Attachment F

ATTACHMENT 2
(Settlement Agreement in IURC Cause No. 42873)

PSI ENERGY, INC. AFFILIATE STANDARDS
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PSI ENERGY, INC. AFFILIATE STANDARDS

I. APPLICABILITY

These Affiliate Standards shall apply from and after the effective date of the later of (i) the date of the consummation of the Merger, and (ii) the effective date of the Commission's order approving these Affiliate Standards, until the date when new affiliate standards imposed by Indiana legislation or Commission action become effective. Changes to these Affiliate Standards may be proposed from time to time by either PSI or the OUCC, subject to the approval of the Commission; provided, however, that PSI and the OUCC shall meet and discuss any such proposed changes prior to the submission of such changes to the Commission by either PSI or the OUCC.

II. SUBSTANTIVE PROVISIONS

(A) Cross-Subsidization Principles

The financial policies and guidelines for transactions between PSI and its Affiliates shall reflect the following principles:

1. PSI's retail customers shall not subsidize the activities of PSI's Non-Utility Affiliates or its Utility Affiliates.

2. Neither PSI's Non-Utility Affiliates nor PSI's Utility Affiliates shall subsidize the public utility activities of PSI.

3. PSI's costs for jurisdictional rate purposes shall reflect only those costs attributable to its jurisdictional customers.

4. These principles shall be applied to avoid costs found to be just and reasonable for ratemaking purposes by a particular utility regulatory commission being left unallocated or stranded between various regulatory jurisdictions, resulting in the failure of the opportunity for timely recovery of such costs by PSI and/or its Utility Affiliates; provided, however, that no more than one hundred percent (100%) of such costs shall be allocated on an aggregate basis to the various regulatory jurisdictions.

5. These principles are not intended to, and shall not be interpreted to, alter, modify or change in any way the law in the State of Indiana with respect to the impact of the filing of

a consolidated income tax return on PSI's income tax expense allocable to jurisdictional customers.

6. PSI shall maintain and utilize accounting systems and records that identify and appropriately allocate costs among PSI and its Affiliates, consistent with these principles.

(B) <u>Access to Employees, Officers, Books and Records</u>

1. The Commission shall have access to the employees, officers, books and records of any Affiliate of PSI to the same extent and in like manner that the Commission has over PSI to the extent that the Affiliate engages in direct or indirect transactions with PSI. If such employees, officers, books and records cannot be reasonably made available to the Commission, then upon request of the Commission, PSI shall, in accordance with applicable Indiana reimbursement rules, reimburse the Commission for appropriate out-of-state travel expenses incurred in accessing the employees, officers, books and records. PSI shall maintain, in accordance with generally accepted accounting principles, books, records, and accounts that are separate from the books, records, and accounts of its Affiliates, consistent with Part 101 – Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act. Any objections to providing all books and records must be raised before the Commission and the burden of showing that the request is unreasonable or unrelated to the proceeding is on PSI. The confidentiality of competitively sensitive information shall be maintained in accordance with the Commission's rules, regulations and orders.

2. Upon the written request of the OUCC, PSI shall make available to the OUCC at reasonable times and places the books and records, and employees and officers of each applicable Affiliate of PSI, including the Service Company, as are required to assure compliance with these Affiliate Standards. The confidentiality of competitively sensitive information shall be maintained in accordance with the Commission's rules, regulations and orders.

3. Upon the written request of the OUCC, PSI shall make available to the OUCC at reasonable times and places copies, which have not otherwise been furnished to the OUCC, of any Affiliate-related filings made by PSI with the

SEC and/or the FERC during the preceding calendar year. The confidentiality of competitively sensitive information shall be maintained in accordance with the Commission's rules, regulations and orders.

4. PSI shall have the right either to seek a protective order from the Commission, the FERC, if applicable, the SEC, if applicable, or a court of competent jurisdiction, or to require the OUCC to enter into a reasonable confidentiality agreement, to protect and safeguard confidential, proprietary and/or competitively sensitive information concerning its Affiliates.

