in priority with other Firm Energy sales from the Facility.

[redacted] proposal is contingent on securing TVA and MISO transmission service acceptable to Duke, unless Duke elects to purchase at the [redacted] Busbar, in which case there is no transmission contingency.

[redacted] reserves the right to operate the Facility in its sole judgment in accordance with (i) prudent utility practices; (ii) limitations and operating guidelines set forth by its equipment manufacturers; (iii) applicable law; and (iv) applicable permits and regulations. Please see further limitations on operations described in the attached Term Sheet.

Note that this is only a business proposal. This is not a legal binding offer and does not obligate either Party to enter into an agreement regarding the subject herein. This proposal is subject to and conditioned upon market conditions, receiving authorized management approval and signing a definitive written agreement containing terms and conditions mutually agreeable to both parties. This proposal, attachments and any

[redacted]

Conclusion

In order to receive the full 870 MW of requested long-term firm point-to-point transmission service, the identified network upgrade would have to be completed before April 2009. The network upgrade can not be completed by this time. Therefore, the following options are available for the customer:

1. 345 MW of transmission service is available from 01/01/09 to 01/01/11.

2. 595 MW of transmission service is available from of 01/01/09 to 06/01/10.

3. If the customer agrees to complete the required network upgrade by 06/01/10, 595 MW of transmission service is available from 01/01/09 to 6/01/10 and 870 MW of transmission service is available from 06/01/10 to 01/01/11.

7 Conclusion

Results obtained from this study indicate that the MISO OASIS TSR would not cause /aggravate any flow gate, thermal or voltage violations. Therefore, it is concluded that the TSR with 870 MW request from TVA to CIN for firm PTP transmission service can be granted at this time.

PROPOSAL

Attachment 1

08/29/08

Term Sheet

Seller:	
Buyer:	**Duke Energy Ohio**
Facility:	
Location:	Facility is located in Mississippi,
Plant Configuration	3 Units , each in 1 CT X 1 HRSG X 1 STG configuration (a "Unit")
Base Capacity per Unit	295 MW (Summer Rating) 330 MW (Winter Rating)
Control Area	TVA/SERC
Term & Contract Quantity:	Bid Term: Up to 30 years ***Contract Capacity*** (at Summer Rating, 95°F) * Base CCCT Capacity Product 690 MW Peaking Capacity Product 195 MW ** Total Available Contract Capacity 885 MW * Buyer will be entitled to dispatch the Contract Quantity up to the technical limit (i.e. Winter Rating) for the applicable ambient conditions.) ** Peaking Product is contingent upon Buyer accepting Base Product.
Product:	The product shall be Unit Contingent Firm Energy and Capacity. Contract Quantity is intended to be exclusively available to Buyer, equal in priority with other Firm Energy sales from the Facility. In the event of a Facility outage or derating, all non-firm sales from the Facility will be curtailed prior to a pro-rata curtailment of Firm Energy sales.
Delivery Point:	Delivery Point shall be the CIN.CGE Load Zone, TVA-MISO Interface or Facility Busbar at Buyer's option.

Firm Transmission Service:	TVA Transmission has completed a System Impact Study for Firm Point to Point Transmission Service from the Facility busbar to the TVA-MISO Interface. This request has now progressed to the Facilities Study step and is expected to be completed this fall. The results of the System Impact Study (see Attachment 2) showed that 345 MW (more than one full unit) is currently deliverable to the TVA-MISO interface. The balance of the plant's output can be delivered if a minor line upgrade is made. MISO has completed a System Impact Study performed to analyze transmission service from the TVA-MISO border to the CIN.CGE Load Zone. The results are included as Attachment 3. MISO concluded that there are no system constraints that would prevent the service from being granted. This Offer shall be contingent upon securing the necessary transmission service to move the power from Facility Busbar to the desired Delivery Point. Alternatively, at its option Buyer can secure the transmission and take delivery of the Product at the Facility busbar. Buyer would be free to optimize such transmission asset for its own account.
Resupply Rights:	Seller shall have the right to resupply the Product so long as it is delivered to the Buyer's transmission system in accordance with Buyer's schedule. Resupply is defined as scheduling energy and transmission service sourced from a generating resource other than the Facility to satisfy Seller's obligations.
Price:	During the Delivery Period, Buyer shall pay Seller the Monthly Capacity Payment, Transmission Cost, and Monthly Energy Payment as set forth herein.
Monthly Capacity Payment:	Buyer shall pay Seller the following Monthly Demand Payment for the Contract Capacity during all months of the Contract Term. 2009 [redacted]kW-month [redacted]/kW-month none 2010 [redacted]/kW-month [redacted]/kW-month none 2011 [redacted]/kW-month [redacted]/kW-month none 2012 [redacted]/kW-month [redacted]/kW-month none Base CCCT 690 MW / Peak – 195 MW / Escalation Notes (a) Buyer to select Start Date of Jan 1, of 2009, 2010, 2011 or 2012. (b) Escalation applies beginning Jan 1, 2013 and on each anniversary thereafter based on CPI.
Transmission Cost:	Buyer shall pay Seller's actual cost of the applicable TVA and MISO transmission service, losses, and ancillary services charges, currently priced at: (a) TVA, [redacted]kW-mo, plus 3% losses (b) MISO, [redacted]kW-mo

Energy Payment:	Buyer shall pay Seller the sum of the following: (i) VO&M Charge of [redacted] per MWh of energy, escalating annually with a CPI-based escalator, plus (ii) Start Charge of [redacted] per Unit Start, escalating annually with a CPI-based escalator; plus (iii) Emissions Cost equal to the actual cost of applicable emissions-related allowances, offsets, taxes or fees established by a regulatory authority with jurisdiction over (Facility's air emission profile is provided in the proposal)
Natural Gas Requirements and Fuel Cost:	Buyer shall pay Seller for the actual Fuel Cost associated with the Contract Capacity, including gas quantities and transportation services procured to support Buyer's scheduled dispatch (including startup and shutdown). At Buyer's option, Buyer or Seller can procure and manage the natural gas supply and transportation. The expected natural gas quantities required for normal operations at load can be determined using the Heat Rate information provided herein. Startup and Shutdown natural gas quantities per cycle are estimated as follows: • Cold Start = 2,700 MMBtu per Unit • Warm Start = 1,900 MMBtu per Unit • Hot Start = 1,300 MMBtu per Unit For purposes of estimating the expected *Fuel Cost*, Buyer can refer to the gas price published in Platts Gas Daily in its "Daily Price Survey" under the column heading "Midpoint" for Gas to flow at "*Henry Hub*" for the applicable Day, expressed in $/MMBtu, plus a basis differential reflecting transportation cost from Henry Hub to TGP 500 Leg (typically [redacted]/MMBtu). Note that this price generally assumes normal day-ahead gas nominations consistent with a Dispatch Notice issued on or before 9:00 a.m. CPT.

Performance:	The expected Unit output and heat rates for the Contract Capacity are: **Summer (95°F)** / **Output** / **Heat Rate** Min Load / 150 MW / 7,800 Btu/kWh CCCT Base Load / 230 MW / 7,150 Btu/kWh Peak Product / 65 MW / 8,800 Btu/kWh Full Load Total Unit / 295 MW / 7,500 Btu/kWh **Average (60°F)** / **Output** / **Heat Rate** Min Load / 150 MW / 7,850 Btu/kWh CCCT Base Load / 253 MW / 7,100 Btu/kWh Peak Product / 67 MW / 8,800 Btu/kWh Full Load Total Unit / 320 MW / 7,525 Btu/kWh The ***Heat Rate Cap*** shall be 103% of the heat rate curve based on the Summer Season points provided above. For purposes of evaluating the Heat Rate Cap, heat rate degradation shall apply to the Base CCCT Capacity beginning January 1, 2013 and thereafter at the rate of 0.1% for every 1,000 fired hours of operation after the degradation start date (the "Degradation Factor"). The Degradation Factor will be reset to zero following each hot gas path overhaul of the unit associated with the Contract Capacity.
Dispatch Constraints :	The minimum dispatch and contract requirements are as follows: - No more than one (1) scheduled start per day for any individual Unit; - The minimum scheduled run time (excluding time required for startup, shutdown and ramp) shall be eight (8) consecutive hours; - Minimum downtime of 4 hours between Unit shutdown and subsequent start - Maximum of 250 starts per year per Unit - Minimum one-hour stagger between starts of different Units
Start Times and Startup/Shutdown Energy	For indicative purposes, the estimated start times and quantities of startup, shutdown and ramp energy (per unit) are as follows: • Cold Start (out of operation for more than 48 hours) = 3 hours & 30 mins (240 MWh ramp energy per Unit); • Warm Start (out of operation for more than 8 hours but less than or equal to 48 hours) = 2 hours and 30 mins (160 MWh ramp energy per Unit); and • Hot Start (out of operation for less than or equal to 8 hours) = 1 hour 35 mins (120 MWh ramp energy per Unit). Buyer shall take delivery of the ramp energy associated with startup and shutdown.

Availability and Scheduling:	Buyer may schedule the Contract Capacity on a day-ahead basis between the minimum operating level and the maximum operating level for the Unit as set forth on the Availability Notice. Seller will work with the Buyer to accommodate Buyer's request for intra-day schedule changes to the extent such changes: (1) are within the equipments technical capabilities; (2) do not create commercial penalties for Seller; and (3) priced based on intra-day gas prices. Seller Requirements: Seller shall provide to Buyer a notice (the "Availability Notice") setting forth for each hour of the Scheduling Period (defined below) the expected availability of the Contract Capacity by facsimile no later than 0700 hrs Central Prevailing Time ("CPT") on the Business Day prior to the date(s) to which the Availability Notice relates. Depending on the ambient conditions, the capacity made available to Buyer on such Availability Notice can exceed the Contract Capacity, and Buyer is entitled to schedule and take delivery of such additional capacity. Seller shall also provide Buyer a revised Availability Notice promptly after the occurrence of any outages, deratings or other events that would reduce or interrupt any schedule and dispatch of the Product to Buyer or cause the controlling Availability Notice to be inaccurate in any material respect and a description of the circumstances thereof. The Scheduling Period shall be each 24 hour day for Tuesday through Friday and a single scheduling period for Saturday through Monday. Availability Notices submitted on Friday will indicate the expected availability of the Contract Capacity for Saturday, Sunday and Monday (and the Business Day prior to any NERC holiday). Buyer Requirements: Buyer may schedule delivery of Contract Quantity during each consecutive hour on a day-ahead (or weekend) basis by delivering (by facsimile) to Seller the "Day-ahead Scheduling and Dispatch Request" no later than 0830 CPT on the Business Day prior to the date that delivery is scheduled to commence.
Guaranteed Availability:	Guaranteed Availability (i.e., Long-Term Unit Performance) shall be 95%.

Scheduled Maintenance	Seller anticipates its planned maintenance schedule as follows: (i) Annual Planned Maintenance Outages – 2 weeks per Unit per year, typically scheduled for one week in the spring and one week in the fall. (ii) Periodic Major Maintenance – major CT and ST overhauls that typically occur roughly on five-year cycles, depending on operations, typically requiring about 3 weeks per event. Annual estimated days of scheduled maintenance outage time is provided below. These estimates are subject to change based on factors including operating time, equipment condition and vendor recommendations. Planned maintenance is typically scheduled during non-peak (spring, fall) months in coordination with Buyer.

Year	Major Outage Description	U1 (days)	U2 (days)	U3 (days)
2009		14	14	14
2010		14	14	14
2011	Unit 1 & 2 – CT HGP	28	28	14
2012	Unit 3 – CT HGP	14	14	28
2013	Unit 1 – ST Maj	28	14	14
2014	Unit 2 & 3 – ST Maj	14	28	28
2015		14	14	14
2016	Unit 1 & 2 – CT HGP	28	28	14
2017	Unit 3 – CT HGP	14	14	28
2018		14	14	14
2019		14	14	14
2020	Unit 1 –CT HGP + STMaj	30	14	14
2021	Unit 2 –CT HGP + STMaj	14	30	14
2022	Unit 3 –CT HGP + STMaj	14	14	30
2023		14	14	14
2024		14	14	14
2025		14	14	14

PLEASE NOTE THAT THIS IS ONLY A BUSINESS PROPOSAL. THIS IS NOT A LEGAL BINDING OFFER AND DOES NOT OBLIGATE EITHER PARTY TO ENTER INTO AN AGREEMENT REGARDING THE SUBJECT HEREIN. THIS PROPOSAL IS SUBJECT TO AND CONDITIONED UPON MARKET CONDITIONS, RECEIVING AUTHORIZED MANAGEMENT APPROVAL AND SIGNING A DEFINITIVE WRITTEN AGREEMENT CONTAINING TERMS AND CONDITIONS MUTUALLY AGREEABLE TO BOTH PARTIES. THIS MESSAGE AND ANY FILES TRANSMITTED WITH IT ARE PRIVILEGED INFORMATION AND ARE CONFIDENTIAL OR OTHERWISE THE EXCLUSIVE PROPERTY AND SOLELY FOR THE EXCLUSIVE USE OF THE INDIVIDUAL OR ENTITY THAT IS THE INTENDED RECIPIENT.

#5

[redacted]

Duke Energy Ohio, Inc.
Request for Proposals for Power Supply
Preliminary Proposal #1

Strictly Private and Confidential

August 27, 2008

DUKE ENERGY OHIO RFP
c/o Jon Summerville
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

Re: Preliminary Non-Binding Offer #1 for Duke Energy Ohio RFP

Dear Mr. Summerville:

"Company"), an indirect, wholly-owned subsidiary of is pleased to provide this preliminary, non-binding proposal (the "Preliminary Proposal #1") to Duke Energy Ohio, Inc. ("Duke Energy"), according to the specifications outlined in Duke Energy's Request for Proposals for Peaking/Intermediate Power Supply.

(I) Executive Summary:

The Company proposes a sale of the "Facility"), a 545 MW natural gas-fired combined cycle facility located in Michigan to Duke Energy for [redacted] effective by December 31, 2009. The Facility is connected to the MISO transmission system and is qualified as a Generation Resource, as defined in MISO's Business Rules and Open Access Transmission and Energy Markets Tariff (TEMT).

The Facility utilizes the Orion configuration consisting of six GE LM6000 combustion turbines, one GE MS7001EA combustion turbine and two GE steam turbines. The Facility is a part of the Midwest ISO (MISO Generation Node: MISO) and is an active participant in the real-time and day-ahead MISO energy markets. The Facility has achieved over a 99% annual availability factor since its commercial operation date of 2002.

(II) Statements:

3.2.1 Proposal shall remain in effect through December 31, 2009.

3.2.2 The Certification and Indemnity Agreement (Exhibit C) is attached.

[redacted]

(III) Contract Terms:

The Company expects both Duke Energy and the Company to provide standard tier I and tier II representations and warranties in a purchase and sale agreement ("PSA"). Prior to signing the PSA Duke Energy would be able to conduct appropriate due diligence, including, but not limited to, a site visit, and review of the following:

1. Organizational Documents
2. Financing Documents
3. Project Operating Documents
4. ERISA/Employee Matters
5. Tax Matters
6. Historical Financial Statements
7. Historical and Projected Budgets
8. Historical O&M and Technical Information
9. Federal and State Regulatory Compliance
10. Environmental Matters
11. Litigation/Other Third Party Liabilities
12. Real Property Matters
13. Cash Management Matters
14. Insurance Matters
15. Information Technology

(IV) Proposal Limitations:

obligation to sell the Facility to Duke Energy is contingent upon the Company's successful conversion of its toll on the Facility into a direct Facility ownership interest by December 31, 2009. leases the Facility through 30, 2018 and holds a call option on 100% of the common equity of exercisable in 2018. Moreover, has an option to purchase the Facility in 2020. intends to utilize commercially reasonable efforts to effectively exercise the stated options early, in anticipation of delivering the Facility to Duke Energy by December 31, 2009.

(V) Term Sheet -Asset Sale/Purchase:

Please see attachment.

[redacted]

Ownership Offer - Life of Unit Term Sheet

Resource	(the "Facility") The Facility is a natural gas-fired combined cycle electrical generating facility located in Michigan.
Primary Fuel Source	Natural Gas
Primary Fuel Pricing Point	Canadian Gas - Dawn, Ontario
Secondary Fuel Source	n/a
Secondary Fuel Pricing Point	n/a
MISO Commercial Pricing Node	MISO COI
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Capacity Amount	MISO Capacity: 545 MW Base Dependable Capacity: 416 MW Duct Firing Dependable Capacity: 129 MW
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Purchase Price

Lump Sum Payment	[redacted]
Lump Sum Payment Year $$	2009
Fixed O&M*	[redacted] MW-month
Fixed O&M Escalation	2.5% per year
Year of Fixed O&M Cost Quote	2009

[redacted]

Variable O&M ("VOM")*	[redacted]MWh
Variable O&M Escalation	Escalates by the year-over-year change in CPI
Year of Variable O&M Cost Quote	2009
MS7001EA Start-Up Cost*	[redacted]start
LM6000 Start-Up Cost*	[redacted]start There is no start-up payment for the first 300 start-ups per LM6000 unit per year
Start-Up Cost Escalation	Escalates by the year-over-year change in CPI
Year of Start up Cost Quote	2009
Capital Spending Schedule	At this time, no Facility upgrades or life extension efforts have been planned.
Maintenance Spending Schedule	GE Contractual Services Annual Administrative Fee of [redacted] escalating at the year-over-year change in CPI. Variable fees under the GE Contractual Services Agreement vary with dispatch levels.
Plant Heat Rates	See Exhibit A and Exhibit B
Base Capacity:	8,250 - 8,450 btu/kwh
Base Capacity and Duct Firing:	9,250 - 9,500 btu/kwh
Guaranteed Heat Rate	n/a
Availability	See Exhibit C for historical and projected scheduled maintenance/planned outage events, in addition to a summary of the Facility's historical operating performance.
Minimum run time	1 Hour
Start time to Synchronization	See Exhibit D and Exhibit E
Ramp Rate	See Exhibit F

[redacted]

EXHIBIT A: FACILITY HEAT RATE TABLE

Heat Rate Table (Btu/kWh HHV)

Operating Configuration					Ambient Condition Limits									
					Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
	Duct Burners	MERCHEX's	LM6000's	Steam Turbines	Hr Rate	Hr Rate	Hr Rate	Hr Rate	Hr Rate	Hr Rate	Hr Rate	Hr Rate	Hr Rate	Hr Rate
Minimum Load	None	1	0	1	10733	10911	10578	10761	10308	10606	10084	10279	9837	10028	9655	10048
	None	1	0	1	8876	9049	8805	8977	8593	8561	8615	8782	8558	8805	8569	8558
	None	1	1	1	8534	9441	8487	9358	8472	8810	8361	8167	8306	8139	8589	9192
	None	1	2	1	8385	9028	8370	9008	8333	8847	8224	8611	8273	8636	8502	9011
	None	1	3	1	8314	8829	8269	8809	8246	8748	8148	8539	8211	8574	8468	8809
	None	1	4	1	8280	8713	8260	8690	8192	8621	8103	8518	8182	8569	8437	8826
	None	1	5	1	8238	8684	8226	8614	8164	8536	8071	8448	8122	8491	8413	8769
	None	1	6	2	8274	8434	8243	8402	8162	8310	8081	8237	8104	8261	8423	8664
Fully Fired	Full	1	6	2	9288	9468	9228	9407	9050	9226	8952	9034	8711	8880	9085	9300
	None	0	2	1	8604	8771	8568	8731	8414	8577	8242	8401	8192	8351		
	None	0	3	1	8385	8706	8331	8166	8238	8046	8138	8837	8119	8438		
	None	0	4	1	8256	8454	8236	8429	8148	8734	8074	8532	8002	8431	N/A	
	None	0	5	1	8183	8378	8168	8358	8145	8610	8085	8518	8075	8536		
	None	0	6	2	8317	8478	8271	8432	8188	8348	8148	8308	8118	8276		
Fully Fired	Full	0	6	2	8321	8502	8299	8480	8236	8416	8186	8368	8205	8382		
	None	0	3	1											8482	8648
	None	0	4	1											8359	8563
	None	0	5	1	N/A		N/A		N/A		N/A		N/A		8276	8778
	None	0	6	2											8345	8775
Fully Fired	Full	0	6	2											8357	8534

Notes:
All ambient conditions are at standard atmospheric pressure.
Above table is for steady state operation. See Schedule 90.0 for Startup and Shutdown fuel allocation.
Above table is for illustration purposes and includes minimum and maximum heat rates for specific operating configurations. Hourly tracking of fuel use requirements will be determined based upon the attached detailed heat rate curves.

[redacted]

EXHIBIT B: FACILITY HEAT RATE CURVES

Heat Rate Curve
At or Above 95 F / 40 % RH

7EA Operating
At Standard Atmospheric Pressure

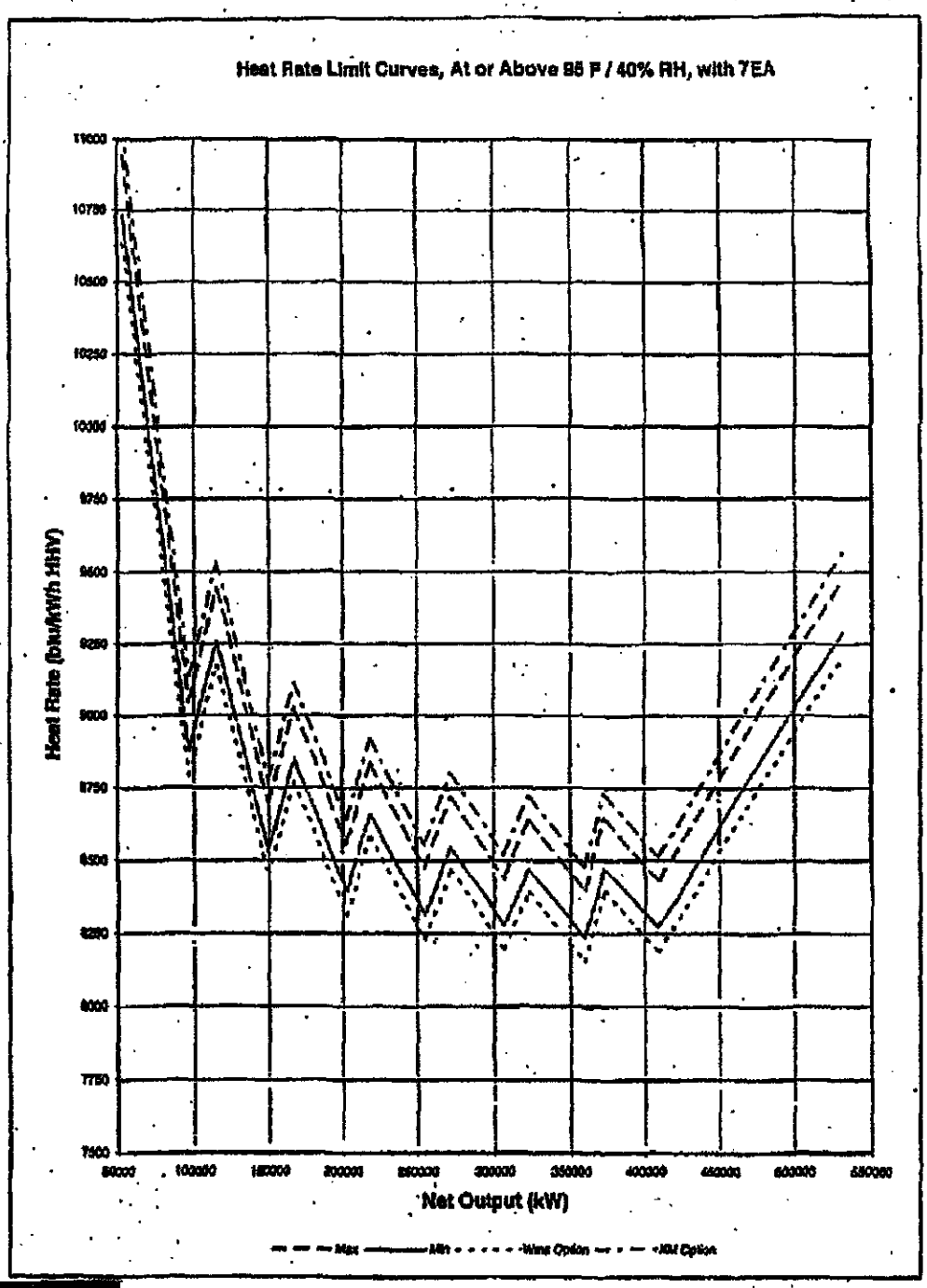


EXHIBIT C: PLANNED OUTAGE EVENTS

Planned Outage Events		
Planned Turbine Maintenance Activity	Intervals (Hours of Operation)	Maximum Allowed (Hours)
MS7001EA Combustion Inspection	12,000	144
MS7001EA Hot Gas Path Inspection	24,000	288
MS7001EA Major Inspection	48,000	600
Steam Turbine-Generator Minor Inspection	24,000	240
Steam Turbine-Generator Major Inspection	48,000	672
LM6000 Hot Section	24,000	96
LM6000 Engine Exchange for Major Overhaul	48,000	60

Historical Operating Performance			
Start Date	End Date	Availability	Comment
7/1/2002	12/31/2002	99.08%	n/a
1/1/2003	12/31/2003	98.96%	n/a
1/1/2004	12/31/2004	99.93%	n/a
1/1/2005	12/31/2005	99.36%	n/a
1/1/2006	12/31/2006	99.80%	n/a
1/1/2007	12/31/2007	97.02%	Steam Turbine Outage

Estimated Planned Outages by Unit			
Unit	Current # of Effective Starts	Current # of Operating Hours	Next Planned Outage
MS7001EA	635	7,000	October 2009
LM6000	n/a	5,500	2016 to 2018
Steam Turbine	n/a	7,000	June 2015

* Estimate only — contingent upon anticipated capacity factor/dispatch levels of units

[redacted]

EXHIBIT D: FACILITY START-UP AND SHUTDOWN GAS AND NOTIFICATION LEAD TIME

Condition of Facility		2 LM6000 Start		MS7001EA Start		Facility Start to Base Dependable Capacity		Facility Start to Dependable Capacity	
		Start	Stop	Start	Stop	Start	Stop	Start	Stop
Hot	Gas Allowance (MMBtu HHV)	315	100	700	145	1730	445	1864	589
(Down < 12 hrs)	Notice Required (min)	71	13	93	17	101	30	114	43
Warm	Gas Allowance (MMBtu HHV)	365	100	783	145	1878	445	2108	589
(12 ≤ Down ≤ 24 hrs)	Notice Required (min)	76	13	104	17	108	30	128	43
Cold	Gas Allowance (MMBtu HHV)	849	100	1338	145	2385	445	2592	589
(Down > 24 hrs)	Notice Required (min)	159	13	178	17	188	30	208	43

Notes:

1) "2 LM6000 Start" final condition is 2 LM6000 Units at 100% load and 1 steam turbine, no duct firing.

2) "MS7001EA Start" final condition is the MS7001EA Unit at 100% load and 1 steam turbine, no duct firing.

3) Operation of additional units after achievement of Facility startup for 2 LM6000 and MS7001EA cases is shown in the Individual Unit Table.

4) "Facility Start to Base Dependable Capacity" final condition is MS7001EA Unit at 100% load, 6 LM6000 Units at 100% load and 2 steam turbines, no duct firing.

5) "Facility Start to Dependable Capacity" final condition is the MS7001EA Unit at 100% load, 6 LM6000 Units at 100% load and 2 steam turbines, with duct firing to Dependable Capacity.

6) Times shown are for starts initiated with day ahead notice. For starts initiated with less than day ahead notice, add 30 minutes to Start Notice Required in table above.

7

[redacted]

EXHIBIT E: INDIVIDUAL UNIT START-UP AND SHUTDOWN GAS AND NOTIFICATION LEAD TIME

Condition of Unit	Gas Consumption (MMBtu HHV)	Unit MS7001EA		LM6000		Steam Turbine		Duct Burner	
		Start	Stop	Start	Stop	Start	Stop	Start	Stop
Hot (Down < 12 hrs)	Expected Gross Gas	442	145	120	60	22	0	0	0
	Additional Start Gas per Section 8.4	190		28		18			
	Notice Required (min)	63	17	48	13	27	16	6	26
Warm (12 ≤ Down ≤ 24 hrs)	Expected Gross Gas	606	146	148	60	29	0	0	0
	Additional Start Gas per Section 8.4	214		29		23			
	Notice Required (min)	87	17	60	13	34	16	6	26
Cold (Down > 24 hrs)	Expected Gross Gas	657	146	169	60	60	0	0	0
	Additional Start Gas per Section 8.4	232		31		46			
	Notice Required (min)	70	17	63	13	84	16	6	26

Notes:

1) The Facility is assumed to be in a hot condition and delivering Net Electrical Energy when individual units are being started or stopped.

2) Unit startup Gas is the Gas required to start the unit and bring it to full load and full unfired HRSG steam production.

3) Steam turbine startup Gas is the incremental Gas consumed by Units to supply warmup steam to the steam turbine until it is synchronized.

4) Shutdown Gas is the Gas required to unload the unit and bring it to a full stop.

5) Notice Required is the time required from receipt of a Dispatch order that requires a Unit start or stop until the desired Unit condition is achieved.

6) HRSG's are assumed to be at full unfired steam production prior to the beginning of Duct Burner operation.

7) Multiple LM6000 Unit starts Dispatched at the same time will result in Unit starts initiated at 1 minute intervals.

EXHIBIT F: RAMP RATE TABLES

Ramping Performance at 95 F / 40% RH / 14.19 psia

Ramp Ranges:

MS7001EA On	LM6000's On	Steam Turbines On	Output at Minimum Load (MW)	10 Minute Product (MW)	15 Minute Product (MW)	30 Minute Product (MW)	45 Minute Product (MW)	60 Minute Product (MW)
1	0	1	56	58	68	68	68	68
1	1	1	71	88	109	124	124	124
1	2	2	86	128	153	170	170	170
1	3	2	95	169	203	239	239	239
1	4	2	110	209	250	295	295	295
1	5	2	126	250	297	350	350	350
1	6	2	141	289	339	394	394	394

Contract Ramp Ranges:

MS7001EA On	LM6000's On	Steam Turbines On	10 Minute Product (MW/min)	15 Minute Product (MW/min)	30 Minute Product (MW/min)	45 Minute Product (MW/min)	60 Minute Product (MW/min)
1	0	1	5.8	4.5	2.3	1.5	1.1
1	1	1	8.8	7.3	4.1	2.8	2.1
1	2	2	12.8	10.2	5.7	3.8	2.8
1	3	2	16.9	13.6	8.0	5.3	4.0
1	4	2	20.9	16.6	9.8	6.5	4.9
1	5	2	25.0	19.8	11.7	7.8	5.8
1	6	2	25.9	22.6	13.1	8.8	6.6

Operating Assumptions:
(1) Facility configuration does not change over the time period.
(2) Duct burners are operated in conjunction with Units to achieve ramp range.
(3) Duct burner ramping starts immediately at the conclusion of Unit ramping.
(4) LM6000 Minimum Load is 12 MW (about 27% load).
(5) MS7001EA Minimum Load is 50% load.

[redacted]

#6

Strictly Private and Confidential

August 27, 2008

DUKE ENERGY OHIO RFP
c/o Jon Summerville
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

Re: Preliminary Non-Binding Offer #2 for Duke Energy Ohio RFP

Dear Mr. Summerville:

or the "Company"), an indirect, wholly-owned subsidiary of , is pleased to provide this preliminary, non-binding proposal (the "Preliminary Proposal #2") to Duke Energy Ohio, Inc. ("Duke Energy"), according to the specifications outlined in Duke Energy's Request for Proposals for Peaking/Intermediate Power Supply.

(I) Executive Summary:

The Company proposes offering Duke Energy a 30 year Life of Asset Power Purchase Agreement (the "PPA") on the (the "Facility"), a 545 MW natural gas-fired combined cycle facility located in Michigan commencing on or before January 1, 2010. The Facility is connected to the MISO transmission system and is qualified as a Generation Resource, as defined in MISO's Business Rules and Open Access Transmission and Energy Markets Tariff (TEMT).

The Facility employs the Orion configuration consisting of six GE LM6000 combustion turbines, one GE MS7001EA combustion turbine and two GE steam turbines. The Facility is a part of the Midwest ISO (MISO Generation Node: MISO) and is an active participant in the real-time and day-ahead MISO energy markets. The Facility has achieved over a 99% annual availability factor since its commercial operation date of July 1, 2002.

In exchange for all of the energy, capacity and ancillary services associated with the Facility, Duke Energy would pay:

Upfront capacity payment: [redacted]

Monthly capacity payment: [redacted] kilowatt month (escalated at CPI)

Energy Payment: Heat Rate * Gas Index + VOM + Start Charges

Please refer to the attached term sheet for further details.

[redacted]

(II) Statements:

3.2.1 Proposal shall remain in effect through December 31, 2009.

3.2.2 The Certification and Indemnity Agreement (Exhibit C) is attached.

(III) Contract Terms:

The Company will seek the following contract terms if selected to the short list:

1) Duke Energy will be responsible for all emissions and carbon dioxide costs incurred during the term of the PPA.

2) Duke Energy will be entitled to a capacity payment rebate provided that the Facility's availability falls below the guaranteed availability, but for force majeure events.

3) The Company expects both Duke Energy and the Company to provide standard tier I and tier II representations and warranties in a power purchase agreement ("PPA"). Prior to signing the PPA Duke Energy would be able to conduct appropriate due diligence, including, but not limited to, a site visit, and review of the following:

1. Organizational Documents
2. Financing Documents
3. Project Operating Documents
4. ERISA/Employee Matters
5. Tax Matters
6. Historical Financial Statements
7. Historical and Projected Budgets
8. Historical O&M and Technical Information
9. Federal and State Regulatory Compliance
10. Environmental Matters
11. Litigation/Other Third Party Liabilities
12. Real Property Matters
13. Cash Management Matters
14. Insurance Matters
15. Information Technology

(IV) Proposal Limitations:

obligation to sell the Facility's energy, capacity and ancillary services to Duke Energy beyond June 30, 2018, is contingent upon the Company's successful conversion of its toll on the Facility into a direct Facility ownership interest by December 31, 2009. currently is the holder of a call option on 100% of the common equity of exercisable in 2018. in turn, holds an option to purchase the Facility in 2020 intends to utilize commercially reasonable efforts to effectively exercise the stated options early and consolidate its ownership of the Facility by December 31, 2009. In the event that the Company fails to consolidate its ownership of the Facility, will remunerate [redacted] to Duke Energy on December 31, 2010 and continue to perform under the Company's existing PPA through June 30, 2018.

[redacted]

Duke Energy Ohio, Inc.
Request for Proposals for Power Supply
Preliminary Proposal #2

Life of Asset PPA (30 Years) Term Sheet

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	MISO
Delivery Point	CIN.CGE Commercial Pricing Node within MISO
Gas Pricing Point	Canadian Gas - Dawn, Ontario
Term of Contract	30 years
Capacity Amount	MISO Capacity: 545 MW Base Dependable Capacity: 416 MW Duct Firing Dependable Capacity: 129 MW
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information

a. Initial Payment (PPA Prepayment) [redacted]

Year of Initial Payment 2009

b. Capacity Pricing

Capacity Price [redacted] MW-year

Year of Capacity Price Quote 2009

Capacity Price Escalation/Year Escalates by the year-over-year change in CPI

[redacted]

[redacted]

c. Energy Pricing --- Production Cost Based

i.	Variable O&M ("VOM")	[redacted]/MWh
	VOM Escalation	Escalates by the year-over-year change in CPI.
	Year of VOM Cost Quote	2009
ii.	Guaranteed Heat Rate (HHV)	See Exhibit A and Exhibit B
iii.	Gas Pricing Point	Canadian Gas - Dawn, Ontario
iv.	MS7001EA Start-Up Charge	[redacted]/start
	M6000 Start-Up Charge	[redacted]/start There is no start-up payment for the first 300 start-ups per LM6000 unit per year
	Start up Cost Escalation	Escalates by the year-over-year change in CPI
	Year of Start up Cost Quote	2009

Total Production Cost =
{(Variable O&M + Guaranteed Heat Rate * Gas Price over Term) + Start-Up Cost}

Note: Energy pricing includes all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Plant Heat Rates	See Exhibit A and Exhibit B
Base Capacity:	8,250 - 8,450 btu/kwh
Base Capacity and Duct Firing:	9,250 - 9,500 btu/kwh
Guaranteed Heat Rate	n/a
Guaranteed Availability	Peak: 97% Off-Peak: 96%

[redacted]

[redacted]

EXHIBIT A: FACILITY HEAT RATE TABLE

Heat Rate Table (btu/kWh HHV)

Operating Configuration					Ambient Condition Limits: At or Above 95 F / 45 % RH		At or Above 85 F / 45 % RH and Below 95 F / 40 % RH		At or Above 60 F / 65 % RH and Below 85 F / 45 % RH		At or Above 40 F / 65 % RH and Below 60 F / 60 % RH		At or Above 0 F / 60 % RH and Below 40 F / 60 % RH		Below 0 F / 60 % RH	
	Duct Burners	[illegible]	LM6000's	Steam Turbines	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate
Minimum Load	None	1	0	1	10733	10841	10578	10761	10306	10505	10064	10279	9637	10028	9855	10048
	None	1	0	1	8476	9048	8806	8877	8623	8661	8816	8782	8630	8605	8809	8658
	None	1	1	1	8534	9441	8487	9368	8472	9310	8361	9157	8385	9139	8569	9192
	None	1	2	1	8395	9026	8370	8968	8333	8947	8224	8811	8373	8836	8502	8811
	None	1	3	1	8314	8829	8299	8809	8246	8749	8148	8633	8211	8674	8456	8900
	None	1	4	1	8280	8713	8260	8690	8192	8621	8103	8518	8182	8569	8437	8828
	None	1	5	1	8238	8634	8215	8614	8154	8556	8071	8442	8152	8495	8413	8769
	None	1	6	2	8274	8434	8243	8402	8153	8310	8081	8237	8104	8261	8423	8588
Fully Fired	Full	1	6	2	9286	9468	9220	9407	9050	9225	8882	9034	8711	8850	9026	9200
	None	0	2	1	8604	8771	8565	8731	8414	8577	8242	8401	8192	8351	N/A	
	None	0	3	1	8364	9206	8331	9186	8232	9045	8138	8947	8119	8936		
	None	0	4	1	8286	8854	8239	8829	8148	8734	8074	8659	8102	8631		
	None	0	5	1	8183	8679	8159	8666	8145	8613	8065	8519	8076	8550		
	None	0	6	2	8317	8478	8271	8432	8189	8346	8148	8306	8119	8276		
Fully Fired	Full	0	6	2	9321	9502	9289	9180	9235	9416	9188	9366	9203	9382		
	None	0	3	1	N/A		N/A		N/A		N/A		N/A		9462	9646
	None	0	4	1											8369	8969
	None	0	5	1											8278	8779
	None	0	6	2											8343	8779
Fully Fired	Full	0	6	2											9357	9536

Notes:
All ambient conditions are at standard atmospheric pressure.
Above table is for steady state operation. See Schedule 10.0 for Startup and Shutdown fuel allocation.
Above table is for illustration purposes and includes minimum and maximum heat rates for specific operating configurations. Hourly tracking of fuel use requirements will be determined based upon the attached detailed heat rate curves.

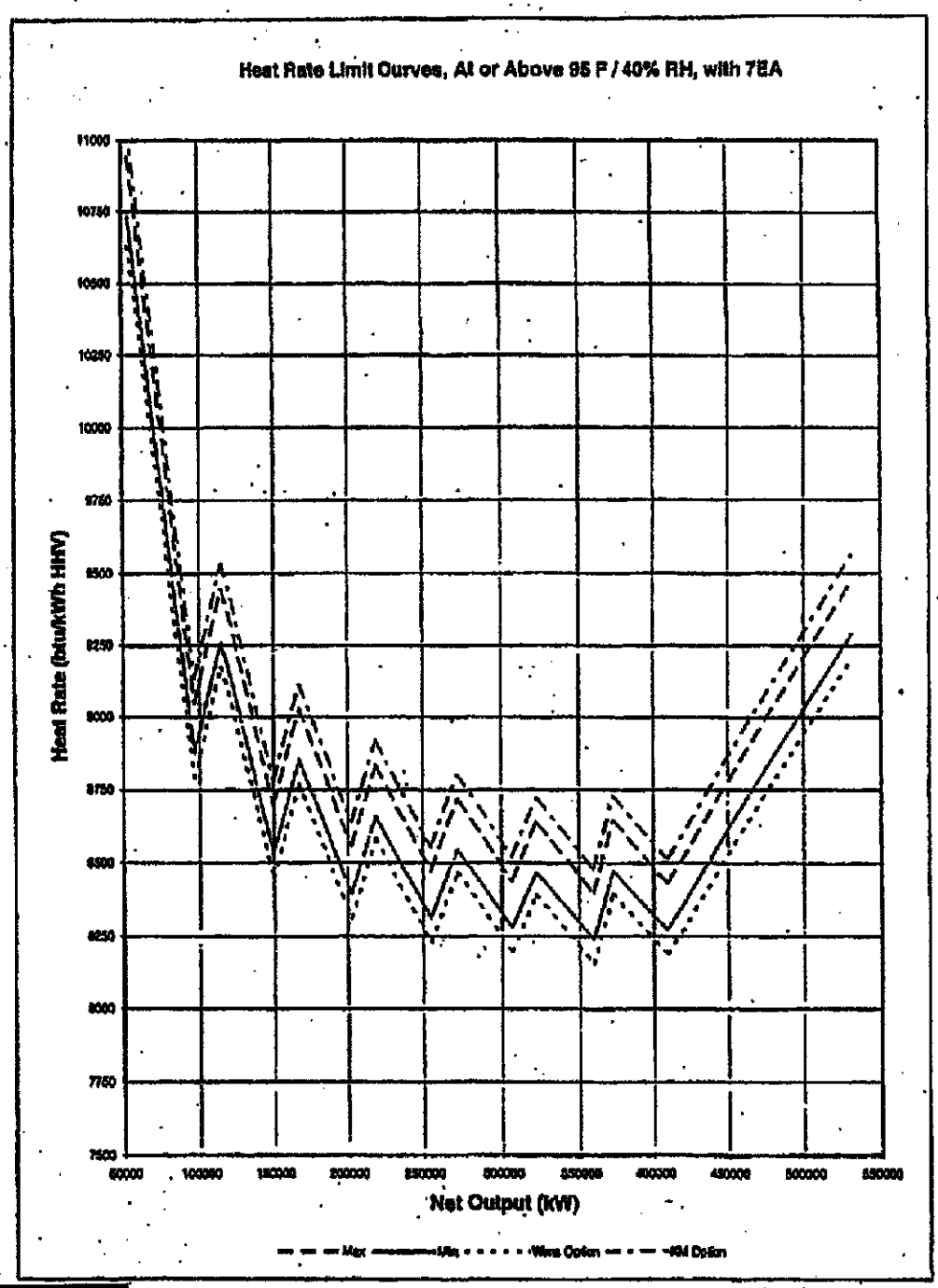
[redacted]

EXHIBIT B: FACILITY HEAT RATE CURVES

[redacted]

Heat Rate Curve
At or Above 95 F / 40 % RH

7EA Operating
At Standard Atmospheric Pressure



[redacted]

[redacted]

#7

Strictly Private and Confidential

August 27, 2008

DUKE ENERGY OHIO RFP
c/o Jon Summerville
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

Re: Preliminary Non-Binding Offer #3 for Duke Energy Ohio RFP

Dear Mr. Summerville:

? "Company"), an indirect, wholly-owned subsidiary of
(' '), is pleased to provide this preliminary, non-binding proposal (the "Preliminary Proposal # 3") to Duke Energy Ohio, Inc. ("Duke Energy"), according to the specifications outlined in Duke Energy's Request for Proposals for Peaking/Intermediate Power Supply.