(C) Accounting for Affiliate Transactions

In accordance with generally accepted accounting principles and consistent with state and federal guidelines, PSI shall record all transactions with its Affiliates, whether direct or indirect. PSI and its Affiliates shall maintain sufficient records to allow for an audit of the transactions involving PSI and its Affiliates. Goods and Services provided by PSI to a Non-Utility Affiliate, and Goods and Services provided by a Non-Utility Affiliate to PSI, shall be accounted for in accordance with current requirements issued by the SEC or the FERC, whichever is applicable, or other statutory requirements if neither the SEC nor the FERC has jurisdiction. Asset transfers from PSI to a Non-Utility Affiliate, and asset transfers from a Non-Utility Affiliate to PSI, shall be accounted for in accordance with current requirements issued by the SEC or the FERC, whichever is applicable, or other statutory requirements if neither the SEC nor the FERC has jurisdiction.

(D) Precluded Affiliate Financial Undertakings

PSI shall not allow a Non-Utility Affiliate to obtain credit under any arrangement that would permit a creditor, upon default of the Non-Utility Affiliate, to have recourse to PSI's assets. The financial arrangements of PSI's Affiliates are subject to the following restrictions unless otherwise approved by the Commission:

1. Any indebtedness incurred by a Non-Utility Affiliate shall be without recourse to PSI.

2. PSI shall not enter into any agreements under terms of which PSI is obligated to commit funds in order to maintain the financial viability of a Non-Utility Affiliate.

3. PSI shall not make any investment in a Non-Utility Affiliate under circumstances in which PSI would be liable for the debts and/or liabilities of the Non-Utility Affiliate incurred as a result of acts or omissions of a Non-Utility Affiliate.

4. PSI shall not issue any security for the purpose of financing the acquisition, ownership, or operation of a Non-Utility Affiliate.

5. PSI shall not assume any obligation or liability as guarantor, endorser, surety, or otherwise in respect of any security of a Non-Utility Affiliate.

6. PSI shall not pledge, mortgage or otherwise use as collateral any assets of PSI for the benefit of a Non-Utility Affiliate.

7. PSI shall hold harmless the retail customers of PSI from any adverse effects of PSI credit rating declines caused by the actions of Non-Utility Affiliates.

(E) Untariffed, Non-Utility Services Provided by PSI or the Service Company

Any untariffed, Non-Utility Services provided by PSI or the Service Company to any Affiliate shall be itemized in accounting entries (including electronic entries) pursuant to a written contract or written arrangement. PSI and the Service Company shall maintain and keep available for inspection by the Commission copies of all accounting entries and each contract and arrangement between PSI or the Service Company and PSI's Affiliates that relate to the provision of such untariffed, Non-Utility Services.

(F) Goods or Services Provided by a Non-Utility Affiliate

Any Goods or Services provided by a Non-Utility Affiliate to PSI shall be itemized in accounting entries (including electronic entries) pursuant to a written contract or written arrangement. PSI and Non-Utility Affiliates shall maintain and keep available for inspection by the Commission copies of all accounting entries and each contract and arrangement between PSI and its Non-Utility Affiliates that relate to the provision of such Goods and Services in accordance with the Commission's retention requirements.

(G) Independent Operations

Employees responsible for directing, organizing and executing the

business decisions of PSI's wholesale merchant or generation functions and those employees of Affiliated Wholesale Power Marketers shall operate independently of one another, to the maximum extent practical. PSI shall document all employee movement between and among PSI and its Affiliates. Such information shall be made available to the Commission and the OUCC upon request.

(H) Precluded Property Ownership

Except as provided in Paragraph (L) or Paragraph (M) of this Section II, PSI may not own property in common with an Affiliated Wholesale Power Marketer.

(I) Market Information

No market information (within the meaning of the FERC's code of conduct requirements) obtained by PSI in the conduct of its public utility business may be shared with an Affiliated Wholesale Power Marketer, except where such information has been publicly disseminated or simultaneously shared with and made available to all non-affiliated Entities who have requested such information. Customer specific information shall not be made available by PSI to an Affiliated Wholesale Power Marketer except under the same terms as such information would be made available to a non-affiliated Entity, and only with the written consent of the customer specifying the information to be released.