(I) Executive Summary:

The Company proposes offering Duke Energy a 30 year Life of Asset Power Purchase Agreement (the "PPA") on the (the "Facility"), a 545 MW natural gas-fired combined cycle facility located in Michigan commencing on or before December 31, 2010. The Facility is connected to the MISO transmission system and is qualified as a Generation Resource, as defined in MISO's Business Rules and Open Access Transmission and Energy Markets Tariff (TEMT).

The Facility employs the Orion configuration consisting of six GE LM6000 combustion turbines, one GE MS7001EA combustion turbine and two GE steam turbines. The Facility is a part of the Midwest ISO (MISO Generation Node: MISO and is an active participant in the real-time and day-ahead MISO energy markets. The Facility has achieved over a 99% annual availability factor since its commercial operation date of July 1, 2002.

In exchange for all of the energy, capacity and ancillary services associated with the Facility, Duke Energy would pay:

Capacity Payment part A:	[redacted] per kilowatt month (no escalation)
Capacity Payment part B:	[redacted] per kilowatt month (escalated at CPI)
Energy Payment:	Heat Rate * Gas Index + VOM + Start Charges

Please refer to the attached term sheet for further details.

[redacted]

(II) Statements:

3.2.1 Proposal shall remain in effect through December 31, 2009.

3.2.2 The Certification and Indemnity Agreement (Exhibit C) is attached.

(III) Contract Terms:

The Company will seek the following contract terms if selected to the short list:

1) Duke Energy will be responsible for all emissions and carbon dioxide costs incurred during the term of the PPA.

2) Duke Energy will be entitled to a capacity payment rebate provided that the Facility's availability falls below the guaranteed availability, but for force majeure events.

3) The Company expects both Duke Energy and the Company to provide standard tier I and tier II representations and warranties in a power purchase agreement ("PPA"). Prior to signing the PPA Duke Energy would be able to conduct appropriate due diligence, including, but not limited to, a site visit, and review of the following:

1. Organizational Documents
2. Financing Documents
3. Project Operating Documents
4. ERISA/Employee Matters
5. Tax Matters
6. Historical Financial Statements
7. Historical and Projected Budgets
8. Historical O&M and Technical Information
9. Federal and State Regulatory Compliance
10. Environmental Matters
11. Litigation/Other Third Party Liabilities
12. Real Property Matters
13. Cash Management Matters
14. Insurance Matters
15. Information Technology

(IV) Proposal Limitations:

obligation to sell the Facility's energy, capacity and ancillary services to Duke Energy beyond June 30, 2018, is contingent upon the Company's successful conversion of its toll on the Facility into a direct Facility ownership interest by December 31, 2009 currently is the holder of a call option on 100% of the common equity of exercisable in 2018. in turn, holds an option to purchase the Facility in 2020. intends to utilize commercially reasonable efforts to effectively exercise the stated options early and consolidate its ownership of the Facility by December 31, 2009. In the event that the Company fails to consolidate its ownership of the Facility, the PPA Seller has offered would terminate on June 30, 2018.

[redacted]

Life of Asset PPA (30 Years) Term Sheet

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	MISO
Delivery Point	CIN.CGE Commercial Pricing Node within MISO
Gas Pricing Point	Canadian Gas - Dawn, Ontario
Term of Contract	30 years
Capacity Amount	MISO Capacity: 545 MW Base Dependable Capacity: 416 MW Duct Firing Dependable Capacity: 129 MW
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information

a. Capacity Pricing

Capacity Price A	[redacted]-year
Year of Capacity Price A Quote	2009
Capacity Price A Escalation/Year	0% per year (no escalation)
Capacity Price B	[redacted]-year
Year of Capacity Price B Quote	2009

[redacted]

[redacted]

Capacity Price B Escalation/Year	Escalates by the year-over-year change in CPI

b. Energy Pricing --- Production Cost Based

i.	Variable O&M ("VOM")	[redacted]/MWh
	VOM Escalation	Escalates by the year-over-year change in CPI
	Year of VOM Cost Quote	2009
ii.	Guaranteed Heat Rate (HHV)	See Exhibit A and Exhibit B
iii.	Gas Pricing Point	Canadian Gas - Dawn, Ontario
iv.	MS7001EA Start-Up Charge	[redacted]/start
	M6000 Start-Up Charge	[redacted]/start There is no start-up payment for the first 300 start-ups per LM6000 unit per year.
	Start up Cost Escalation	Escalates by the year-over-year change in CPI
	Year of Start up Cost Quote	2009

Total Production Cost =
{(Variable O&M + Guaranteed Heat Rate * Gas Price over Term) + Start-Up Cost}

Note: Energy pricing includes all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Plant Heat Rates	See Exhibit A and Exhibit B
Base Capacity:	8,250 - 8,450 btu/kwh
Base Capacity and Duct Firing:	9,250 - 9,500 btu/kwh
Guaranteed Heat Rate	n/a
Guaranteed Availability	Peak: 97% Off-Peak: 96%

[redacted]

[redacted]

EXHIBIT A: FACILITY HEAT RATE TABLE

Heat Rate Table (btu/kWh HHV)

Operating Configuration					Ambient Condition Limits									
					At or Above 85°F / 45% RH		At or Above 85°F / 45% RH and Below 94°F / 40% RH		At or Above 60°F / 60% RH and Below 80°F / 45% RH		At or Above 45°F / 60% RH and Below 60°F / 80% RH		Above 60°F / 60% RH and Below 85°F / 80% RH		Below 0°F / 60% RH	
	Duct Burners	# of GE7FA's	# of LM6000's	Steam Turbines	Minimum Hr Rate	Maximum Hr Rate	Minimum Hr Rate	Maximum Hr Rate	Minimum Hr Rate	Maximum Hr Rate	Minimum Hr Rate	Maximum Hr Rate	Minimum Hr Rate	Maximum Hr Rate	Minimum Hr Rate	Maximum Hr Rate
Unfired	None	1	0	1	10733	10941	10578	10781	10305	10503	10084	10278	9837	10026	9858	10048
	None	1	0	1	9276	9340	9206	9277	9083	9581	8815	8782	8838	8905	8891	8958
	None	1	1	1	9531	9418	9187	9368	8972	9315	8751	9157	8585	9139	8809	9182
	None	1	2	1	8385	9026	8379	8588	8333	8947	8224	8811	8270	8536	8302	9011
	None	1	3	1	8314	8620	8208	8508	8248	8749	8148	8633	8211	8474	8348	8900
	None	1	4	1	8280	8713	8269	8690	8182	8621	8103	8548	8462	8589	8457	8888
	None	1	5	1	8536	8634	8225	8514	8154	8536	8071	8442	8122	8401	8413	8788
	None	1	6	2	8274	8434	8243	8492	8182	8390	8081	8237	8184	8281	8453	8588
Fully Fired	Full	1	6	2	9284	9408	9229	9407	9050	9226	8952	9041	8711	8980	9026	9209
	None	0	2	1	8606	8771	8566	8731	8414	8577	8242	8401	8192	8351	N/A	
	None	0	3	1	8368	8526	8331	8188	8232	8045	8158	8647	8118	8358		
	None	0	4	1	8358	8464	8320	8628	8148	8234	8074	8633	8102	8431		
	None	0	5	1	8153	8579	8189	8454	8146	8652	8065	8518	8054	8530		
	None	0	6	2	8317	8478	8271	8432	8189	8388	8143	8308	8119	8276		
Fully Fired	Full	0	6	2	9381	9502	9299	9489	9230	9435	9185	9368	9203	9382		
	None	0	2	1	N/A		N/A		N/A		N/A		N/A		8482	8648
	None	0	4	1											8388	8588
	None	0	5	1											8276	8729
	None	0	6	2											8343	8728
Fully Fired	Full	0	6	2											9357	9538

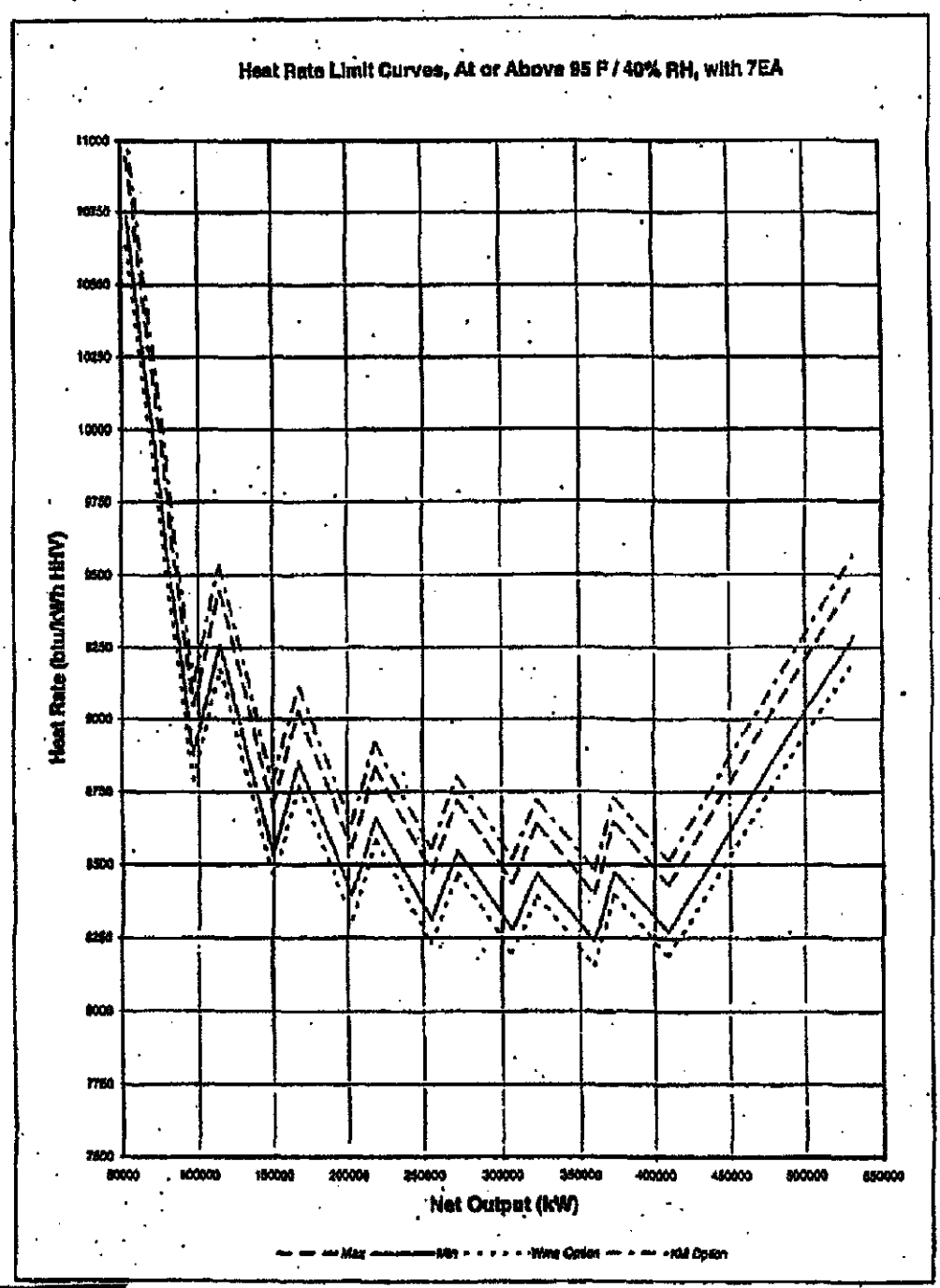
Notes:
All ambient conditions are at standard atmospheric pressure.
Above table is for steady state operation. See Schedule 10.0 for Startup and Shutdown fuel allocation.
Above table is for illustration purposes and includes minimum and maximum heat rates for specific operating configurations. Hourly tracking of fuel use requirements will be determined based upon the attached detailed heat rate curves.

[redacted]

EXHIBIT B: FACILITY HEAT RATE CURVES

Heat Rate Curve
At or Above 96 F / 40 % RH

7EA Operating
At Standard Atmospheric Pressure



[redacted]

#8

Strictly Private and Confidential

August 27, 2008

DUKE ENERGY OHIO RFP
c/o Jon Summerville
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

Re: Preliminary Non-Binding Offer #4 for Duke Energy Ohio RFP

Dear Mr. Summerville:

"Company"), an indirect, wholly-owned subsidiary of is pleased to provide this preliminary, non-binding proposal (the "Preliminary Proposal # 4") to Duke Energy Ohio, Inc. ("Duke Energy"), according to the specifications outlined in Duke Energy's Request for Proposals for Peaking/Intermediate Power Supply..

(I) Executive Summary:

The Company proposes offering Duke Energy a 30 year Life of Asset Power Purchase Agreement (the "PPA") on the (the "Facility"), a 545 MW natural gas-fired combined cycle facility located in , Michigan commencing on or before December 31, 2010. The Facility is connected to the MISO transmission system and is qualified as a Generation Resource, as defined in MISO's Business Rules and Open Access Transmission and Energy Markets Tariff (TEMT).

The Facility utilizes the Orion configuration consisting of six GE LM6000 combustion turbines, one GE MS7001EA combustion turbine and two GE steam turbines. The Facility is a part of the Midwest ISO (MISO Generation Node: MISO CONS.CC.PLYM) and is an active participant in the real-time and day-ahead MISO energy markets. The Facility has achieved over a 99% annual availability factor since its commercial operation date of July 1, 2002.

In exchange for all of the energy, capacity and ancillary services associated with the Facility, Duke Energy would pay:

Capacity Payment part A:	[redacted] per kilowatt month (escalated at 3% per year)
Capacity Payment part B:	[redacted] per kilowatt month (escalated at CPI)
Energy Payment:	Heat Rate * Gas Index + VOM + Start Charges

Please refer to the attached term sheet for further details.

[redacted]

(II) Statements:

3.2.1 Proposal shall remain in effect through December 31, 2009.

3.2.2 The Certification and Indemnity Agreement (Exhibit C) is attached.

(III) Contract Terms:

The Company will seek the following contract terms if selected to the short list:

1) Duke Energy will be responsible for all emissions and carbon dioxide costs incurred during the term of the PPA.

2) Duke Energy will be entitled to a capacity payment rebate provided that the Facility's availability falls below the guaranteed availability, but for force majeure events.

3) The Company expects both Duke Energy and the Company to provide standard tier I and tier II representations and warranties in a power purchase agreement ("PPA"). Prior to signing the PPA Duke Energy would be able to conduct appropriate due diligence, including, but not limited to, a site visit, and review of the following:

1. Organizational Documents
2. Financing Documents
3. Project Operating Documents
4. ERISA/Employee Matters
5. Tax Matters
6. Historical Financial Statements
7. Historical and Projected Budgets
8. Historical O&M and Technical Information
9. Federal and State Regulatory Compliance
10. Environmental Matters
11. Litigation/Other Third Party Liabilities
12. Real Property Matters
13. Cash Management Matters
14. Insurance Matters
15. Information Technology

(IV) Proposal Limitations:

obligation to sell the Facility's energy, capacity and ancillary services to Duke Energy beyond June 30, 2018, is contingent upon the Company's successful conversion of its toll on the Facility into a direct Facility ownership interest by December 31, 2009. currently is the holder of a call option on 100% of the common equity of exercisable in 2018.

In turn, holds an option to purchase the Facility in 2020 intends to utilize commercially reasonable efforts to effectively exercise the stated options early and consolidate its ownership of the Facility by December 31, 2009. In the event that the Company fails to consolidate its ownership of the Facility, the PPA Seller has offered would terminate on June 30, 2018.

[redacted]

Life of Asset PPA (30 Years) Term Sheet

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	
Purchaser	
Transmission Interconnection Point	MISO
Delivery Point	CIN.CGE Commercial Pricing Node within MISO
Gas Pricing Point	Canadian Gas - Dawn, Ontario
Term of Contract	30 years
Capacity Amount	MISO Capacity: 545 MW Base Dependable Capacity: 416 MW Duct Firing Dependable Capacity: 129 MW
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information

a. *Capacity Pricing*

Capacity Price A	[redacted]/MW-year
Year of Capacity Price A Quote	2009
Capacity Price A Escalation/Year	3% per year (fixed escalation)
Capacity Price B	[redacted]/MW-year
Year of Capacity Price B Quote	2009

[redacted]

[redacted]

Capacity Price B Escalation/Year	Escalates by the year-over-year change in CPI

b. Energy Pricing --- Production Cost Based

i.	Variable O&M ("VOM")	[redacted]/MWh
	VOM Escalation	Escalates by the year-over-year change in CPI.
	Year of VOM Cost Quote	2009
ii.	Guaranteed Heat Rate (HHV)	See Exhibit A and Exhibit B
iii.	Gas Pricing Point	Canadian Gas - Dawn, Ontario
iv.	MS7001EA Start-Up Charge	[redacted]/start
	M6000 Start-Up Charge	[redacted]/start There is no start-up payment for the first 300 start-ups per LM6000 unit per year
	Start up Cost Escalation	Escalates by the year-over-year change in CPI
	Year of Start up Cost Quote	2009

Total Production Cost =
{(Variable O&M + Guaranteed Heat Rate * Gas Price over Term) + Start-Up Cost}

Note: Energy pricing includes all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Plant Heat Rates	See Exhibit A and Exhibit B
Base Capacity:	8,250 - 8,450 btu/kwh
Base Capacity and Duct Firing:	9,250 - 9,500 btu/kwh
Guaranteed Heat Rate	n/a
Guaranteed Availability	Peak: 97% Off-Peak: 96%

[redacted]

[redacted]

EXHIBIT A: FACILITY HEAT RATE TABLE

Heat Rate Table (dry/with HRSG)

Operating Configuration					Ambient Condition Limits									
					At or Above 65 F / 45 % RH		At or Above 59 F / 45 % RH and Below 65 F / 45 % RH		At or Above 59 F / 60 % RH and Below 65 F / 60 % RH		At or Above 59 F / 85 % RH and Below 65 F / 85 % RH		Below 59 F / 85 % RH	
	Duct Burners	LM6000's	LM6000's	Steam Turbines	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate
Minimum Load	None	1	0	1	10733	10841	10678	10781	10308	10408	10064	10278	9857	10026
	None	1	0	1	8370	8948	8305	8977	8083	8651	8515	8782	8538	8925
	None	1	1	1	8534	8441	8487	8368	8472	8310	8351	8187	8296	8139
	None	1	2	1	8395	8826	8370	8388	8333	8947	8224	8611	8278	8836
	None	1	3	1	8384	8829	8299	8309	8249	8749	8148	8633	8211	8674
	None	1	4	1	8350	8713	8290	8690	8182	8681	8165	8518	8102	8569
	None	1	5	1	8338	8634	8285	8614	8164	8536	8071	8442	8122	8481
	None	1	6	2	8374	8434	8343	8402	8182	8310	8081	8257	8104	8281
Fully Fired	Full	1	6	2	9288	9408	9238	9407	9089	9295	8982	9094	8781	9040
	None	0	2	1	8404	8771	8595	8731	8414	8677	8242	8681	8192	8361
	None	0	3	1	8385	8305	8331	8168	8232	8045	8136	8057	8118	8038
	None	0	4	1	8288	8864	8238	8629	8148	8734	8074	8532	8102	8631
	None	0	5	1	8185	8679	8168	8568	8145	8615	8000	8549	8075	8550
	None	6	6	2	8317	8478	8271	8432	8189	8348	8148	8308	8119	8276
Fully Fired	Full	6	6	2	9321	9508	9219	9480	9236	9515	9188	9399	9005	9382
	None	0	2	1	N/A		N/A		N/A		N/A		N/A		8482	8548
	None	0	4	1											8358	8588
	None	0	5	1											8278	8778
	None	0	6	2											8543	8778
Fully Fired	Full	6	6	2											9387	9539

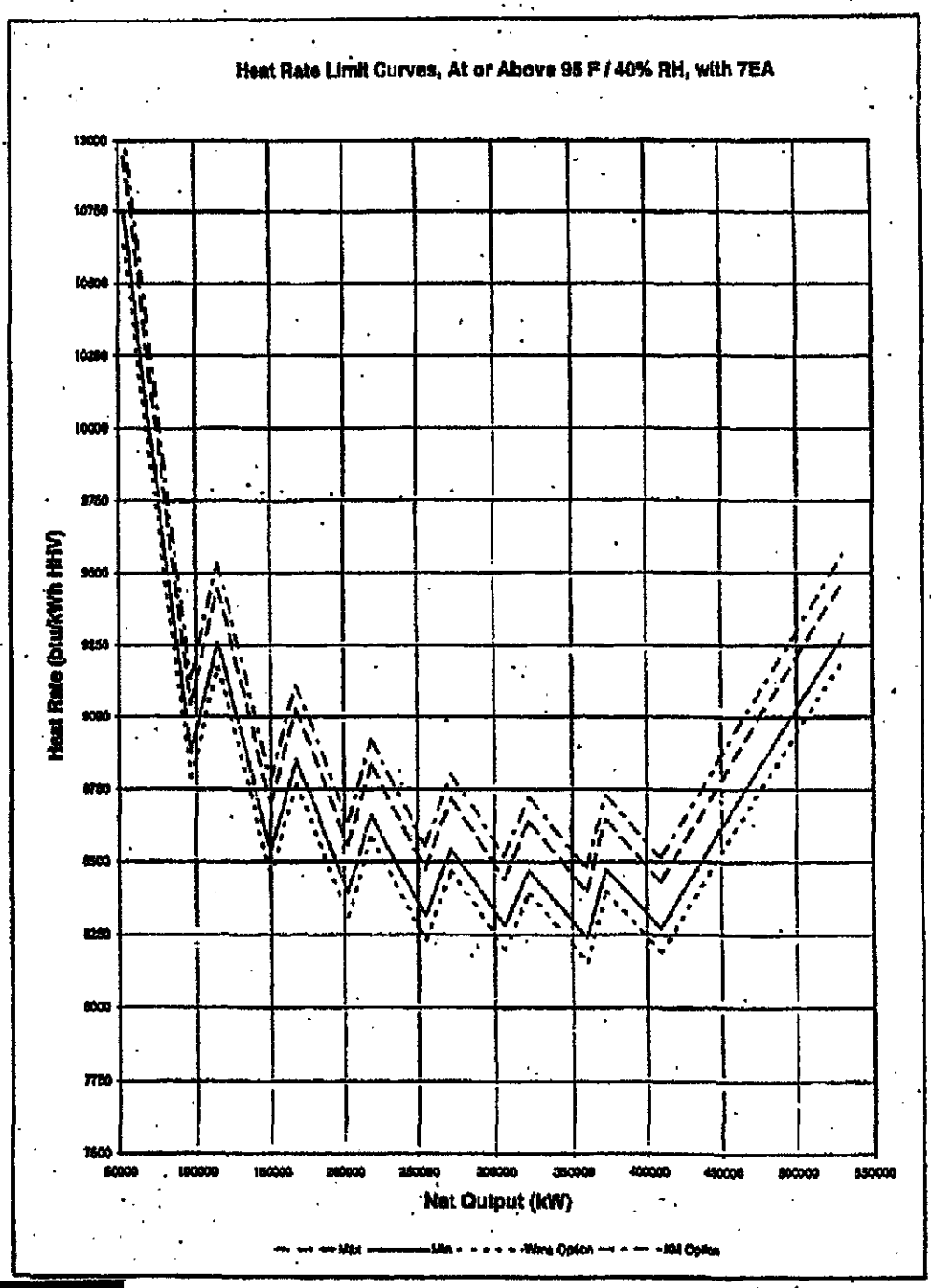
Notes:
All ambient conditions are at standard atmospheric pressure.
Above table is for steady state operation. See Schedule 10.6 for Startup and Shutdown fuel allocation.
Above table is for illustration purposes and includes minimum and maximum heat rates for specific operating configurations. Hourly tracking of fuel use requirements will be determined based upon the attached detailed heat rate curves.

[redacted]

EXHIBIT B: FACILITY HEAT RATE CURVES

Heat Rate Curve
At or Above 95 F / 40 % RH

7EA Operating
At Standard Atmospheric Pressure



Duke Energy Ohio, Inc.
Request for Proposals for Power Supply
Preliminary Proposal #5

[redacted]

#9

Strictly Private and Confidential

August 28, 2008

DUKE ENERGY OHIO RFP
c/o Jon Summerville
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

Re: **Preliminary Non-Binding Offer #5 for Duke Energy Ohio RFP**

Dear Mr. Summerville:

[redacted], "Company"), an indirect, wholly-owned subsidiary of [redacted]), is pleased to provide this preliminary, non-binding proposal (the "Preliminary Proposal # 5") to Duke Energy Ohio, Inc. ("Duke Energy"), according to the specifications outlined in Duke Energy's Request for Proposals for Peaking/Intermediate Power Supply.

(I) Executive Summary:

The Company proposes offering Duke Energy a Life of Asset Power Purchase Agreement (the "PPA") on the [redacted] "Facility"), a 545 MW natural gas-fired combined cycle facility located in Michigan commencing on or after January 1, 2009 and expiring June 30, 2018. The Facility is connected to the MISO transmission system and is qualified as a Generation Resource, as defined in MISO's Business Rules and Open Access Transmission and Energy Markets Tariff (TEMT).

The Facility employs the Orion configuration consisting of six GE LM6000 combustion turbines, one GE MS7001EA combustion turbine and two GE steam turbines. The Facility is a part of the Midwest ISO (MISO Generation Node: MISO [redacted] and is an active participant in the real-time and day-ahead MISO energy markets. The Facility has achieved over a 99% annual availability factor since its commercial operation date of July 1, 2002.

In exchange for all of the energy, capacity and ancillary services associated with the Facility, Duke Energy would pay:

Capacity Payment part A:	[redacted] per kilowatt month (no escalation)
Capacity Payment part B:	[redacted] per kilowatt month (escalated at CPI)
Energy Payment:	Heat Rate * Gas Index + VOM + Start Charges

Please refer to the attached term sheet for further details.

[redacted]

(II) Statements:

3.2.1 Proposal shall remain in effect through December 31, 2009.

3.2.2 The Certification and Indemnity Agreement (Exhibit C) is attached.

(III) Contract Terms:

The Company will seek the following contract terms if selected to the short list:

1) Duke Energy will be responsible for all emissions and carbon dioxide costs incurred during the term of the PPA.

2) Duke Energy will be entitled to a capacity payment rebate provided that the Facility's availability falls below the guaranteed availability, but for force majeure events.

3) The Company expects both Duke Energy and the Company to provide standard tier I and tier II representations and warranties in a power purchase agreement ("PPA"). Prior to signing the PPA Duke Energy would be able to conduct appropriate due diligence, including, but not limited to, a site visit, and review of the following:

1. Organizational Documents
2. Financing Documents
3. Project Operating Documents
4. ERISA/Employee Matters
5. Tax Matters
6. Historical Financial Statements
7. Historical and Projected Budgets
8. Historical O&M and Technical Information
9. Federal and State Regulatory Compliance
10. Environmental Matters
11. Litigation/Other Third Party Liabilities
12. Real Property Matters
13. Cash Management Matters
14. Insurance Matters
15. Information Technology

(IV) Proposal Limitations:

No proposal limitations apply to Preliminary Proposal #5.

Duke Energy Ohio, Inc.
Request for Proposals for Power Supply
Preliminary Proposal #5

[redacted]

#5b

Life of Asset PPA Term Sheet

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	MISO
Delivery Point	CIN.CGE Commercial Pricing Node within MISO
Gas Pricing Point	Canadian Gas - Dawn, Ontario
Term of Contract	Proposed PPA terminates June 30, 2018
Capacity Amount	MISO Capacity: 545 MW Base Dependable Capacity: 416 MW Duct Firing Dependable Capacity: 129 MW
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information

a. Capacity Pricing

Capacity Price A	[redacted]/MW-year
Year of Capacity Price A Quote	2009
Capacity Price A Escalation/Year	0% per year (no escalation)
Capacity Price B	[redacted]/MW-year
Year of Capacity Price B Quote	2009

[redacted]

[redacted]

Capacity Price B Escalation/Year	Escalates by the year-over-year change in CPI

b. Energy Pricing --- Production Cost Based

i.	Variable O&M ("VOM")	[redacted]/MWh
	VOM Escalation	Escalates by the year-over-year change in CPI
	Year of VOM Cost Quote	2009
ii.	Guaranteed Heat Rate (HHV)	See Exhibit A and Exhibit B
iii.	Gas Pricing Point	Canadian Gas - Dawn, Ontario
iv.	MS7001EA Start-Up Charge	[redacted]/start
	M6000 Start-Up Charge	[redacted]/start There is no start-up payment for the first 300 start-ups per LM6000 unit per year.
	Start up Cost Escalation	Escalates by the year-over-year change in CPI
	Year of Start up Cost Quote	2009

Total Production Cost =
{(Variable O&M + Guaranteed Heat Rate * Gas Price over Term) + Start-Up Cost}

Note: Energy pricing includes all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Plant Heat Rates	See Exhibit A and Exhibit B
Base Capacity:	8,250 - 8,450 btu/kwh
Base Capacity and Duct Firing:	9,250 - 9,500 btu/kwh
Guaranteed Heat Rate	n/a
Guaranteed Availability	Peak: 97% Off-Peak: 96%

[redacted]

[redacted]

EXHIBIT A: FACILITY HEAT RATE TABLE

Heat Rate Table (net kWh HHV)

Operating Configuration					Ambient Condition Limits									
					At or Above 95 F / 40 % RH		At or Above 80 F / 45 % RH and Below 95 F / 40 % RH		At or Above 60 F / 60 % RH and Below 80 F / 60 % RH		At or Above 59 F / 60 % RH and Below 80 F / 60 % RH		Below 59 F / 60 % RH	
	Duct Burners	CTs	LM6000's	Steam Turbines	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate
Intermittent	None	1	0	1	10733	10841	10576	10781	10308	10505	10084	10278	9857	10025	9853	10048
	None	1	0	1	8878	9048	8908	8977	8693	8861	8515	8782	8630	8508	8689	8859
	None	1	1	1	8334	9441	8457	9306	8472	9310	8351	9187	8295	9139	8560	9192
	None	1	2	1	8385	9026	8370	8985	8333	8947	8224	8811	8275	8838	8502	9011
	None	1	3	1	8314	8828	8299	8888	8248	8749	8148	8633	8211	8674	8466	8900
	None	1	4	1	8280	8718	8260	8690	8192	8621	8089	8538	8052	8569	8437	8829
	None	1	5	1	8238	8634	8225	8614	8184	8536	8071	8442	8032	8491	8418	8768
	None	1	6	2	8274	8434	8243	8402	8182	8310	8084	8207	8084	8266	8423	8584
Fully Fired	Full	1	6	2	9238	9468	9228	9407	9050	9225	8862	9034	8711	8866	9025	9200
	None	0	2	1	8604	8771	8585	8751	8414	8577	8242	8401	8182	8351		
	None	0	3	1	8365	8295	8391	8168	8232	8046	8198	8497	8110	8838		
	None	0	4	1	8298	8154	8236	8028	8148	8794	8074	8632	8152	8631	N/A	
	None	0	5	1	8193	8478	8189	8558	8148	8613	8005	8519	8076	8530		
	None	0	6	2	8317	8476	8271	8432	8189	8348	8148	8308	8118	8276		
Fully Fired	Full	0	6	2	8321	8502	8289	8180	8335	8418	8188	8368	8203	8382		
	None	0	3	1											8482	8648
	None	0	4	1											8358	8968
	None	0	5	1	N/A		N/A		N/A		N/A		N/A		8278	8778
	None	0	6	2											8343	8776
Fully Fired	Full	0	6	2											8357	8536

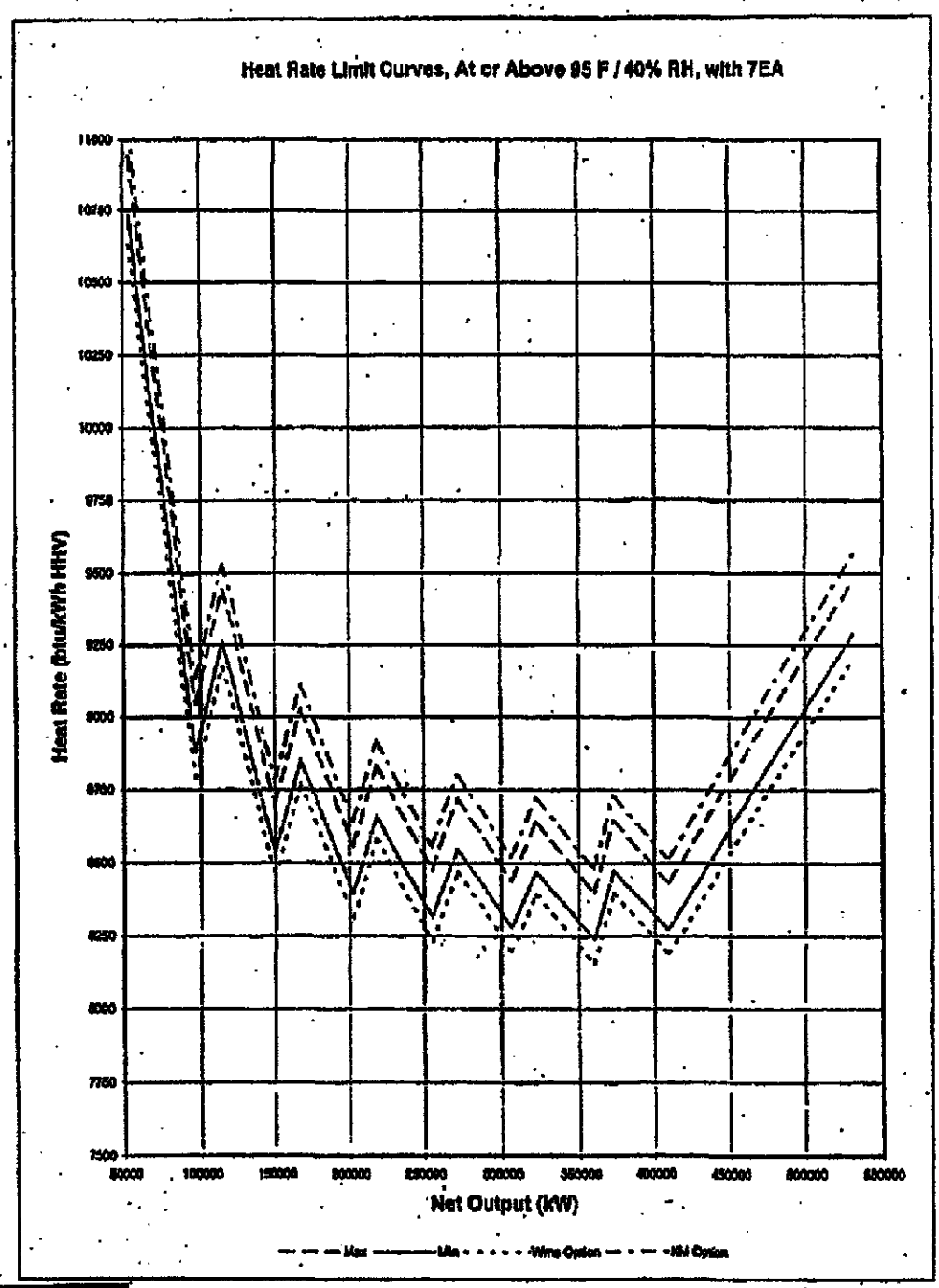
Notes:
All ambient conditions are at standard atmospheric pressure.
Above table is for steady state operation. See Schedule 10.0 for Startup and Shutdown fuel allocation.
Above table is for illustration purposes and includes minimum and maximum heat rates for specific operating configurations. Hourly tracking of fuel use requirements will be determined based upon the attached detailed heat rate curves.

[redacted]

EXHIBIT B: FACILITY HEAT RATE CURVES

Heat Rate Curve
At or Above 95 F / 40 % RH

7EA Operating
At Standard Atmospheric Pressure



Duke Energy Ohio, Inc.
Request for Proposals for Power Supply
Preliminary Proposal #6

[redacted]

#10

Strictly Private and Confidential

August 28, 2008

DUKE ENERGY OHIO RFP
c/o Jon Summerville
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114

Re: Preliminary Non-Binding Offer #6 for Duke Energy Ohio RFP

Dear Mr. Summerville:

"Company"), an indirect, wholly-owned subsidiary of is pleased to provide this preliminary, non-binding proposal (the "Preliminary Proposal # 6") to Duke Energy Ohio, Inc. ("Duke Energy"), according to the specifications outlined in Duke Energy's Request for Proposals for Peaking/Intermediate Power Supply.

(I) Executive Summary:

The Company proposes offering Duke Energy a Life of Asset Power Purchase Agreement (the "PPA") on the 'Facility"), a 545 MW natural gas-fired combined cycle facility located in . . Michigan commencing on or after January 1, 2009 and expiring June 30, 2018. The Facility is connected to the MISO transmission system and is qualified as a Generation Resource, as defined in MISO's Business Rules and Open Access Transmission and Energy Markets Tariff (TEMT).

The Facility employs the Orion configuration consisting of six GE LM6000 combustion turbines, one GE MS7001EA combustion turbine and two GE steam turbines. The Facility is a part of the Midwest ISO (MISO Generation Node: MISO and is an active participant in the real-time and day-ahead MISO energy markets. The Facility has achieved over a 99% annual availability factor since its commercial operation date of July 1, 2002.

In exchange for all of the energy, capacity and ancillary services associated with the Facility, Duke Energy would pay:

Capacity Payment part A:	[redacted] per kilowatt month (no escalation)
Capacity Payment part B:	[redacted] per kilowatt month (escalated at CPI)
Energy Payment:	Heat Rate * Gas Index + VOM + Start Charges

Please refer to the attached term sheet for further details.