(J) Use of Name or Logo

A Non-Utility Affiliate may use PSI's name or logo only if, in connection with such use, the Non-Utility Affiliate makes adequate disclosures to the effect that: (i) the two Entities are separate; (ii) it is not necessary to purchase the Non-Regulated Goods or Services to obtain public utility service from PSI; and (iii) the customer will gain no advantage from PSI by buying from the Affiliate.

(K) No Tying or Conditioning

PSI shall not condition or tie the provision of any Goods, Services, pricing benefit, or waiver of associated terms or conditions, to the purchase of any Goods or Services from an Affiliated Wholesale Power Marketer.

(L) Sharing of Office Space, Office Equipment, Computer Systems or Information Systems with Affiliated Wholesale Power Marketers

Except as provided in Paragraph (M) of this Section II and to the maximum extent practical, employees responsible for directing, organizing and executing the business decisions of Affiliated Wholesale Power Marketers' wholesale merchant or generation functions generally shall not share office space, office equipment, computer systems or information systems with those similarly employed employees of PSI; provided, however, that computer systems and information systems may be so shared if the systems are secured such that Affiliated Wholesale Power Marketers cannot access PSI operating data, and office space may be so shared under a lease or other ownership arrangement if the office space is secured such that employees of one company cannot access the designated office area of the other.

(M) Exception for Computer Systems and Information Systems

1. Computer systems and information systems may be shared between PSI and Non-Utility Affiliates only to the extent necessary for the provision of corporate support services or other shared services; provided, however, PSI shall ensure that the proper security access and other safeguards are in place to ensure full compliance with these Affiliate Standards.

2. These Affiliate Standards are not intended to, and shall not be interpreted to, preclude the sharing of computer systems and information systems between PSI and its Affiliates as necessary for the provision of Services consistent with Service Agreements now or hereafter approved by the Commission, including, but not limited to, the Service Agreements identified as Petitioner's Exhibits I-1, I-2 and I-3 in Cause No. 42873 before the Commission.

(N) Limitations on Corporate Support Services Affiliate Transactions

PSI may engage in transactions directly related to the provision of corporate support services with its Affiliates in accordance with requirements relating to the Service Agreements. As a general principle, such provision of corporate support services shall not allow or provide a means for the transfer of confidential information from PSI to its Affiliates, create the opportunity for preferential

treatment or unfair competitive advantage, create opportunities for cross-subsidization of Affiliates, or otherwise provide any means to circumvent these Affiliate Standards.

(O) **Availability of Goods or Services to Affiliates**

Except as provided in Paragraph (N) of this Section II, PSI may only make Goods or Services available to an Affiliated Wholesale Power Marketer if the Goods or Services are equally available to all Non-Affiliated Wholesale Power Marketers on the same terms, conditions and prices, and at the same time. PSI shall process all requests for Goods or Services from Affiliated and Non-Affiliated Wholesale Power Marketers on a non-discriminatory basis.

(P) **Documentation**

If PSI provides both Regulated and Non-Regulated Services or Goods, or if an Affiliate provides Services or Goods to PSI, PSI and such Affiliate shall maintain documentation in the form of written agreements, an organization chart (depicting PSI and all of its Affiliates), accounting bulletins, procedure and work order manuals, or other related documents, which describe how costs are allocated between Regulated and Non-Regulated Services or Goods. Such documentation shall be available, subject to requests for confidential treatment, for review by the Commission in accordance with Paragraph (B) of this Section II.

(Q) **Contact for Affiliate Transaction and Personnel Information**

PSI shall designate an employee who will act as a contact for the Commission and the OUCC seeking data and information regarding PSI's Affiliate-related transactions and personnel transfers. Such employee shall be responsible for providing data and information requested by the Commission for any and all transactions between PSI and its Affiliates, regardless of the Affiliate(s) from which the information is sought.