[redacted]

Capacity Price B Escalation/Year	Escalates by the year-over-year change in CPI

b. Energy Pricing --- Production Cost Based

i.	Variable O&M ("VOM")	[redacted]/MWh
	VOM Escalation	Escalates by the year-over-year change in CPI
	Year of VOM Cost Quote	2009
ii.	Guaranteed Heat Rate (HHV)	See Exhibit A and Exhibit B
iii.	Gas Pricing Point	Canadian Gas - Dawn, Ontario
iv.	MS7001EA Start-Up Charge	[redacted]/start
	M6000 Start-Up Charge	1,817*/start There is no start-up payment for the first 300 start-ups per LM6000 unit per year.
	Start up Cost Escalation	Escalates by the year-over-year change in CPI
	Year of Start up Cost Quote	2009

Total Production Cost =
{(Variable O&M + Guaranteed Heat Rate * Gas Price over Term) + Start-Up Cost}

Note: Energy pricing includes all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Plant Heat Rates	See Exhibit A and Exhibit B
Base Capacity:	8,250 - 8,450 btu/kwh
Base Capacity and Duct Firing:	9,250 - 9,500 btu/kwh
Guaranteed Heat Rate	n/a
Guaranteed Availability	Peak: 97% Off-Peak: 96%

[redacted]

[redacted]

EXHIBIT A: FACILITY HEAT RATE TABLE

Heat Rate Table (btu/kWh HHV)

Operating Configuration					Ambient Condition Limits									
					At or Above 90 F / 60 % RH		At or Above 90 F / 45 % RH and Below 90 F / 60 % RH		At or Above 90 F / 60 % RH and Below 60 F / 45 % RH		At or Above 90 F / 60 % RH and Below 60 F / 60 % RH		At or Above 90 F / 60 % RH and Below 40 F / 60 % RH		[illegible]	
Duct Burners	SPRINTER® Units	LM6000's	Steam Turbines	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate	Minimum Ht Rate	Maximum Ht Rate
None	1	0	1	10733	10941	10878	10981	10308	10504	10084	10278	9937	10082	9855	10046
None	1	0	1	8878	9048	8908	8977	8593	8561	8515	8752	8638	8505	8648	8656
None	1	1	1	8634	8441	8487	8566	8472	8310	8351	8157	8196	8139	8569	8192
None	1	2	1	8395	8026	8370	8988	8353	8047	8224	8011	8273	8038	8502	8011
None	1	3	1	8314	8920	8209	8469	8246	8748	8148	8633	8311	8474	8468	8908
None	1	4	1	8240	8713	8260	8680	8182	8621	8103	8618	8162	8568	8437	8628
None	1	5	1	8336	8654	8286	8614	8184	8536	8071	8462	8122	8491	8418	8762
None	1	6	2	8274	8454	8243	8468	8152	8310	8061	8237	8104	8368	8422	8658
Fully Fired	Full	1	6	9388	9488	9226	9107	9060	9236	8952	9034	8711	8890	9025	9200
None	0	2	1	8504	8771	8565	8731	8414	8577	8242	8481	8192	8351		
None	0	3	1	8385	8205	8231	8188	8232	8045	8158	8887	8118	8838		
None	0	4	1	8368	8854	8236	8828	8148	8734	8074	8832	8302	8634	N/A	
None	0	5	1	8383	8878	8289	8858	8145	8813	8065	8519	8078	8530		
None	0	6	2	8317	8478	8271	8432	8189	8346	8148	8306	8119	8274		
Fully Fired	Full	0	6	9391	9602	9299	9480	9256	9118	9188	9366	9209	9382		
None	0	3	1											8482	8548
None	0	4	1											8359	8968
None	0	5	1	N/A		N/A		N/A		N/A		N/A		8278	8778
None	0	6	2											8345	8778
Fully Fired	Full	0	6	2										9357	9538

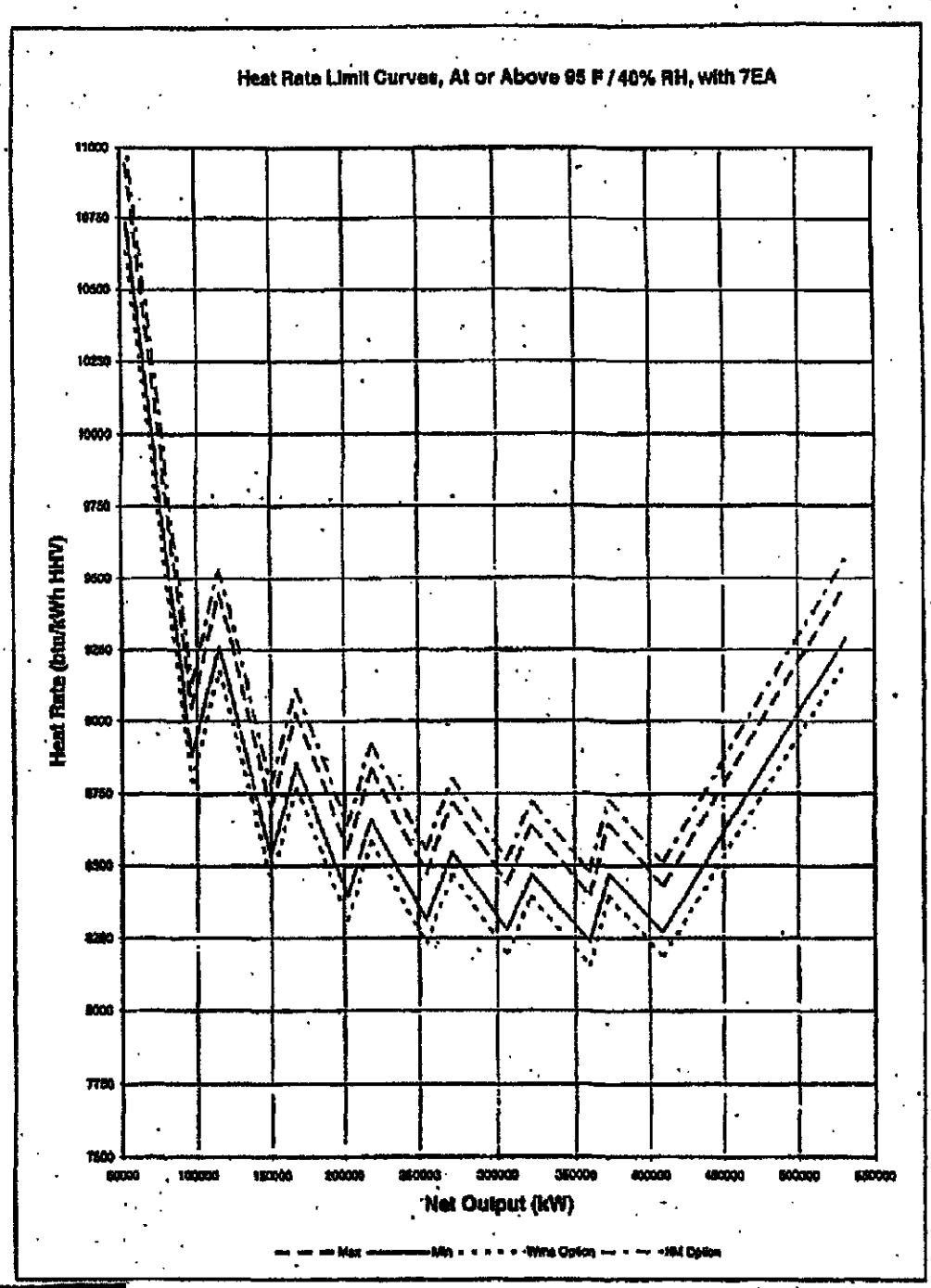
Notes:
All ambient conditions are at standard atmospheric pressure.
Above table is for steady state operation. See Schedule 16.0 for Startup and Shutdown fuel allocation.
Above table is for illustration purposes and includes minimum and maximum heat rates for specific operating configurations. Hourly tracking of fuel use requirements will be determined based upon the attached detailed heat rate curves.

[redacted]

EXHIBIT B: FACILITY HEAT RATE CURVES

Heat Rate Curve
At or Above 95 F / 40 % RH

7EA Operating
At Standard Atmospheric Pressure



#11

Exhibit D-Life of Asset PPA (30 Years)
Sample Term Sheet

Note to bidder: Provide a separate term sheet for each different Term or capacity offering

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule *P*.
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	_____
Delivery Point	CIN.CGE Commercial Pricing Node within MISO
Gas Pricing Point	_____
Term of Contract	_____
Capacity Amount	54 MW (Minimum of 50 MW) *DUKE ENERGY OHIO will evaluate any amount from minimum to Capacity Amount in increments of 50MW unless bidder so notes that only the Capacity Amount can be evaluated.*
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information:

a. Capacity Pricing

Capacity Price	_____ ($/MW-yr)
Year of Capacity Price Quote	_____
Capacity Price Escalation/Year	_____ (%)

b. Energy Pricing (Provide energy pricing in one of the following formats)

a. Escalating Price Over Term _____ ($/MWh) Escalating at _____ % per year

b. Production Cost Based
   i. Variable O&M _____ ($/MWh)
   ii. Guaranteed Heat Rate (HHV) _____ (Btu/kwh)
   iii. Gas Pricing Point _____

(Variable O&M + Guaranteed Heat Rate * Gas Price over Term)

c. Scheduled Payment _____ ($/MWh) in Year 1
_____ ($/MWh) in Year 2
_____ ($/MWh) in Year 3
...through end of Term

Year of Energy Price Quote _____

Note: Energy pricing to include all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Guaranteed Heat Rate _____ Btu per kWh (HHV)

Guaranteed Availability _____%

Commercial operation of Units:
Unit 1: October 7, 1970 13.5MW
Unit2: September 24, 1970 13.5MW
Unit 3: October 2, 1970 13.5MW
Unit 4: October 15, 1970 13.5MW

Exhibit D-Life of Asset PPA (30 Years)
Sample Term Sheet

Note to bidder: Provide a separate term sheet for each different Term or capacity offering

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	_____
Delivery Point	CIN.CGE Commercial Pricing Node within MISO
Gas Pricing Point	_____
Term of Contract	_____
Capacity Amount	82 MW (Minimum of 50 MW) *DUKE ENERGY OHIO will evaluate any amount from minimum to Capacity Amount in increments of 50MW unless bidder so notes that only the Capacity Amount can be evaluated.*
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information:

a. Capacity Pricing

Capacity Price	_____ ($/MW-yr)
Year of Capacity Price Quote	_____
Capacity Price Escalation/Year	_____ (%)

b. Energy Pricing (Provide energy pricing in one of the following formats)

a. Escalating Price Over Term _____ ($/MWh) Escalating at _____ % per year

b. Production Cost Based
   i. Variable O&M _____ ($/MWh)
   ii. Guaranteed Heat Rate (HHV) _____ (Btu/kwh)
   iii. Gas Pricing Point _____

(Variable O&M + Guaranteed Heat Rate * Gas Price over Term)

c. Scheduled Payment _____ ($/MWh) in Year 1
_____ ($/MWh) in Year 2
_____ ($/MWh) in Year 3
...through end of Term

Year of Energy Price Quote _____

Note: Energy pricing to include all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Guaranteed Heat Rate _____ Btu per kWh (HHV)

Guaranteed Availability _____%

Commercial operation of CT Units:
Unit 1: August 28, 1970 20.5MW
Unit2: August 18, 1970 20.5MW
Unit 3: September 29, 1970 20.5MW
Unit 4: August 9, 1970 20.5MW

#13

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[redacted]

ATTACHMENT A
Proposed Term Sheet
Option 1 - Blended proposal 1

Seller:	
Buyer:	Duke Energy Ohio, Inc. ("DEO")
General:	proposes to sell its interest in three gas fired electric generation units as a package under the general terms and conditions outlined herein.
Assets:	
A.	a 620 MW (nameplate) natural gas-powered combined cycle generating station owned 100% by located in County, Ohio and interconnected to PJM Interconnection
B.	a 640 MW (nameplate) natural gas-powered simple cycle generating station owned 75% by and 25% by located in nty Ohio and interconnected to the Midwest Independent Transmission System Operator, Inc. ("MISO")
C.	a 640 MW (nameplate) natural gas-powered simple cycle generating station owned 100% by located in y, Illinois and interconnected to PJM. is offering 320 MW of this unit under Option 1.
Transmission Arrangements:	All transmission agreements relating to A B will be assigned to DEO upon closing.
	A and C are MISO external resources and as such will require firm point-to-point transmission to the PJM/MISO Interface. currently owns 900 MW of firm point-to-point transmission that will be assigned to DEO upon closing. In order for to demonstrate that A + C are qualified resource for this RFP, DEO must request, and MISO will have to agree to grant, NITS service from the PJM/MISO Interface to the Cin Load Zone. currently has an additional request into PJM for 40 MW from PJM/MISO interface.
	The PJM assets can provide flexibility between markets for various options for both capacity and energy between the MISO and PJM markets
Existing Commodity Contracts:	Existing capacity and/or energy contracts or commitments will be assigned to DEO upon closing of the sale (contingent on receiving all third-party consents). Revenues and costs attributable to these contracts and commitments will accrue to prior to closing, and to DEO after closing.
	A + C has committed all available capacity from the assets to PJM through May 31, 2012. Furthermore, A + C expects to continue to commit all of its available A + C asset capacity to PJM unless and until a firm commitment to purchase A and C has been executed.
	• The B asset has existing toll and capacity commitments with 3rd parties for portions of the plant's capacity and energy through January 2015.
	Accordingly, asset capacity will be available as follows upon roll-off of 3rd party commitments:

Expected Capacity Availability by Planning Year (Nameplate MW)							
	09/10	10/11	11/12	12/13	13/14	14/15	15/16 >
C	-	-	-	320	320	320	320
B	230	330	380	380	380	430	480
A	-	-	-	620	620	620	620
	230	330	380	1,320	1,320	1,370	1,420

[1] Capacity committed to PJM until June 1, 2012

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[redacted]

Gas Information:	Gas Detail by Unit Receipt / Delivery / Pipeline C — Natural Gas B — Midwest Gas Transmission Pan Handle A — Texas Eastern The Rockies Express system is scheduled to extend next year and is likely to provide additional fuel supply options to A at TETCO M2, as well as the proposed [redacted]. Both projects shall provide additional fuel supply to the market area for A.
Other Existing Agreements:	Any agreements that are directly associated with [redacted] A B C will be transferred and assigned to DEO as part of a sale herein upon closing, contingent on receiving any required third-party consents. DEO will assume all financial rights and obligations associated with such agreements, which may include without limitation, co-owner agreements, service contracts, transmission interconnect agreements, pipeline transportation agreements and OBA's, transmission agreements, pending transmission requests, real estate option contracts, market operation service agreements, water purchase contracts, and commodity purchase or sales contracts.
Sale Price:	[redacted] or [redacted] The proposed sale price is a linked blend of the A B C assets and includes the value of all capacity and energy contracts or commitments associated with each asset.
Commercial Pricing Nodes:	
Contract Terms:	Seller proposes to sell the Products proposed herein pursuant to the terms and conditions listed in Attachment B, Proposed Sale Contract Terms and Conditions.
Conditions	Contingent on receiving Duke Energy Corporation management and board approval, and all regulatory and third-party consents. Pricing is indicative and is subject to Seller refreshing such pricing in accordance with Section 6.3.3 of the RFP. Implementation of this proposal is subject to the negotiation, preparation, and execution of a definitive agreement. This proposal shall not be deemed to be an offer, the acceptance of which would form a binding agreement.

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[redacted]

#12 of 17
Specs

ATTACHMENT C-1

Projected Annual Fixed and Variable O&M Costs

		2009	2010	2011	2012	2013	
C	Plant Chgs						
	G&A Direct						
	TOTAL						
B	Plant Chgs						
	G&A Direct						
	TOTAL						
A	Plant Chgs						
	G&A Direct						
	TOTAL						

NOTES:

(1) This financial presentation represe

A. Indirect costs su

B. Property Taxes

C. Property / Liabili

D. Depreciation

(2) The B figures represent fin

[redacted]

ATTACHMENT C-2

Planned Capital expenditures for each plant
(schedule of any upgrades or life extension efforts)

Maintenance and Environmental Projects

Project Description	2009	2010	2011	2012	2013
Replace UPS Batteries					
General equipment 10 years					
Miscellaneous valves 10yrs					
Arc Flash & Remote Racking					
Warehouse Driveway Blacktop					
IT 6000 Cyber Security Upgrade					
Purchase Megger Bite 3 battery					
Repl PDC No2 125VDC Batteries					
Well Pump Replacement					
Site Tractor					
U1-8 Mark V <HMI> Upgrade					
Blacktop Between CO2 Tanks					
Purchase Site Truck					
[redacted]					
Site Oil Varnish Equipment					
Replace UPS Batteries					
General equipment 10 years					
on Misc Valves 10yrs					
Arc Flash and Remote Racking					
IT 6000 Cyber Security Upgrade					
Purchase Site Truck					
Site Utility Vehicle					
Replace well pump number1					
Replace well pump No2					
Repl PDC No2 125VDC Batteries					
Site Tractor					
U1-8 Mark V <HMI> Upgrade					
[redacted]					
Re line Clarifier					
On Line Water Wash Upgrade					
Replace MOV2120					
Make-up tank Cathodic Protect					
Ammonia Pump Area Enclosure					
Trans Blowdon Chiller Upgrade					
Replace MOV1120					
CCW Backup Pump					
Re line Make up water tanks					
Condensate Fill to HP IP Drums					
CT misc valves					
CT General Equip.					
Personnel Emergency Response					
IT 6000 Cyber Security Upgrade					
CEMS Gas Weather Shelter					
Replace Equipment Warehouse					
CCW System Capacity Increase					
Demin Water Reliability improv					
Enlarge Steam System Drains					
GE Automated Start up Controls					
Heat Trace System					
Pipe Rack Enclosure					
Turbine Bld Access Doors					
CT2 HGPI numb1 LTSA					
CT1 HGPI numb1 LTSA					
BFP ARC Valve Replace HRSG 1					
BFP ARC Valve Replace HRSG 2					
Heat Exch. Actuator Install					
River Water Intake Dike					
Plant Cooling System Remediat					
Chiller Chemical Injection					
Admin Bld Expansion					
Condenser CW Actuator Install					
Duct Burner Skid Shelter					
Vacuum Pump for Condenser					
Replace Site Vehicle					
Turbine Bld Bathroom					
[redacted]					

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[redacted]

ATTACHMENT C-3

Outage Schedule

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Start Date	End Date	# Days	# Weeks
3/4/2012	3/17/2012	13	1.9
3/11/2012	3/24/2012	13	1.9
10/7/2012	10/20/2012	13	1.9
10/14/2012	10/27/2012	13	1.9
3/3/2013	3/16/2013	13	1.9
3/10/2013	3/23/2013	13	1.9
10/6/2013	10/19/2013	13	1.9
10/13/2013	10/26/2013	13	1.9
4/25/2008	5/4/2008	9	1.3
11/14/2008	11/23/2009	9	1.3
3/6/2009	3/15/2009	9	1.3
10/9/2009	10/18/2009	9	1.3
3/19/2010	3/28/2010	9	1.3
10/8/2010	10/17/2010	9	1.3
4/1/2011	4/10/2011	9	1.3
9/16/2011	9/28/2011	12	1.7
3/23/2012	3/31/2012	8	1.1
9/21/2012	9/30/2012	9	1.3
4/19/2013	4/28/2013	9	1.3
11/15/2013	11/24/2013	9	1.3
4/25/2008	5/4/2008	9	1.3
11/14/2008	11/23/2008	9	1.3
3/6/2009	3/15/2009	9	1.3
10/9/2009	10/18/2009	9	1.3
3/19/2010	3/28/2010	9	1.3
10/8/2010	10/17/2010	9	1.3
4/1/2011	4/10/2011	9	1.3
9/16/2011	9/28/2011	12	1.7
3/23/2012	3/31/2012	8	1.1
9/21/2012	9/30/2012	9	1.3
4/19/2013	4/28/2013	9	1.3
11/15/2013	11/24/2013	9	1.3

[redacted]

ATTACHMENT C-3
(Cont'd)

C and B

Unit Outage plan

outage requirements are derived in three ways:

- Time based, i.e. annual bore scope inspection. Outage provides an opportunity for an internal inspection without the disassembly of the unit, generally performed in 1 day.
- Performance based, i.e. address balance of plant equipment issues, generally 4 days or less.
- Equivalent Starts (600) or operating hours (12,000 Hrs.): i.e. combustion inspections, generally longer in duration (1.9 wks)

A **outage requirements are derived in three ways:**

- Time based, i.e. annual bore scope inspection. Outage provides an opportunity for an internal inspection without the disassembly of the unit, generally performed in 1 day.
- Performance based, i.e. address balance of plant equipment issues, generally 4 days or less.
- Equivalent Starts (900) or operating hours (24,000 Hrs.): i.e. hot gas path inspections, generally longer in duration (1.7 wks).
- Steam turbine outages are performed in conjunction with the CT hot gas path inspections.

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[redacted]

ATTACHMENT C-4
Forced outage performance history over last 5 years

Forced Outage Rate						
Station Level		2003	2004	2005	2006	2007
	C	16.61%	0.29%	1.61%	0.67%	13.03%
	B	0.00%	0.00%	0.00%	0.00%	2.54%
	A	4.40%	35.40%	19.25%	8.41%	2.94%
B	reliability data was not collected prior to 2006					

B

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[redacted]

ATTACHMENT C-5

Run Characteristics
Unit Heat Rate Values at Various Load Points
Using April performance conditions and ratings

	Heat Rate at Min	Heat Rate 50% of Max MW	Heat Rate 60% of Max MW	Heat Rate 70% of Max MW	Heat Rate 80% of Max MW	Heat Rate 90% of Max MW	Heat Rate 100% of Max MW
	46		48	56	64	72	80
	14,329		14,110	13,398	12,876	12,480	12,172
	14,329		14,110	13,398	12,876	12,480	12,172
	14,329		14,110	13,398	12,876	12,480	12,172
B	14,329		14,110	13,398	12,876	12,480	12,172
	14,329		14,110	13,398	12,876	12,480	12,172
	14,329		14,110	13,398	12,876	12,480	12,172
	14,329		14,110	13,398	12,876	12,480	12,172
	14,329		14,110	13,398	12,876	12,480	12,172
	46		48	56	64	72	80
	14,404		14,069	13,360	12,839	12,444	12,137
	14,404		14,069	13,360	12,839	12,444	12,137
C	14,404		14,069	13,360	12,839	12,444	12,137
	14,404		14,069	13,360	12,839	12,444	12,137
	14,404		14,069	13,360	12,839	12,444	12,137
	14,404		14,069	13,360	12,839	12,444	12,137
	14,404		14,069	13,360	12,839	12,444	12,137
	14,404		14,069	13,360	12,839	12,444	12,137
	140	308	370	431	492	554	616
		154	185	216	246	277	308
	1 CT in serv.	2 CT's	2 CT's	2 CT's	2 CT's	2 CT's	2 CT's
A	7,779	7,600	7,312	7,121	6,995	7,192	7,404

	Min Net MW	Max Net MW	IO-A	IO-B	IO-C	April TPF	
B	46	80	247.4	8.315	0.0055	1.027415986	
C	45	80	247.3	8.31	0.0055	1.025	
A	140	616	309.9	5.299	0.00163	1.005	Base
			-431.693357	8.226887522	0.00176	1.005	With chillers and duct burners

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[redacted]

ATTACHMENT C-6
Unit Characteristics

	Minimum Load (MW)	Winter Rated Capacity (MW)	Spring/Fall Rated Capacity (MW)	Summer Rated Capacity (MW)	Ramp Rate (MW/Min)	Min Up Time (Hr)	Min Dn Time (Hr)
B	46.0	89	80	71	6.60	1	2
	46.0	89	80	71	6.60	1	2
	46.0	89	80	71	6.60	1	2
	46.0	89	80	71	6.60	1	2
	46.0	89	80	71	6.60	1	2
	46.0	89	80	71	6.60	1	2
	46.0	89	80	71	6.60	1	2
	46.0	89	80	71	6.60	1	2
C	45.0	89	80	71	6.60	1	2
	45.0	89	80	71	6.60	1	2
	45.0	89	80	71	6.60	1	2
	45.0	89	80	71	6.60	1	2
	45.0	89	80	71	6.60	1	2
	45.0	89	80	71	6.60	1	2
	45.0	89	80	71	6.60	1	2
A	140.0	265	251	237	12.00	6	4
(Base)	250.5	322	308	311	12.00	6	4
(w/ duct firing and chillers)	140.0	265	251	237	12.00	6	4
(Base)	250.5	322	308	311	12.00	6	4
(w/ duct firing and chillers)							

	Primary Heat On Start-up (MBtu) H	Primary Heat On Start-up (MBtu) W	Primary Heat On Start-up (MBtu) C	Primary Cost On Start-up ($) H	Primary Cost On Start-up ($) W	Primary Cost On Start-up ($) C	Wear & Tear Cost on Start-up ($) H-W-C	Total Start-up Cost ($) H	Total Start-up Cost ($) W	Total Start-up Cost ($) C
	24	24	24	$226	$226	$226	$2,667	$2,893	$2,893	$2,893
B	24	24	24	$213	$213	$213	$2,667	$2,880	$2,880	$2,880
	24	24	24	$226	$226	$226	$2,667	$2,893	$2,893	$2,893
	24	24	24	$213	$213	$213	$2,667	$2,880	$2,880	$2,880
	24	24	24	$226	$226	$226	$2,667	$2,893	$2,893	$2,893
	24	24	24	$223	$223	$223	$2,667	$2,890	$2,890	$2,890
	24	24	24	$226	$226	$226	$2,667	$2,893	$2,893	$2,893
	24	24	24	$222	$222	$222	$2,667	$2,889	$2,889	$2,889
	24	24	24	$228	$228	$228	$2,667	$2,895	$2,895	$2,895
	24	24	24	$206	$206	$206	$2,667	$2,875	$2,875	$2,875
	24	24	24	$233	$233	$233	$2,667	$2,900	$2,900	$2,900
C	24	24	24	$233	$233	$233	$2,667	$2,900	$2,900	$2,900
	24	24	24	$228	$228	$228	$2,667	$2,895	$2,895	$2,895
	24	24	24	$220	$220	$220	$2,667	$2,887	$2,887	$2,887
	24	24	24	$233	$233	$233	$2,667	$2,900	$2,900	$2,900
	24	24	24	$233	$233	$233	$2,667	$2,900	$2,900	$2,900
(Base)	140	160	200	$1,207	$1,379	$1,724	$16,000	$17,207	$17,379	$17,724
(w/ duct firing and chillers)	140	160	200	$1,207	$1,379	$1,724	$16,000	$17,207	$17,379	$17,724
(Base)	140	160	200	$1,204	$1,376	$1,720	$16,000	$17,204	$17,376	$17,720
(w/ duct firing and chillers)	140	160	200	$1,204	$1,376	$1,720	$16,000	$17,204	$17,376	$17,720

Time to sync
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes
17 minutes

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#18

Proposal #2 – Ownership Offer

I. Summary

is a Midwest Independent System Operator ("MISO") Market Participant and has 600 MW of Capacity with the ability to satisfy the definition of a Generation Resource; as such term is defined in the MISO Tariff now being promulgated at the FERC. The results of the deliverability tests of the Midwest ISO are provided as Attachment 1.

Proposal #2 provides Duke with an offer for ownership of and its nominal 600 MW dual fuel (natural gas and distillate oil) electric generation facility located in Ohio, which is approximately 15 miles south of began commercial operations in June 2002. Natural gas is transported to the by the

is comprised of four GE 7FA combustion turbines coupled with four GE 7FH2 hydrogen-cooled generators to produce power. The system is designed to operate on natural gas or distillate oil. Each package includes: a DLN combustion system; a fire detection, suppression and alarm system; an on-line/offline water wash system; a 60Hz hydrogen-cooled generator; an air inlet system with air filtration; a fuel oil supply system, a natural gas fuel system including pre-heaters and scrubbers; lubricating and hydraulic oil systems; an excitation system; an exhaust system; a starting and rotor turning system; a generator cooling system; and turbine control system. Demineralized water is injected for NOx control when burning distillate oil.

Each unit is cooled utilizing a closed loop fin fan cooling system circulating a glycol/water mixture and air water heat exchangers.

has a Generation and Interconnection Operating Agreement with a wholly owned subsidiary of This agreement enables the facility to provide power to the MISO market. Each generator is connected to an 18/345 kV step-up transformer. Two auxiliary transformers provide standby and starting power to the station. Either auxiliary transformer can provide power to start any unit through bus tie breakers via two static starting devices. The static starting devices are cross connected such that all four units can be started from either static starting device.

The control room is equipped with two for remote operator control. Located in each local control cubicle is a computer that can also be utilized to operate any of the four units. AGC has not been installed at the facility, but can be installed. The facility has installed system which enables remote online combustion tuning by GE. The facility has a Continuous Emissions Monitoring System to monitor and report plant operations and emissions.

Sanitary waste water is handled by an on-site septic tank. Waste water from plant operations is connected to an oil/water separator and the demineralizer effluent is discharged to the storm water retention ponds.

Facility Summary	
Category	**Data**
Location	OH
Market Area	MISO
COD	2002
Construction Contractor	GE
Nominal Capacity	600 MW
Type/Equipment	Four GE 7FA CT's
Fuel	Natural gas and distillate oil
Electrical Interconnection	
Gas Pipeline Interconnect	EOGC
Site	36 acres
Employees	7 non-union employees

II. Statements

1) The structure of the Proposals herein shall remain outstanding until midnight (Eastern Time) on December 31, 2008.

2) A signed Certification Agreement Attachment 2 - Exhibit C is provided in a form that is acceptable to IPA APT Generation, LLC.

III. Contract Terms

nticipates entering into a mutually negotiated purchase and sale agreement with Duke Energy Ohio, Inc. for the

IV. Proposed Limitations

The maximum annual fuel usage for emission units combined shall not exceed any of the following:

1) 14,020 million cubic feet of natural gas per rolling 12-month period;
2) 15.77 million gallons of #2 fuel oil/distillate oil usage per rolling 12-month period; and
3) a cumulative 14,020 million cubic feet of fuel (natural gas and #2 oil/distillate oil usage) per rolling 12-month period where:
   1 million cubic feet of natural gas = 1 million cubic feet of fuel; and

1 million gallons of #2 fuel oil/distillate oil = 889 million cubic feet of fuel.

Based on the above limitations the air permit allows for a total of approximately 8,800 total operating hours per year on natural gas only (avg 2,200 for each of 4 CTs) (no oil burned), or a total of approximately 1,128 total hours per year on oil if no natural gas is burned. Using a combination of natural gas and oil will result in a total facility operating hour limitation that will fall between these two parameters.

V. Term Sheet

Please see Attachment 3 - Exhibit D. Additional supporting information regarding the functional specifications are provided in Attachment 6 - Exhibit E.

VI. Company Organization and Financial Data

is a direct wholly-owned subsidiary of which in turn is an indirect wholly-owned subsidiary of is an indirect wholly-owned subsidiary of a leading independent power generation company with interests in 33 GW (gross) of power generating capacity, located in 20 countries across five core regions – North America, Europe, Middle East, Australia and Asia. As of FYE December 2007, generated [redacted] of revenue and EBITDA of [redacted]

The following chart summarizes North American portfolio.

North American Assets in Operation					
Asset	**Location**	**Fuel**	**Gross capacity power MW**	**IPR Owner-ship**	**Net capacity power MW**
	Georgia	Gas		50%	159
	Illinois	Gas		100%	303
	Massachusetts	Gas		100%	539
	Massachusetts	Gas		100%	488
	Massachusetts	Gas		100%	160
	Ohio	Gas/Oil		100%	616
	Pennsylvania	Gas/Oil		100%	625
	Texas	Coal		100%	667
	Texas	Gas		100%	913
	Texas	Gas		100%	1,423
	Texas	Gas		50%	220

Gas/Oil	313	100%	313
LNG	548	35%	192
1	7,353		6,618

More information about the company is available on the Internet at

Financial data for are provided in Attachment 7.

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Exhibit D-Ownership Offer –Life of Unit
Sample Term Sheet

Note to Bidder: Provide a separate term sheet for each different asset option offered

Resource	
Primary Fuel Source	Natural Gas
Primary Fuel Pricing Point	Dominion East Ohio
Secondary Fuel Source	Distillate Oil
Secondary Fuel Pricing Point	OH
MISO Commercial Pricing Node	
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Capacity Amount	See Attachment 1 MW (Minimum of 50 MW) *DUKE ENERGY OHIO will evaluate any amount from minimum to Capacity Amount in increments of 50MW unless bidder so notes that only the Capacity Amount can be evaluated.*
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Purchase Price (Provide purchase price in one of the following formats)

a. Fixed Purchase Price Over Life of Asset _____ ($/MW-year)

b. Lump Sum Payment [redacted] ($)
Lump Sum Payment Year $$ 1/1/2009

Fixed O&M	(See Attachment 5) ($/MW-month)
Fixed O&M Escalation	(See Attachment 5) (% per year)
Year of Fixed O&M Cost Quote	(See Attachment 5)
Variable O&M	(See Attachment 5) ($/MWh)

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Variable O&M Escalation (See Attachment 5) (% per year)

Year of Variable O&M Cost Quote (See Attachment 5)

Capital Spending Schedule Provide schedule of any upgrades or life extension efforts (See Attachment 5)

Maintenance Spending Schedule Provide schedule of annual maintenance expenses (See Attachment 5 No major outages scheduled until 2013 under current run regime.)

[redacted]-Heat Rate

_____ Btu per kWh (HHV) minimum load (define MW load)
_____ Btu per kWh (HHV) 50% load
_____ Btu per kWh (HHV) 70% load
_____ Btu per kWh (HHV) 90% load
See Attachment 4 Btu per kWh (HHV) 100% load (define MW load)

Availability Attach scheduled maintenance outages planned for next five years and equivalent forced outage performance for past five years (if from an existing resource).

Minimum run time 2 (hours)

Start time to Synchronization .25 (hours)

Start up Cost (See Attachment 5) ($/start)

Start up Cost Escalation (See Attachment 5) (% per year)

Year of Start up Cost Quote (See Attachment 5)

Ramp Rate 14MW/min per unit [redacted]

Monthly Heat Rate Attachment

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Distillate Oil

	Heat Rate (HHV)
Jan	11,274
Feb	11,298
Mar	11,358
Apr	11,461
May	11,578
Jun	11,666
Jul	11,703
Aug	11,674
Sep	11,605
Oct	11,487
Nov	11,380
Dec	11,296

Natural Gas

	Heat Rate (HHV)
Jan	10,523
Feb	10,545
Mar	10,602
Apr	10,698
May	10,806
Jun	10,889
Jul	10,923
Aug	10,897
Sep	10,832
Oct	10,722
Nov	10,622
Dec	10,543

RID # 18
Attachment 4-5

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Duke RFP Response
Exhibit D-Ownership Offer-Life of Unit

Attachment to Exhibit D addressing Fixed and Variable O&M, Capital Spending for Performance Enhancements and the Maintenance Spending Schedule.

Fixed O&M [redacted] per year
[redacted] per MW-month based on 600 MW

Note: Fixed O&M does not include insurance
Fixed O&M does not include East Ohio Gas pipeline charges

Fixed O&M Escalation 2.50%

Year of Fixed O&M Cost Quote 2009

Variable O&M [redacted] per MWh (natural gas)
[redacted] *per MWh (fuel oil)*

Note: Variable O&M excludes allowance for major maintenance

Variable O&M Escalation 2.50%

Year of Variable O&M Cost Quote 2009

Capital Spending Schedule

Note: *Potential performance enhancements outlined below.*
IPA has not yet evaluated these in detail for the Troy facility.

Performance Enhancements

	Troy
Estimated Capacity Enhancements	
1) IGV Push (Note 1)	6.0
2) Inlet Fogging (or add Evap Clg) (Note 2)	*26.5*
3) GE Phase I Performance Enhancements (Note 3)	10.8
4) a) Peak Firing (12 ppm) (Note 4) --OR--	18.0
b) Partial Peak Firing (9 ppm NOx) (Note 4)	7.2
Minimum Total Projected Capacity Additions, MW (Note 5)	50.5

NOTES:

1) IGV Push - GE IGV adjustment and control to increase IGV angle at base load from current angle of 82°-84° to a suggested 87°. No incremental capital cost.

2) Commissioning/installation of foggers or new evaporative coolers on GT inlets. Cost TBD, not expected to exceed 1MM/Unit. Modest increase in variable operating cost.

Note that inlet chilling could be be used instead of evap cooling to increase net output by 74 MW. Significant cost.

3) GE Phase I performance enhancements include: Air extraction optimization, Low dp combustion liners, obradable S1 shrouds, Casing temperature management, and S3R purge reduction. Low risk, moderate cost - TBD.

4) Peak Firing - GE control modification which enables peak firing. Only applies to summer operation firing gas. No incremental capital cost. Some increased operating costs (1.3 FPH and 0.3 FS charge).

5) Capacity enhancements may be overlapping where total capacity increase will need to be evaluated incrementally.
Note in #2 above it is only during warmer low humidity.

Maintenance Spending Schedule

Based on average of 48 starts/unit/year

Levelized maintenance cost [redacted] per unit per start
escalation 2.50%
base year 2009

Note: Actual annual maintenance cost depends on number of starts/year & timing of outages
Additional details on maintenance costs will be provided when short-listed

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Exhibit D - Ownership Offer Life of Unit Availability EFORd

does not have a major outage sheduled in the next five years, subject to change based on dispatch.

Unit	Month	EFORd
	Jan-03	0.00
	Feb-03	0.00
	Mar-03	0.00
	Apr-03	0.00
	May-03	0.00
	Jun-03	0.00
	Jul-03	0.00
	Aug-03	0.56
	Sep-03	0.00
	Oct-03	0.00
	Nov-03	0.00
	Dec-03	0.00
	Jan-04	0.00
	Feb-04	0.00
	Mar-04	0.00
	Apr-04	0.00
	May-04	0.00
	Jun-04	0.00
	Jul-04	0.00
	Aug-04	0.00
	Sep-04	0.00
	Oct-04	0.00
	Nov-04	0.00
	Dec-04	0.00
	Jan-05	0.00
	Feb-05	0.00
	Mar-05	0.00
	Apr-05	0.00
	May-05	0.00
	Jun-05	0.00
	Jul-05	0.38
	Aug-05	0.00
	Sep-05	0.00
	Oct-05	0.00
	Nov-05	0.00
	Dec-05	0.00
	Jan-06	0.00
	Feb-06	0.00
	Mar-06	0.00
	Apr-06	0.00
	May-06	0.00
	Jun-06	0.00
	Jul-06	0.00
	Aug-06	0.00
	Sep-06	0.00
	Oct-06	0.00
	Nov-06	0.00
	Dec-06	0.00
	Jan-07	0.00
	Feb-07	0.00
	Mar-07	0.00
	Apr-07	0.00
	May-07	0.00
	Jun-07	21.58
	Jul-07	0.00
	Aug-07	0.00
	Sep-07	0.00
	Oct-07	0.00
	Nov-07	0.00
	Dec-07	21.48
	Jan-08	0.00
	Feb-08	0.00
	Mar-08	0.00
	Apr-08	0.00
	May-08	0.00
	Jun-08	29.42
	Jul-08	0.00

Unit	Month	EFORd
	Jan-03	0.00
	Feb-03	0.00
	Mar-03	0.00
	Apr-03	0.00
	May-03	0.00
	Jun-03	0.00
	Jul-03	0.00
	Aug-03	0.36
	Sep-03	0.00
	Oct-03	0.00
	Nov-03	0.00
	Dec-03	0.00
	Jan-04	0.00
	Feb-04	0.00
	Mar-04	0.00
	Apr-04	0.00
	May-04	0.00
	Jun-04	0.00
	Jul-04	0.00
	Aug-04	0.00
	Sep-04	0.00
	Oct-04	0.00
	Nov-04	0.00
	Dec-04	0.00
	Jan-05	0.00
	Feb-05	0.00
	Mar-05	0.00
	Apr-05	0.00
	May-05	0.00
	Jun-05	0.00
	Jul-05	0.96
	Aug-05	0.00
	Sep-05	0.00
	Oct-05	3.89
	Nov-05	0.00
	Dec-05	3.97
	Jan-06	0.00
	Feb-06	0.00
	Mar-06	0.00
	Apr-06	0.00
	May-06	0.00
	Jun-06	0.00
	Jul-06	0.00
	Aug-06	0.00
	Sep-06	0.00
	Oct-06	0.00
	Nov-06	0.00
	Dec-06	0.00
	Jan-07	0.00
	Feb-07	25.75
	Mar-07	0.00
	Apr-07	0.00
	May-07	0.00
	Jun-07	1.89
	Jul-07	0.00
	Aug-07	0.00
	Sep-07	0.00
	Oct-07	10.70
	Nov-07	0.00
	Dec-07	0.00
	Jan-08	0.00
	Feb-08	0.00
	Mar-08	0.00
	Apr-08	0.00
	May-08	0.00
	Jun-08	29.93
	Jul-08	0.00

Unit	Month	EFORd
	Jan-03	0.00
	Feb-03	0.44
	Mar-03	0.00
	Apr-03	0.00
	May-03	0.00
	Jun-03	0.00
	Jul-03	0.00
	Aug-03	0.56
	Sep-03	0.00
	Oct-03	0.00
	Nov-03	0.00
	Dec-03	0.00
	Jan-04	0.00
	Feb-04	0.00
	Mar-04	0.00
	Apr-04	0.00
	May-04	0.00
	Jun-04	0.00
	Jul-04	0.00
	Aug-04	0.00
	Sep-04	0.00
	Oct-04	0.00
	Nov-04	0.00
	Dec-04	0.00
	Jan-05	0.00
	Feb-05	0.00
	Mar-05	0.00
	Apr-05	0.00
	May-05	0.00
	Jun-05	0.00
	Jul-05	0.96
	Aug-05	0.15
	Sep-05	0.00
	Oct-05	0.00
	Nov-05	0.00
	Dec-05	0.00
	Jan-06	0.00
	Feb-06	0.00
	Mar-06	0.00
	Apr-06	0.00
	May-06	0.00
	Jun-06	0.00
	Jul-06	0.00
	Aug-06	0.00
	Sep-06	0.00
	Oct-06	0.00
	Nov-06	0.00
	Dec-06	0.00
	Jan-07	0.00
	Feb-07	12.00
	Mar-07	0.00
	Apr-07	0.00
	May-07	0.00
	Jun-07	0.00
	Jul-07	0.00
	Aug-07	0.76
	Sep-07	0.00
	Oct-07	0.00
	Nov-07	0.00
	Dec-07	0.00
	Jan-08	0.00
	Feb-08	0.00
	Mar-08	0.00
	Apr-08	0.00
	May-08	0.00
	Jun-08	33.97
	Jul-08	0.00

Unit	Month	EFORd
	Jan-03	0.00
	Feb-03	0.00
	Mar-03	0.00
	Apr-03	0.00
	May-03	0.00
	Jun-03	0.00
	Jul-03	0.00
	Aug-03	0.38
	Sep-03	0.00
	Oct-03	0.00
	Nov-03	0.00
	Dec-03	0.00
	Jan-04	0.00
	Feb-04	0.00
	Mar-04	0.00
	Apr-04	0.00
	May-04	0.00
	Jun-04	0.00
	Jul-04	0.00
	Aug-04	0.00
	Sep-04	0.00
	Oct-04	0.00
	Nov-04	0.00
	Dec-04	0.00
	Jan-05	0.00
	Feb-05	0.00
	Mar-05	0.00
	Apr-05	0.00
	May-05	0.00
	Jun-05	0.00
	Jul-05	0.00
	Aug-05	0.00
	Sep-05	0.00
	Oct-05	3.89
	Nov-05	0.00
	Dec-05	1.86
	Jan-06	0.00
	Feb-06	0.00
	Mar-06	0.00
	Apr-06	0.00
	May-06	0.00
	Jun-06	0.00
	Jul-06	0.00
	Aug-06	0.00
	Sep-06	0.00
	Oct-06	0.00
	Nov-06	0.00
	Dec-06	0.00
	Jan-07	0.00
	Feb-07	0.00
	Mar-07	0.00
	Apr-07	0.00
	May-07	0.00
	Jun-07	0.00
	Jul-07	0.00
	Aug-07	0.00
	Sep-07	0.00
	Oct-07	0.00
	Nov-07	0.00
	Dec-07	0.00
	Jan-08	0.00
	Feb-08	0.00
	Mar-08	0.00
	Apr-08	0.00
	May-08	0.00
	Jun-08	100.00
	Jul-08	0.00

Note for June 2008: had 0 service hours for June and the lack of service hours resulted in a extremely high EFOR'd. The 3.15 Forced Outage Hours due to a tripped switchyard breaker caused by relay testing conducted by the transmission company was the only Forced Outage Hours for all four units during June 2008.