(R) **Contact for Service and Reliability Concerns**

PSI shall designate an employee or agent who will act as a contact for the Commission concerning retail consumer issues regarding service and reliability concerns. Such PSI representative shall be able to deal with billing, maintenance and service reliability issues.

(S) **Contact for State Regulatory Matters**

PSI shall provide the Commission a current list of employees or agents that are designated to work with the Commission and the OUCC concerning state regulatory matters, including, but not limited to, rate cases, consumer complaints and billing issues.

(T) **PSI's Affiliate Contract Filings**

Any filings of Affiliate Contracts which PSI is required to make with the Commission, the SEC and/or the FERC shall be made consistent with the following procedures:

1. For any Affiliate Contract which PSI is required to file with the Commission pursuant to Ind. Code § 8-1-2-49 (but not required to be filed by PSI with the Commission pursuant Ind. Code §§ 8-1-2-83, 84 or any other Indiana statute), PSI shall, thirty (30) days prior to any required filing of such Affiliate Contract (including Service Agreements) with the SEC or the FERC for such agency's approval or acceptance, submit to the Commission Staff and the OUCC a copy of the proposed filing.

   (i) If the Commission Staff clears such Affiliate Contract for filing, or does not comment upon it, and no objections are submitted by the OUCC to PSI (a copy of any such objections to be provided to Commission Staff) during the Review Period for such contract, then PSI may file such contract with the Commission and the SEC or the FERC, whichever is applicable. The contract shall become effective upon the receipt of all necessary regulatory authorizations and shall continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.

   (ii) If during, or upon the expiration of, the Review Period for such Affiliate Contract, the Commission Staff recommends that the Commission reject, disapprove or establish a proceeding to review such contract, or if an objection(s) is submitted by the OUCC to PSI (with a copy to Commission Staff), then PSI may file the contract with the Commission, but shall not file the contract with the SEC or the FERC, whichever is applicable, until at least thirty (30) days after the date that it is filed with the Commission; provided, further, that both such filings shall disclose the Commission Staff's recommendation or the objection(s) regarding

the contract. The contract shall become effective upon receipt of all necessary regulatory authorizations and shall continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.

2. For any Affiliate Contract which PSI is required to file with the Commission pursuant to Ind. Code § 8-1-2-49 (but not required to be filed by PSI with the Commission pursuant Ind. Code §§ 8-1-2-83, 84 or any other Indiana statute) and which PSI is not required to file with the SEC or the FERC, PSI shall, prior to filing the contract with the Commission, submit to the Commission Staff, and provide to the OUCC, a copy of the contract.

   (i) If the Commission Staff clears such Affiliate Contract for filing, or does not comment upon it, and no objections are submitted by the OUCC to PSI (a copy of any such objections to be provided to Commission Staff) during the Review Period for such contract, then PSI may file such contract with the Commission. To the extent that the effectiveness of such contract is not subject to any other necessary regulatory authorizations, such contract shall become effective as of the date that it is filed with the Commission; otherwise, such contract shall become effective as of the first day on which all such necessary regulatory authorizations are received. After becoming effective, such contract shall continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.

   (ii) If during, or upon the expiration of, the Review Period for such Affiliate Contract, the Commission Staff recommends that the Commission reject, disapprove or establish a proceeding to review such contract, or if an objection(s) is submitted by the OUCC to PSI (with a copy to Commission Staff), then PSI may file the contract with the Commission, but such contract shall provide for an effective date no earlier than thirty (30) days after such contract is filed with the Commission. The contract shall become effective upon receipt of all necessary regulatory authorizations and shall

continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.

3. For any Affiliate Contract which PSI is required to file with the Commission pursuant to Ind. Code §§8-1-2-83, 84, or any other applicable Indiana statute which requires specific Commission approval (this does not include Ind. Code §8-1-2-49), PSI shall file such contract with the Commission under a separate docket and such filing shall be handled through the normal procedures established by the Commission for obtaining Commission approval thereof. PSI shall either obtain Commission approval of such contract prior to any required filing of such contract with the SEC or the FERC for such agency's approval or acceptance, or otherwise request that the effective date of such agency's approval or acceptance be no earlier than the date of the Commission's approval of such contract.