#18, #19

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Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

Gross And Net Demonstrated Capability Test Data

Company: Reported By:

Plant: Unit No 1

Date Of Test 06/14/07 Time of test begin 1300 :End 1700

	Integrated Gross Gen.	Integrated Aux Power	Net Generation
1st hour	155 MW	1 MW	154 MW
2nd hour	155 MW	1 MW	154 MW
3rd hour	155 MW	1 MW	154 MW
4th hour	155 MW	1 MW	154 MW

Four Hour Summary

Net generation- Average of 4 hours: 154 MW
Prior Net Demonstrated Capability 149.5 MW
Throttle Pressure: N/A
Steam Temp: N/A
Circulating Water Inlet Temperature: N/A
Ambient Air Temp: 82.5 F

	NDC	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Rating MWs	184	184	183	177	173	167	154	151	153	157	171	176	182
Derating		0	1	7	11	17	30	33	30	26	13	8	2

Remarks are on page 2

Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

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Remarks:

1. Aux power is estimated to be 1 MW per Unit when running on natural gas.
2. Net MWs are calculated by Gross MWs- Aux power.
3. Ideal rated conditions for this generator is 146,686 MWs @ 95 degrees and 60 % Humidity
4. Rating based on initial performance testing completed during unit commissioning
5. Effects of changes in humidity and baromtric pressure are assumed to be negligible for these units.
6. However all calculations are adjusted to a 60% humidity correction factor based on ambient temperature.
5. Testing is performed and the actual output and temperatures are recorded.
6. The result is then corrected to 95 degrees to obtain the Actual Unit rating.
7. This rating is then adjusted to a wintertime temperature of 14 degrees
8. 14 degrees is used as it is the average low temperature for in the month of January. (WINTERTIME RATING)
9. This output rating at 14 degrees is the new NET DEPENDABLE CAPACITY.
10. The monthly seasonal deratings are based on the following:
    - Jan, Feb, Dec are based on the average low temperature for the month
    - Jun,Jul, Aug and SEP are base on the average high temperature for the month
    - Mar,Apr,May,Oct, and Nov are based on the MEAN temperature for the months.
11. ALL temperatures are the 30 year average or mean temperature for

Additional remarks:

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Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

Gross And Net Demonstrated Capability Test Data

Company: Reported By:

Plant: Unit No 2

Date Of Test 06/15/07 Time of test begin 1100 ;End 1500

	Integrated Gross Gen.	Integrated Aux Power	Net Generation
1st hour	158 MW	1 MW	157 MW
2nd hour	157 MW	1 MW	156 MW
3rd hour	157 MW	1 MW	156 MW
4th hour	156 MW	1 MW	155 MW

Four Hour Summary

Net generation- Average of 4 hours: 156 MW
Prior Net Demonstrated Capability 150 MW
Throttle Pressure: N/A
Steam Temp: N/A
Circulating Water Inlet Temperature: N/A
Ambient Air Temp: 80.9 F

	NDC	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Rating MWs	184	184	184	178	173	168	155	152	154	158	172	176	182
Derating		0	1	7	11	17	30	33	31	26	13	8	2

Remarks are on page 2

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Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

Remarks:

1. Aux power is estimated to be 1 MW per unit when running on natural gas.
2. Net MWs are calculated by Gross MWs- Aux power.
3. Ideal rated condition for this generator is 145,685 MWs @ 95 degrees and 60 % Humidity
4. Rated based on initial performance testing completed during unit commissioning
5. Effects of changes in humidity and baromtric pressure are assumed to be negligible for these units.
6. However all calculations are adjusted to a 60% humidity correction factor based on temperature.
5. Testing is performed and the actual output and temperatures are recorded.
6. The result is then corrected to 95 degrees to obtain the Actual unit rating.
7. This rating is the adjusted to a wintertime temperature of 14 degrees
8. 14 degrees is used as it is the average low temperature for o in the month of January. (WINTERTIME RATING)
9. This output rating at 14 degrees is the new NET DEPENDABLE CAPACITY.
10. The monthly season deratings are based on the following temperatures:
    - Jan, Feb, Dec are based on the average low temperature for the month
    - Jun,Jul, Aug and SEP are base on the average high temperature for the month
    - Mar,Apr,May,Oct, and Nov are based on the MEAN temperature for the months.
11. ALL temperatures are the 30 year average or mean temperature for

Additional remarks:

References:

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Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

Gross And Net Demonstrated Capability Test Data

Company: Reported By:

Plant: Unit No 3

Date Of Test 08/14/07 Time of test begin 1400 :End 1800

	Integrated Gross Gen.	Integrated Aux Power	Net Generation
1st hour	155 MW	1 MW	154 MW
2nd hour	156 MW	1 MW	155 MW
3rd hour	156 MW	1 MW	155 MW
4th hour	156 MW	1 MW	155 MW

Four Hour Summary

Net generation- Average of 4 hours: 154.75 MW
Prior Net Demonstrated Capability 150 MW
Throttle Pressure: N/A
Steam Temp: N/A
Circulating Water Inlet Temperature: N/A
Ambient Air Temp: 83.8 F

	NDC	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Rating MWs	185	185	185	179	174	169	155	152	156	159	173	177	183
Derating		0	1	7	11	17	30	33	31	27	13	8	2

Remarks are on page 2

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Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

Remarks:

1. Aux power is estimated to be 1 MW per unit when running on natural gas.
2. Net MWs are calculated by Gross MWs- Aux power.
3. Ideal rated condition for this generator is 145,685 MWs @ 95 degrees and 60 % Humidity
4. Rated based on initial performance testing completed during unit commissioning
5. Effects of changes in humidity and baromtric pressure are assumed to be negligible for these units.
6. However all calculations are adjusted to a 60% humidity correction factor based on temperature.
5. Testing is performed and the actual output and temperatures are recorded.
6. The result is then corrected to 95 degrees to obtain the Actual unit rating.
7. This rating is the adjusted to a wintertime temperature of 14 degrees
8. 14 degrees is used as it is the average low temperature for [redacted]io in the month of January. (WINTERTIME RATING)
9. This output rating at 14 degrees is the new NET DEPENDABLE CAPACITY.
10. The monthly season deratings are based on the following temperatures:
    - Jan, Feb, Dec are based on the average low temperature for the month
    - Jun,Jul, Aug and SEP are base on the average high temperature for the month
    - Mar,Apr,May,Oct, and Nov are based on the MEAN temperature for the months.
11. ALL temperatures are the 30 year average or mean temperature for [redacted]io.

Additional remarks:

References:

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Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

Gross And Net Demonstrated Capability Test Data

Company: Reported By:

Plant: Unit No 4

Date Of Test 06/14/07 Time of test begin 1400 ;End 1600

	Integrated Gross Gen.	Integrated Aux Power	Net Generation
1st hour	164 MW	1 MW	153 MW
2nd hour	155 MW	1 MW	154 MW
3rd hour	154 MW	1 MW	153 MW
4th hour	155 MW	1 MW	154 MW

Four Hour Summary

Net generation- Average of 4 hours: 153.5 MW
Prior Net Demonstrated Capability 146.75 MW
Throttle Pressure: N/A
Steam Temp: N/A
Circulating Water Inlet Temperature: N/A
Ambient Air Temp: 84.5 F

	NDC	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Rating MWs	185	185	184	178	174	168	155	152	154	158	172	177	183
Derating		0	1	7	11	17	30	33	31	26	13	8	2

Remarks are on page 2

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Duke Energy Ohio RFP - Requirements of Transmission Deliverability Tests

Remarks:

1. Aux power is estimated to be 1 MW per unit when running on natural gas.
2. Net MWs are calculated by Gross MWs- Aux power.
3. Ideal rated condition for this generator is 145,685 MWs @ 95 degrees and 60 % Humidity
4. Rated based on initial performance testing completed during unit commissioning
5. Effects of changes in humidity and baromtric pressure are assumed to be negligible for these units.
6. *However all calculations are adjusted to a 60% humidity* correction factor based on temperature.
5. Testing is performed and the actual output and temperatures are recorded.
6. The result is then corrected to 95 degrees to obtain the Actual unit rating.
7. This rating is the adjusted to a wintertime temperature of 14 degrees
8. 14 degrees is used as it is the average low temperature for in the month of January. (WINTERTIME RATING)
9. This output rating at 14 degrees is the new NET DEPENDABLE CAPACITY.
10. The monthly season deratings are based on the following temperatures:
    - Jan, Feb, Dec are based on the average low temperature for the month
    - Jun,Jul, Aug and SEP are base on the average high temperature for the month
    - Mar,Apr,May,Oct, and Nov are based on the MEAN temperature for the months.
11. ALL temperatures are the 30 year average or mean temperature for

Additional remarks:

References:

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Proposal #1 – Purchased Power Agreement (30 years)

I. Summary

is a Midwest Independent System Operator ("MISO") Market Participant and has 600 MW of Capacity qualified as a Network Resource (subject to a Network Customer (i.e. Duke Energy Ohio, Inc.) nominating it as a New Designated Resource in accordance with the Midwest ISO Transmission and Energy Market Tariff and related Schedules (the "Tariff"). All capitalized terms that are not defined herein shall have the meanings ascribed to them in the Tariff. As such, this Proposal assumes that Duke Energy Ohio, Inc. ("Duke") will nominate as a Network Resource for the Term and will comply with the requirements of the Tariff to ensure that will receive Network Service transmission under Duke's NITS contract for all Energy delivered pursuant to this Proposal.). The results of the deliverability tests of the Midwest ISO are provided as Attachment 1.

Proposal #1 consists of a 30 year PPA for peaking capacity and energy from the a nominal 600 MW dual fuel (natural gas and distillate oil) electric generating facility (the " ", beginning in January 1, 2009. The is located in Luckey, Ohio, which is approximately 15 miles south of began commercial operations in June 2002. Natural gas is transported to the by the

The is comprised of four GE 7FA combustion turbines coupled with four GE 7FH2 hydrogen-cooled generators to produce power. The system is designed to operate on natural gas or distillate oil.

has a Generation and Interconnection Operating Agreement with a wholly owned subsidiary of This agreement enables the facility to provide power to the MISO market. Each generator is connected to an 18/345 kV step-up transformer. Two auxiliary transformers provide standby and starting power to the station. Either auxiliary transformer can provide power to start any unit through bus tie breakers via two static starting devices. The static starting are cross connected such that all four units can be started from either static starting device. AGC has not been installed at the facility.

will use a combination of its natural gas agreements with and interruptible gas contracts to secure the competitive gas when the is dispatched. If gas is not available will use distillate oil, subject to its operating permits, at market related prices. delivers its energy into the MISO system. is open to discussing with Duke the most cost effective and reliable method of delivering energy into the CIN.CGE node in a manner that appropriately allocates any risks in the most cost effective manner.

II. Statements

1) The structure of the Proposals herein shall remain outstanding until midnight (Eastern Time) on December 31, 2008.

2) A signed Certification Agreement, Attachment 2 - Exhibit C, is provided in a form that is acceptable to

III. Contract Terms

anticipates entering into the proposed transaction for the sale of capacity and energy pursuant to an appropriately modified ISDA Master Agreement with Power Annex and Credit Support Annex anticipates inclusion of the following terms and conditions in any such contract:

1. Specifications for calling on energy from the
2. Adequate Credit Support as reasonably required.
3. Usual and customary representations and covenants, including the following:
   a. Non-Reliance;
   b. Eligible Commercial Entity and Eligible Contract Participant;
   c. Commercial User;
   d. Tax Payer and Payee Representations; and
   e. Bankruptcy Code Representation.
4. Inclusion of provisions allowing for the following:
   a. Calculation Agent;
   b. Payments including Netting, Timeliness of Payment, Disputes and Adjustment of Invoices;
   c. Set-Off;
   d. Early Termination;
   e. Events of Default, Termination Events, Rights and Value Calculations;
   f. Transfer;
   g. Limitation of Liability;
   h. Additional Terms for Commodity Derivative Transactions including Market Disruption Events and Disruption Fallbacks;
   i. Applicability of FERC Standard of Review – Mobile-Sierra;
   j. Consent to Recording;
   k. Dealer Market Practices;
   l. Trader Authority;
   m. Delivery of Documents including Tax, Resolutions, Financial, Credit Support;
   n. Severability; and
   o. Confidentiality.

IV. Proposal Limitations

The maximum annual fuel usage for emission units combined shall not exceed any of the following:

1) 14,020 million cubic feet of natural gas per rolling 12-month period;
2) 15.77 million gallons of #2 fuel oil/distillate oil usage per rolling 12-month period; and
3) a cumulative 14,020 million cubic feet of fuel (natural gas and #2 oil/distillate oil usage) per rolling 12-month period where:
   1 million cubic feet of natural gas = 1 million cubic feet of fuel; and
   1 million gallons of #2 fuel oil/distillate oil = 889 million cubic feet of fuel.

Based on the above limitations, the air permit allows for a total of approximately 8,800 total operating hours per year on natural gas only (avg 2,200 for each of 4 CTs) (no oil is burned), or a total of approximately 1,128 total hours per year on oil if no natural gas is burned. Using a combination of natural gas and oil will result in a total facility operating hour limitation that will fall between these two parameters.

V. Term Sheet

Term:	30 Years, beginning January 1, 2009
Delivery Point:	This Proposal assumes that Duke will nominate as a Network Resource for the Term and will comply with the requirements of the Tariff to ensure that will receive Network Service Transmission under Duke's NITS contract for all Energy delivered pursuant to this Proposal.
Contract Quantity:	600 MW – Duke would be entitled to all of the output of the facility. Actual achievable capacity will vary based on ambient conditions and over time due to degradation and will need to be scheduled in the final documents.
Capacity Charge:	[redacted]/MW-year– Capacity payments would escalate through the term of the agreement at 1.5%.
Contract Heat Rate:	10.9 MMBtu/MWh at summer nominal capacity on natural gas excluding starts. 11.7 MMBtus/MWh at summer nominal capacity on distillate oil excluding starts. Actual achievable heat rates will vary by fuel type, ambient conditions, and over time due to degradation. Heat rate at other load levels will need to be scheduled in the final

documents. Heat rate bonus/penalty formula to be negotiated.

Fuel Supply:

will purchase competitively priced natural gas and transportation available at the time that the is dispatched for delivery into the system. This could be a combination of firm and interruptible gas transportation contracts or natural gas supply from a third party delivered directly into the system. The has fuel oil as a back up fuel because a peaking electric generation facility cannot economically afford the costs associated with providing firm gas supplies to the facility.

Gas transportation is supplied to the by pursuant to an agreement dated November 2001. Key points of the agreement are as follows:

- The term of the agreement is for ten years and renewable yearly thereafter.
- The maximum daily transportation quantity is specified as 187,500 Mcf and maximum annual transportation is specified as 15,000,000 Mcf.
- Rates and charges include a fixed monthly payment of [redacted] and a volumetric rate of [redacted] per Dth for the period June 1 to August 31 and [redacted] per Dth for the period September 1 through May 31 with a delivery point charge per month of [redacted] and a minimum annual payment of [redacted]
- is responsible for balancing gas supply and usage on an hourly basis if determines that their gas system requires hourly balancing.
- must notify not less than 30 minutes prior to start-up or shut-down or if there is any change in operations that cause hourly usage at the facility to change by more that 25%.
- receipt point is the primary receipt point for
- can nominate hourly deliveries to equal to the hourly usage at the plant with out incurring any charges for Firm Receipt Point Option Service. In the Winter Months such nominations are limited to a maximum of 5,875 Dth/hour.

- Wher is in operation quantities equal to the lower of 3,750 Dth/hour or actual burn must be delivered to

On site gas compressors are not required because the gas is supplied at sufficient pressure (approximately 435 psig).

Fuel Oil is delivered by truck and unloaded in an onsite truck unloading facility that is designed for spill containment and fire control. It is stored in two 2.25 million gallon storage tanks located in a banked and lined containment area.

Water for distillate oil operation is provided by the The water is demineralized by rented demineralizers and is stored in a 4.5 million gallon demineralized water storage tank located on the site.

In order to insure that the , is receiving competitively priced fuel gas, Duke shall have the option of taking over the fuel gas supply function upon 30 days written notice to

Fuel Gas Delivery Point: Delivery would be at the interconnection between and the Under terms to be negotiated, would provide all oil necessary to provide the backup fuel for each unit at the storage facilities (oil).

Start Fuel: 473 MMBtu per/Unit Start on natural gas and 515 MMBtu per/Unit Start on oil.

Variable O&M: [redacted]/MWh on gas, [redacted]/MWh on oil, escalating annually at 2.5%, plus fuel related costs.

Start Charge: [redacted] per start per unit on gas, [redacted] per start per unit on oil

Availability: Availability guarantees/penalties to be negotiated

Scheduling: Duke would be able to schedule the full seasonal capacity of the plant from minimum to maximum based on plant characteristics. Notice deadlines for scheduling to be

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Exhibit D-Life of Asset PPA (30 Years)
Sample Term Sheet

Note to bidder: Provide a separate term sheet for each different Term or capacity offering

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	_____
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	
Delivery Point	The Transmission Interconnection Point ~~CINCGEN Commercial Pricing Node within MISO~~
Gas Pricing Point	Dominion East Ohio (see Fuel Supply in Section V above)
Term of Contract	30 Years
Capacity Amount	600 MW (Minimum of 50 MW)
	DUKE ENERGY OHIO will evaluate any amount from minimum to Capacity Amount in increments of 50MW unless bidder so notes that only the Capacity Amount can be evaluated.
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information:

a. Capacity Pricing

Capacity Price	[redacted]	($/Year) ($/MW-yr)
Year of Capacity Price Quote	2009	
Capacity Price Escalation/Year	1.50%	(%)

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b. Energy Pricing (Provide energy pricing in one of the following formats)

[redacted] MWh + [redacted] unit per start gas & [redacted] MWh + [redacted] unit per start oil, plus fuel costs

a. Escalating Price Over Term ^ ($/MWh) Escalating at
2.5 % per year

b. Production Cost Based
   i. Variable O&M _____ ($/MWh)
   ii. Guaranteed Heat Rate (HHV) _____ (Btu/kwh)
   iii. Gas Pricing Point _____

(Variable O&M + Guaranteed Heat Rate * Gas Price over Term)

c. Scheduled Payment _____ ($/MWh) In Year 1
_____ ($/MWh) In Year 2
_____ ($/MWh) In Year 3
...through end of Term

Year of Energy Price Quote 2009

Note: Energy pricing to include all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

10900 summer on natural gas & 11700 summer on distillate oil

Guaranteed Heat Rate ^ Btu per kWh (HHV)

Guaranteed Availability To Be Negotiated %

Minimum Run Time 4 hours

Minimum Down Time 4 hours

#20

Project Summary

- This project installs ~14,000 - IB30 units for a thermal storage capacity of 100 MW on approximately 3000 commercial buildings through out the DUKE ENERGY OHIO service area.
- Enables reduced cost of energy required to cool buildings.
- Shifts 500,000 KWH daily from Peak to off Peak hours, reshaping the load of the utility, optimizes generation assets and provides a storage buffer for intermittent renewable sources.
- This technology is a FIRM capacity that is distributed and dispatchable by the utility to fix multiple system wide issues to improve supply side generation reliability.
- Allows Duke Energy to select the optimum generation assets coal, gas or other, in off peak hours to be used in managing cost to the utility and their customers.
- Provides the infrastructure for renewable technologies.
    - Stores the 80 % of non coincident (night time) power generated by wind farms, for use during the peak of the day. Improving the reliability and economics of wind generation.
    - Stores under valued off peak solar power and uses it for peak demand reduction.
- Provides the end user with "comfort without curtailment."
- Reduces green house gas emissions.