4. After an Affiliate Contract has been filed by PSI with the Commission, the Commission may in accordance with Indiana law approve or disapprove the contract. If such contract is also required to be filed by PSI with the SEC or the FERC for such agency's approval or acceptance, then upon any Commission disapproval of the contract:

   (i) If the required approval or acceptance of such contract by the SEC or the FERC, whichever is applicable, has not yet been received by PSI, then PSI will seek to withdraw its filing requesting such agency's approval or acceptance; or

   (ii) If the required approval or acceptance of such contract by the SEC or the FERC, whichever is applicable, has been received and none of the other contracting parties are Utility Affiliates of PSI subject to any other state utility regulatory commission's jurisdiction, then PSI will:

      (a) Terminate such contract pursuant to its terms; or

      (b) At its sole option, take such steps as are necessary to cause such contract to be amended in order to remedy the Commission's

adverse determination with respect to such contract; or

(iii) If the required approval or acceptance of such contract by the SEC or the FERC, whichever is applicable, has been received and one or more of the other contracting parties are Utility Affiliates of PSI subject to another state utility regulatory commission's jurisdiction, then PSI will make a good faith effort to terminate or amend such contract in a manner which remedies the Commission's adverse determination with respect to such contract. If agreement can be reached to terminate or amend the contract in a manner satisfactory to the contracting parties and the representatives of each affected state commission, then PSI shall:

(a) File any such agreed upon amended contract with the Commission and the SEC or the FERC, whichever is applicable, pursuant to this Paragraph (T); or

(b) Make a filing with the Commission, and the SEC or the FERC, whichever is applicable, to terminate the contract.

If no agreement can be reached satisfactory to each contracting party and to each affected state commission, after good faith negotiations, then PSI shall have no further obligations under these Affiliate Standards with respect to such contract.

5. Nothing in these Affiliate Standards affects, modifies or alters in any way the rights and duties of the Commission under applicable state and federal law.

(U) Violations

Any violation of the provisions of these Affiliate Standards shall be subject to the enforcement powers and penalties of the Commission.

(V) Independent Audits

PSI shall fund the cost of four (4) independent audits (up to a total of $400,000) after Merger consummation of PSI's Affiliate-related

transactions to determine compliance with these Affiliate Standards, and to determine that PSI has sufficient controls and training in place to enable compliance with these Affiliate Standards. The results of such audits shall be filed with the Commission.

(W) **Public Utility Holding Company Act of 2005**

If the Public Utility Holding Company Act of 2005 is repealed or materially amended during the time that these Affiliate Standards are in effect and equivalent jurisdiction is not given to another federal agency, then PSI will work with the Commission to ensure that PSI continues to furnish the Commission with the appropriate information to regulate PSI. The Commission may establish its reporting requirements regarding the nature of intercompany transactions concerning PSI and a description of the basis upon which cost allocations and transfer pricing have been established in these transactions.

(X) **No Impairment of Service Company Structure**

These Affiliate Standards are not intended to, and shall not be interpreted to, prohibit or impair the continued existence and operation of the Service Company structure of PSI's Holding Company.

(Y) **No Preclusion of Commission Approved Actions or FERC Pricing Requirements for Affiliate Transactions**

These Affiliate Standards are not intended to, and shall not be interpreted to, preclude PSI from providing to, or receiving from, its Affiliates any Goods, Services, or other resources pursuant to: (i) the provisions of Service Agreements now or hereafter approved by the Commission, including, but not limited to, the Service Agreements identified as Petitioner's Exhibits I-1, I-2 and I-3 in Cause No. 42873 before the Commission; (ii) specific approval of the Commission; or (iii) the FERC's pricing requirements for PSI's Affiliate-related transactions.

(Z) **Affiliate Firm or Unit Power Purchase by PSI for a Term of 5 Years or More**

PSI shall file with the Commission for the Commission's acceptance and approval any proposed purchase of firm power or unit power by PSI from an Affiliate for a term of five (5) years or more.

III. INFORMATIONAL FILINGS

(A) Annual Informational Filings

On an annual basis, PSI shall file with the Commission (and provide to the OUCC) the following information concerning each PSI Affiliate that is: (i) PSI's Holding Company, (ii) a Subsidiary of PSI, (iii) a Utility Affiliate, (iv) a Subsidiary of a Utility Affiliate, or (v) a first tier Subsidiary of PSI's Holding Company:

1. The names and business addresses of the officers and directors of each such Affiliate.

2. A description of each such Affiliate's business purpose(s), including a description of any diversification policy.

3. An organization chart showing PSI, such Affiliates, and their relationship to each other.

4. A description of the method(s) used to identify, value, and record transfers of Assets, Goods and Services between PSI and such Affiliates.

5. A description of the method used to allocate federal and state income tax expense, payments and refunds to PSI and such Affiliates.

6. A description of specific transfers of Assets, Goods or Services between PSI and such Affiliates during the applicable period, and a description of the transfer value(s) utilized for such transfers.

7. A description of specific transfers of personnel between PSI and such Affiliates during the applicable period, and a description of the transfer value(s) utilized for such transfers.

These annual informational filings shall be made as of the last day of April of each calendar year that these Affiliate Standards are in effect.

(B) Additional Annual Informational Filings

On an annual basis, PSI shall file with the Commission (and provide to the OUCC) the following information concerning each

PSI Affiliate that is: (i) PSI's Holding Company, (ii) a Subsidiary of PSI, (iii) a Utility Affiliate, (iv) a Subsidiary of a Utility Affiliate, or (v) a first tier Subsidiary of PSI's Holding Company:

1. The capital structure of each such Affiliate as of the end of the applicable period.

2. A statement of the changes in the capital structure of each such Affiliate during the applicable period.

3. An assessment of the effects on PSI's capital structure and PSI's ability to attract capital due to the activities of each such Affiliate during the applicable period.

4. If requested by the Commission or the OUCC, the names and job descriptions of any employees of PSI transferred to, or for whom seventy-five percent (75%) or more of their time has been allocated to, such an Affiliate during the applicable period.

5. Any amendments to the Utility Money Pool Agreement made in the previous calendar year.

These additional annual informational filings shall be made as of the last day of April of each calendar year that these Affiliate Standards are in effect.

(C) <u>Special Informational Filing</u>

1. In addition to the other filings required by Paragraphs (A) and (B) of this Section III, PSI shall make a special informational filing detailing the transfer by PSI to a Non-Utility Affiliate of: (i) any confidential public utility information, including customer lists, to be used for non-utility purposes; or (ii) any intellectual property whose original cost exceeds $500,000. Such a special informational filing shall address any covered transfers during the applicable period

2. These special informational filings shall be made as of the last day April of each calendar year that these Affiliate Standards are in effect.

(D) <u>Confidentiality Agreement and Protective Orders</u>

PSI shall have the right either to seek a protective order from the

Commission or a court of competent jurisdiction, or to require the OUCC to enter into a reasonable confidentiality agreement, to protect and safeguard confidential, proprietary or competitively sensitive information concerning its Affiliates that may be contained in any of the filings required by this Section III.

IV. DEFINITIONS

When used in these Affiliate Standards, the following terms shall have the respective meanings set forth below, and when the defined meaning is intended the term is initially capitalized.

(A) "Affiliate" means an Entity that is PSI's Holding Company, a Subsidiary of PSI or a Subsidiary of any tier of PSI's Holding Company (other than PSI).

(B) "Affiliate Contract" means an Affiliate Operating Contract, an Affiliate Sales Contract, an Affiliate Surety Contract, a Section 205 Contract, or an amendment to any such contract; provided, however, that "Affiliate Contract" does not include the Service Agreements identified as Petitioner's Exhibits I-1, I-2 and I-3 in Cause No. 42873 before the Commission, but "Affiliate Contract" does include amendments to such Service Agreements.

(C) "Affiliate Operating Contract" means a contract, other than a Section 205 Contract, between PSI and one or more of its Affiliates providing for the operation of any part of PSI's generating, transmission and/or distribution facilities by such Affiliate(s).