This project will provide a completely distributed and dispatchable thermal energy storage system to approximately 3,000 buildings through out the DUKE ENERGY OHIO service area that are currently using commercial (direct exchange –DX) air conditioners. The thermal storage unit makes ice at night when power is plentiful and least expensive. Then, during the heat of the day, our cool data controller turns off the building air-conditioning system and cools the building with the ice made by the the night before. This process provides a 95% shift in energy from peak to off peak hours. Taking advantage of the diurnal effect of weather, the technology will reduce the amount of energy required to provide cooling *Note, dependant on climate zone. By shifting power consumed from peak to off peak, consumers take full advantage of the time of use rate (TOU) if available, and reduce the cost of the energy used to charge the) in the evening hours. The integrated distributed control scheme incorporated in the allows the utility management team to control the charging and discharging cycle of the units. These units can be controlled individually as one complete 6KW storage scheme, as multiple units (6kw*N= NKW ~ MW) in blocks of storage or as one large 100 MW distributed storage system. The controller communicates over the internet to servers that store vital performance information. This information can be made available to the end user, maintenance teams, the utility and to monitor and control the performance of each unit and optimize energy use.

technology is well proven and has been in use in California and Colorado for over 5 years. The technology has been tried and tested by major utilities in California, resulting in large scale funded programs. In order to transform the market and reduce dependency on traditional generation, utilities and state governments must work together to encourage commercial and government facilities to incorporate the technology into their buildings. This is done through aggressive programs like the) proposed in this document. The

utility will rate base these assets, as they do other supply side systems, so that the consumer will use them as a part of their cooling systems, reshaping the utility load for optimal use of traditional generation, transmission and distribution and future renewable technologies. The units will be employed in a number of buildings through out the DUKE ENERGY OHIO service area currently using 3-15 Ton DX air conditioning units. The does not fully replace the current air conditioning systems, but works in conjunction with them to shift thermal load for 6 hours every cooling day of the year. For the sake of this project we are claiming 200 cooling days in a year. The project is turn key providing the installation through commissioning of all units and service for the term of the agreement.

The investment in the will avoid cost the utility would incur in additional generation assets such as peakers and will allow the utility to fully integrate renewable technologies on the grid without sacrificing reliability. This solution enables the utility to meet growing customers demand and will help to achieve more reliability in their transmission and distribution system.

In the case of transmission and distribution systems the will reduce on peak load of air conditioning freeing up on peak capacity to meet incremental load growth.
The cost avoidance of upgrading substations is in the magnitude of 5:1. In other words, the cost of upgrading one substation can now be redeployed over 5 substations by utilizing instead of increasing capacity. The avoided cost of this deployment will be in the tens of millions of dollars to the utility.

Utilizing the reduces CO2 emissions by 1.5 ton per unit annually. This project will improve CO2 foot print by 25,000 tons a year. Typically end users will realize a reduction in the cost required to cool buildings and our technology has superior dehumidification capability resulting in additional comfort without curtailment.

The estimated time line to deliver 100MW is 24 – 30 months for full deployment with incremental capacity and benefits achieved on a daily basis and in the range of 750KW - 1 MW per week. In addition to the initial 100 MW Ice Energy will continue to work with Duke Energy to deploy an additional 400 MW in areas designated by Duke for a total of 500MW peak shifting *daily or 600GWh Annually.*

Financing for this project is available and will comply with the utility recoverable rate base structure. The program can be "purchased" or conform to that of a "power purchase agreement". Examples are shown later in this document. Firming of the financials will require a team comprised of the utility and Ice Energy's finance group to fully develop the program to meet the utility operational and regulatory requirements. The falls within the guideline of the newly signed Ohio energy bill SB221 for rate recovery.

The program provides improved performance to the infrastructure of the utility by reshaping the load, optimizing traditional generation and distribution while providing a means to implement intermittent alternative technologies on the grid, reducing dependency on carbon based fuels.

Exhibit D-Life of Asset PPA (30 Years)
Sample Term Sheet

Note to bidder: Provide a separate term sheet for each different Term or capacity offering

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	Not Applicable
Delivery Point	CIN.CGE Commercial Pricing Node within MISO
Gas Pricing Point	Not Applicable
Term of Contract	30 years
Capacity Amount	100 MW (minimum) to 500 MW (See note below)

Note: contract is a firm, scheduled and/or dispatched 100 MW x 5 hour x 200 day per year, take-or-pay 30 year product. The s a fully financed, delivered. measured, verified, and maintained "SmartGrid" distributed energy storage resource. The capacity becomes available in monthly tranches over a two year installation phase period following the initial 100 MW contract, the contract can be increased in increments of 25 MW (or more).

The distributed energy storage resources are owned by the but located on the buildings of Duke Energy commercial customers and dispatched or scheduled by Duke Energy to deliver stored off-peak energy during the on-peak period with a less than 15 minute response time. This is an opt-out program for Duke Energy customers and the customers do not participate financially. It is a means for Duke Energy to differentiate its retail energy offering to their customers and increases the probability of account retention while improving customer satisfaction. The participating customers benefit by marketing the benefits of employing "green" energy storage resources that reduce the impact of their energy usage on the environment. The is not demand response, is not curtailment, it is a physical energy storage device that delivers stored energy on-peak and ultimately improves Duke Energy customer satisfaction.

DUKE ENERGY OHIO will evaluate any amount from minimum to Capacity Amount in increments of 50MW unless bidder so notes that only the Capacity Amount can be evaluated.

Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information:

a. Capacity Pricing

Capacity Price	[redacted]KW-mo
Year of Capacity Price Quote	2009
Capacity Price Escalation/Year	2.5 (%)

b. Energy Pricing (Provide energy pricing in one of the following formats)

a. Escalating Price Over Term
   i. First 645 hours =[redacted]/kWh
      Escalating at 2.5% per year
   ii. Second 255 hours =[redacted]/kWh
      Escalating at 2.5% per year
   iii. Variable Maintenance [redacted]MWh
      Escalating at 2.5% per year
   iv. Scheduled Payment [redacted]kW
      1. [redacted]upfront (1st 50MW of capacity)
      2. [redacted]year two (2nd 50 MW of capacity)

b. Scheduled Payment

_____ ($/MWh) in Year 1
_____ ($/MWh) in Year 2
_____ ($/MWh) in Year 3
...through end of Term

Year of Energy Price Quote 2009

Note: Energy pricing to include all ancillary service costs, Midwest ISO charges, taxes and other fees necessary for delivery to the Delivery Point.

Guaranteed Heat Rate	Customer buys off-peak energy to recharge the storage resource
Guaranteed Availability	98%

#21

August 27, 2008

To: Burns & McDonnell for
Duke Energy Ohio

is pleased to offer Duke Energy Ohio ("Duke") a retrofit upgrade for the eight (8) Frame 7000EA CT's at the Duke Madison plant in Ohio.

Our proposal is based on installing our FULL Simplified Combined Cycle ("SCC") technology to each CT at the Madison plant to increase the power output of each CT. In addition to increasing the power output of each CT, a SCC retrofit will substantially reduce the full load and part load heat rate of each CT, lower the NOx emissions, lower CO emissions, and reduce CT maintenance cost by reducing the temperature of the gases entering the CT hot section which will extend the interval between hot section repairs/replacement.

The retrofit of our SCC technology to the existing Frame 7EA's at Madison will provide additional capacity at a cost competitive with the cost of peaking power. In addition, the retrofit of our SCC technology to the existing Madison Frame 7EA's will result in a plant with many of the characteristics of a Combined Cycle plant, but with the flexibility of the existing Simple Cycle plant. By the using Once Thru Steam Generators (OTSG) the units can start-up and shutdown like SCCT's yet improve the performance of the plant to close to that of a Combined Cycle by recovering the exhaust energy to produce steam which is injected into the Frame 7EA CT's to substantially increase power and improve efficiency.

With our upgrade/retrofit proposal the energy in the exhaust of each CT will be recovered in a OTSG supplied by to produce steam that will be injected into the CT via a set of supplied fuel nozzles (as a low Btu mixture of steam and fuel) and downstream of the combustion zone (ahead of the turbine hot section).

The steam injected into the CT will increase the mass flow and specific heat of the gases powering the CT and will lower the temperature of the gases flowing into the turbine hot section.

Since we interpret the RFP to request power in increments of 50mw we have offered 150mw in power. However, the power provided by a SCC retrofit to the eight CT's at the Madison site will be 185mw. If for some reason (CT or system constraint) there are times when the full increase in power made available by the SCC retrofit cannot be used by Duke our SCC retrofit can alternatively be used to further reduce fuel consumption by allowing Duke to reduce CT fuel input (part load the CT) with some/all of the steam injection associated with our upgrade/retrofit SCC used to boost the power output to the

base load rating of the CT or to a higher power output within the CT or system requirements at the time.

Our proposal includes the supply of eight (8) sets of our SCC hardware along with the supply of eight (8) OTSG's manufactured by along, along with the supply of the HP feedwater pumps and the installation of the equipment outlined herein. Our proposal does not include the following:

1. Raw water in the quantity required by the retrofit of our SCC to each CT.
2. A water treatment facility to supply water to OST's OTSG specification.
3. If the existing GE Frame 7EA CT's use a DLN/DLE combustor the cost to convert the CT's to a wet combustion system which is required if we are going to inject steam via the fuel nozzles.

Assuming our proposal is accepted we expect the retrofit of our SCC technology to the eight (8) Madison 7EA CT's to provide an additional 185mw of power, along with a general reduction in CT heat rate of approximately 2500 Btu's per kwhr.

In addition, NOx emissions will be reduced to 5 ppmvd @ 15% O2, while the interval between hot section repairs (and thus maintenance expense) will be reduced substantially. As mentioned earlier, in periods where there is no demand for the extra power the SCC upgrade provides, the SCC upgrade/retrofit can be used to further improve (reduce) the fuel consumption of each CT by using fuel to part load the CT and then using the new steam injection capability to boost the CT power to the required power output/base load.

The OTSG's we provide can be operated "dry" and thus there is no need for a bypass stack to be able to operate the CT as a SCCT with no steam production/injection.

The price associated with the above Scope of Supply is [redacted] Assuming an order in early 2009 we would expect to install SCC on each CT starting in late 2009 with the last CT retrofit prior to December 31, 2010. It is our intent to complete as much of our work as possible prior to June 1, 2010.

Most of the work associated with installation of our SCC technology and the OTSG's can be done without impacting the operation of the existing Madison CT's. The installation of the retrofit SCC's and the associated OTSG's will be done in such a way that a short outage is all that is required to finalize the SCC retrofit/upgrade to each CT.

Our Proposal is based on developing a set of mutually agreed Progress Payments to be a part of the final Contract.

Our proposal is valid until January 1, 2009 and the price quoted is firm for the project as described above. Note this proposal shall only become a Contract upon acceptance by Duke and acknowledgement by

In Addition Please Note:
While our proposal as submitted is focused on upgrading/retrofitting the 7EA CT's at the Duke Madison plant, a similar upgrade is available for other Duke plants using LM2500, LM6000, Frame 6B and Frame 7EA CT's, including the Henry County LM6000 plant and the Vermillion and Lee 7EA plants.

Our proposal as submitted is based on retrofitting each gas turbine with an OTSG. If Duke is interested is a less costly upgrade/retrofit it is possible to use supplemental firing to "double" the steam produced by each OTSG. This would result in a less fuel efficient retrofit, but would substantially reduce the cost of the FULL SCC retrofit/plant upgrade.

Exhibit D-Ownership Offer –Life of Unit
Sample Term Sheet

Note to Bidder: Provide a separate term sheet for each different asset option offered

Resource	Upgrade, Retrofit of SCC to Madison 7 EA CT's
Primary Fuel Source	No Additional Fuel required – Energy Recovery
Primary Fuel Pricing Point	N/A
Secondary Fuel Source	N/A
Secondary Fuel Pricing Point	N/A
MISO Commercial Pricing Node	Madison Plant
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Capacity Amount	185 MW (Minimum of 50 MW)
	DUKE ENERGY OHIO will evaluate any amount from minimum to Capacity Amount in increments of 50MW unless bidder so notes that only the Capacity Amount can be evaluated.
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Purchase Price (Provide purchase price in one of the following formats)

a. Fixed Purchase Price Over Life of Asset _____ ($/MW-year)

b. Lump Sum Payment [redacted] ($)
Lump Sum Payment Year $$ _____

Fixed O&M	_____ ($/MW-month)
Fixed O&M Escalation	_____ (% per year)
Year of Fixed O&M Cost Quote	_____
Variable O&M	_____ ($/MWh)

Variable O&M Escalation _____ (% per year)

Year of Variable O&M Cost Quote _____

Capital Spending Schedule Provide schedule of any upgrades or life extension efforts

Maintenance Spending Schedule Provide schedule of annual maintenance expenses

Guaranteed Heat Rate

NONE Btu per kWh (HHV) minimum load (define load)
NONE Btu per kWh (HHV) 50% load
NONE Btu per kWh (HHV) 70% load
NONE Btu per kWh (HHV) 90% load
8400 Btu per kWh (HHV) 100% load (define MW load)
Base Output

Availability

Attach scheduled maintenance outages planned for next five years and equivalent forced outage performance for past five years (if from an existing resource).

Minimum run time NONE (hours)

Start time to Synchronization _____ (hours)

Start up Cost _____ ($/start)

Start up Cost Escalation _____ (% per year)

Year of Start up Cost Quote _____

Ramp Rate _____ (MW/hour)

#22

Term Sheet
Energy Storage Ownership Offer for Lump Sum

Resource	Compressed Air Energy Storage
Primary Fuel Source	Natural Gas
Primary Fuel Pricing Point	Dominion East Ohio
Secondary Fuel Pricing Point	Electricity
MISO Commercial Pricing Node	First Energy Hub
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Capacity Amount	804 MW (Expandable to 1,600 MW)
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.
Purchase Price	
Lump Sum Payment	[redacted]
Lump Sum Payment Year $$	2008

Draft: 1 Jul 08

Indicative Term Sheet.

DUKE ENERGY OHIO/
CONFIDENTIAL NON-BINDING SUMMARY OF
PRINCIPAL COMMERCIAL TERMS FOR TOLLING AGREEMENT

Parties	and Duke Energy Ohio, an Ohio corporation and affiliate of Duke Energy Corporation.
Facility Providing Products and Services (the "Facility")	An air compressic- -nd -tural gas-fired surface generation facility located at project site (the "Site") in Ohio, initially consisting of six integrated compression/generation units (each, a "Dedicated Unit") having: (i) 110 MW of compression capacity at reference conditions; (ii) 134 MW of generation capacity at reference conditions; and (iii) any capacity of such Dedicated Units to provide ancillary services; (collectively, "Unit Capacity"); and 338 million cubic foot underground cavern space underlying the Site (the ') and associated facilities.
Products and Servi	will make available from the Facility, and Duke Energy will purchase and pay for: (i) (a) [_____] lbs of working air storage and delivery capacity at a maximum injection rate of [_____] Kw/lb/s per Dedicated Unit and maximum withdrawal rate of [_____] lb/Kw-hr per Dedicated Unit; and (b) to the extent uncommitted and available, overrun working air capacity on an interruptible basis up to [_____] lbs (collectively, "Storage Services"); (ii) Unit Capacity of the initial six Dedicated Units; and (iii) all Renewable Energy Credits or attributes produced from operation of the initial six Dedicated Units.
Term	30 years from commencement of commercial operations
Pricing; Responsibility for Power and Gas	Fee for (in year 2011 dollars): (i) Storage Services: [redacted]month]; and (ii) Unit Capacity: [redacted]er Kw/month]. All fees for Storage Services and Unit Capacity provided in each month will be billed in advance

	monthly, with invoice paid on the tenth day of each month. The amount of all fees shall escalate by 3.0% annually, with initial escalation beginning on the date of commencement of commercial operations (pro rated for such initial calendar year if commercial operations commence after January 1) and annually thereafter on each January 1. All fees will be increased or decreased by an amount not greater than 20% in proportion to any variation in actual hard costs of constructing the facility (calculated at completion), above or below a target hard construction cost estimate to be agreed (currently estimated at [redacted]. Duke Energy Ohio will deliver to the Facility and pay for all electric energy and natural gas required to compress air and generate electricity.
Transmission Interconnection	On site at the facility into MISO existing 138 KV transmission lines near the Sub station about 3.5 miles away
Delivery Point	
Gas Pricing Point	Dominion East Ohio
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.
Availability	The lower 98% or the equipment manufacturer's warranty after an appropriate break in period.
Operation & Maintenance	A jointly established Operating Committee will set annual operating budgets for fixed and variable O&M expenses to be incurred under the tolling agreement. will be financially responsible solely for Owner's Expenses, which are limited to plant staff labor and associated overhead, insurance and property tax. All other operation and maintenance costs and expenses related to the operation of the Facility under the tolling agreement will be for the account of Duke Energy Ohio. will bill all O&M expenses in advance monthly according to the annual budget, with invoice payable on the tenth day after issuance. Variations between actual and budgeted O&M will be reconciled via a cash payment or other agreed offset at calendar year end.
Project Financing	The tolling agreement will be structured such that the Facility can be financed on a non-recourse basis to sponsor, and the parties' obligations under the tolling agreement will be conditioned on obtaining satisfactory financing. Duke Energy Ohio will be required to provide adequate credit support, including contracting through or securing a guarantee from an investment grade credit entity with a minimum credit rating of Baa3 (Moody's) and BBB (S&P). Additional credit support from Duke Energy Ohio could result in lower annual pricing.
Expansion of Facility/Third-Party Products and Services	The tolling agreement will contain mutually acceptable terms and conditions permitting Norton or its third-party designees to:

Confidential and Indicative Work Product

	(i) construct additional surface generation or other facilities at the Site capable of *using air storage services from the* *delivered via common air and natural* gas handling and delivery and related facilities, some of which common facilities may comprise components of the existing Facility (including the and associated piping and manifolds); and (ii) market, sell and deliver products and services, on a firm or interruptible basis, from such facilities to third parties using all air storage and delivery capacity of the (currently estimated at approximately 371,334 tons), not committed to Duke Energy Ohio, it being understood that Duke Energy Ohio's right to overrun capacity shall be curtailed to the extent such capacity is contracted to third parties.

Confidential and Indicative Work Product

[redacted]

(II) Statements:

3.2.1 Proposal shall remain in effect through December 31, 2009.

3.2.2 The Certification and Indemnity Agreement (Exhibit C) is attached.

(III) Contract Terms:

The Company will seek the following contract terms if selected to the short list:

1) Duke Energy will be responsible for all emissions and carbon dioxide costs incurred during the term of the PPA.

2) Duke Energy will be entitled to a capacity payment rebate provided that the Facility's availability falls below the guaranteed availability, but for force majeure events.

3) The Company expects both Duke Energy and the Company to provide standard tier I and tier II representations and warranties in a power purchase agreement ("PPA"). Prior to signing the PPA Duke Energy would be able to conduct appropriate due diligence, including, but not limited to, a site visit, and review of the following:

1. Organizational Documents
2. Financing Documents
3. Project Operating Documents
4. ERISA/Employee Matters
5. Tax Matters
6. Historical Financial Statements
7. Historical and Projected Budgets
8. Historical O&M and Technical Information
9. Federal and State Regulatory Compliance
10. Environmental Matters
11. Litigation/Other Third Party Liabilities
12. Real Property Matters
13. Cash Management Matters
14. Insurance Matters
15. Information Technology

(IV) Proposal Limitations:

No proposal limitations apply to Preliminary Proposal #6, however please note that the delivery point for Preliminary Proposal #6 is the Facility's bus bar (MISO generation node: as opposed to Duke Energy's commercial pricing node (CIN.CGE). In calendar years 2005 through 2007, the Facility's generation node has historically cleared at a [redacted] MWh premium to the commercial pricing node, per MISO published data.

Duke Energy Ohio, Inc.
Request for Proposals for Power Supply
Preliminary Proposal #6

[redacted]

Life of Asset PPA Term Sheet

Product	Unit Firm capacity as defined in the EEI Master Power Purchase and Sales Agreement, Schedule P.
Seller	
Purchaser	DUKE ENERGY OHIO, INC.
Transmission Interconnection Point	MISO
Delivery Point	MISO
Gas Pricing Point	Canadian Gas - Dawn, Ontario
Term of Contract	Proposed PPA terminates June 30, 2018
Capacity Amount	MISO Capacity: 545 MW Base Dependable Capacity: 416 MW Duct Firing Dependable Capacity: 129 MW
Energy	As Scheduled
Scheduling	Scheduling shall be performed to the maximum flexibility allowed by MISO and in accordance with the MISO Agreement.

Pricing Information

a. Capacity Pricing

Capacity Price A	[redacted] MW-year
Year of Capacity Price A Quote	2009
Capacity Price A Escalation/Year	0% per year (no escalation)
Capacity Price B	[redacted] MW-year
Year of Capacity Price B Quote	2009

[redacted]