(D) "Affiliate Sales Contract" means a contract, other than an Affiliate Operating Contract or a Section 205 Contract, between PSI and one or more of its Affiliates involving the purchase or sale of Assets, Goods or Services.

(E) "Affiliate Surety Contract" means a contract between PSI and one or more of its Affiliates involving the assumption by PSI of any liability as guarantor, endorser, surety, or otherwise in respect of any security or contract of an Affiliate.

(F) "Affiliated Wholesale Power Marketer" means: (i) an Affiliate that is an Exempt Wholesale Generator; (ii) an Affiliate that is a Power Marketer; and (iii) CG&E's electric wholesale merchant and electric generation functions to the extent that such electric wholesale merchant and electric generation functions remain subject to Am. Sub. S.B. 3, Gen. Assem. (Ohio 1999), codified primarily at Ohio

Rev. Code Ann. §4928.01 *et seq.*, to restructure Ohio's electric utility industry so as to achieve retail competition in the electric generation component of public utility service, as in effect on the date of consummation of the Merger, but "Affiliated Wholesale Power Marketer" shall not include CG&E's electric transmission and distribution functions.

(G) "Assets" means any land, plant, equipment, franchises, licenses, or other intangibles, or rights to use assets.

(H) "CG&E" means The Cincinnati Gas & Electric Company, or any successor in interest.

(I) "Commission" means the Indiana Utility Regulatory Commission, or any successor governmental agency.

(J) "Commission Staff" means the staff of the Commission.

(K) "Entity" means a corporation, limited liability company or a natural person.

(L) "Exempt Wholesale Generator" means an Entity which is engaged, directly or indirectly through one or more affiliated Entities, exclusively in the business of owning or operating all or part of a facility for generating electricity and selling electricity at wholesale and who: (i) does not own a facility for the transmission of electricity, other than an essential interconnecting transmission facility necessary to affect a sale of electricity at wholesale; and (ii) has applied to the FERC for a determination under 15 U.S.C. 79z-5a.

(M) "FERC" means the Federal Energy Regulatory Commission, or any successor governmental agency.

(N) "Federal Power Act" means 16 U.S.C. 792 *et seq.*, or any successor statute.

(O) "Goods" means any goods, inventory, products, materials, supplies, appliances, or similar property (but not electric energy and/or capacity)

(P) "Merger" means the merger of Cinergy Corp. and Duke Energy Corporation.

(Q) "Non-Affiliated Wholesale Power Marketer" means: (i) an Exempt Wholesale Generator that is not an Affiliate; and (ii) a Power

Marketer that is not an Affiliate.

(R) "Non-Regulated" means not regulated by a state utility regulatory commission with respect to rates, charges or prices paid by an end-use customer.

(S) "Non-Utility" means not a public utility.

(T) "Non-Utility Affiliate" means an Affiliate which is neither a public utility nor a Utility Service Company.

(U) "OUCC" means the Indiana Office of Utility Consumer Counselor, or any successor governmental agency.

(V) "Power Marketer" means an Entity which: (i) becomes an owner or broker of electricity for the purpose of selling electricity at wholesale; (ii) does not own electric transmission or distribution facilities in a state; (iii) does not have a certified retail electric service area; and (iv) has been granted authority by the FERC to sell electricity at market-based rates.

(W) "PSI" means PSI Energy, Inc., or any successor in interest.

(X) "PSI's Holding Company" means Cinergy Corp. and Duke Energy Corporation, or their respective successors in interest, or any Entity that owns directly or indirectly ten percent (10%) or more of the voting capital stock of Cinergy Corp. or Duke Energy Corporation, or their respective successors in interest; provided, however, for purposes of Section II(B) and Section III of these Affiliate Standards such "ten percent (10%) or more" voting capital stock requirement shall be "fifty percent (50%) or more".

(Y) "Public Utility Holding Company Act of 2005" means Pub. L. No. 109-58, 119 Stat. 594 (2005), §§ 1261 *et seq.*, or any successor statute.

(Z) "Regulated" means regulated by a state utility regulatory commission with respect to rates, charges or prices paid by an end-use customer.

(AA) "Review Period" means a period of thirty (30)-consecutive calendar days commencing on the first day immediately following the date that PSI submits an Affiliate Contract to the Commission's Chief Operating Officer (or such other person as the Commission may designate from time to time) for the Commission's Staff's review, which period precedes PSI's filing of such Affiliate Contract with the

Commission pursuant to Ind. Code § 8-1-2-49, or any successor statute.

(BB) "SEC" means the Securities and Exchange Commission, or any successor governmental agency.

(CC) "Section 205 Contract" means an interconnection, interchange, pooling, operating, transmission, power sale or ancillary power services contract or similar contract entered into between PSI and a Utility Affiliate and/or a Utility Service Company and subject to regulation by the FERC pursuant to Section 205 of the Federal Power Act, 16 U.S.C. 824d, or any successor statute.

(DD) "Service Agreement" means a contract under which a Utility Service Company provides Services.

(EE) "Service Company" means a Utility Service Company.

(FF) "Services" means the performance of activities having value to one party, such as managerial, financial, accounting, legal, engineering, construction, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, and other similar services (but not public utility services).

(GG) "Subsidiary" means any corporation ten percent (10%) or more of whose voting capital stock is controlled by another Entity; Subsidiaries of PSI are those corporations in which PSI owns directly or indirectly (or in combination with PSI's other Affiliates) ten percent (10%) or more of such corporation's voting capital stock; provided, however, for purposes of Section II(B) and Section III of these Affiliate Standards such "ten percent (10%) or more" voting capital stock requirement shall be "fifty percent (50%) or more".

(HH) "Utility Affiliate" means an Affiliate of PSI which is also a public utility.

(II) "Utility Money Pool Agreement" means the agreement identified as Petitioner's Exhibit G-2 in Cause No. 42873 before the Commission.

(JJ) "Utility Service Company" means an Affiliate whose primary business purpose is to provide administrative and general or operating Services to PSI and Utility Affiliate(s).

V. MISCELLANEOUS

(A) Headings

The descriptive headings of the various Sections, Paragraphs, and other provisions of these Affiliate Standards have been inserted for convenience of reference only and shall not define, modify, restrict, construe, or otherwise affect the construction or interpretation of any provisions of these Affiliate Standards.

(B) Changes

No changes to these Affiliate Standards shall be effective unless and until approved by order of the Commission. The effective date of any change to these Affiliate Standards shall be the effective date of the Commission's order approving such change.

(C) Certain Effective Affiliate Contracts

The following Affiliate Contracts shall be effective as of the effective date of the Commission's order approving these Affiliate Standards:

1. The Affiliate Contract identified as Petitioner's Exhibit I-1 in Cause No. 42873 before the Commission;

2. The Affiliate Contract identified as Petitioner's Exhibit I-2 in Cause No. 42873 before the Commission;

3. The Affiliate Contract identified as Petitioner's Exhibit I-3 in Cause No. 42873 before the Commission;

4. The Affiliate Contract identified as Petitioner's Exhibit F-1 in Cause No. 42873 before the Commission; and

5. The Affiliate Contract identified as Petitioner's Exhibit G-2 in Cause No. 42873 before the Commission.

(D) Replacement for Affiliate Guidelines

As of the effective date of these Affiliate Standards, these Affiliate Standards replace and supersede the Affiliate Guidelines included as Section Two of PSI's Retail Electric Tariff, IURC No. 14. PSI shall include these Affiliate Standards as Section Two of its applicable Retail Electric Tariff.

(E) No Affect on Federal Rights

Nothing in these Affiliate Standards shall be interpreted to affect, modify or alter in any way the rights of any Entity to petition the SEC regarding any Affiliate Contract, or to file a complaint with the FERC under Section 206 of the Federal Power Act regarding any Affiliate Contract, or to exercise any right under Section 1275(b) of the Public Utility Holding Company Act of 2005 regarding any Affiliate Contract.