

Duke Energy Indiana, Inc.
Transactions Between Affiliates
Agreed-Upon Procedures
January 1, 2007 Through December 31, 2007

<p>Scope: To ascertain Duke Energy Indiana, Inc.’s (“Company” or Duke Energy Indiana”) compliance with Section Two, Affiliate Standards, included as Attachment 2 to Petitioner’s Exhibit R-1 to the Indiana Utility Regulatory Commission’s (“IURC”) Order in Cause No. 42873, for the period January 1, 2007 through December 31, 2007 (the “Test Period”). The Affiliate Standards require that Duke Energy Indiana contract with an independent auditor to ascertain its compliance with the Affiliate Standards.</p>
<p>Pre-Fieldwork:</p>
<p>Objective #1: To obtain an understanding of the internal processes used to record affiliate transactions and communicate affiliate transactions, as required, to the IURC.</p>
<p>Procedure 1 – Discuss with management the types of affiliate transactions that occur at Duke Energy Indiana and the accounts in which they are recorded, and obtain any policies, procedures or other documents needed to fully understand the transactions that are subject to this engagement.</p>
<p>Procedure 2 – Obtain from Duke Energy and/or Duke Energy Indiana and read the following documents, and any other documents as identified by Duke Energy Indiana management as relevant to this engagement, prior to commencing the engagement:</p> <ul style="list-style-type: none"> • The IURC Final Order in Cause No. 42873, including the Settlement Agreement and Affiliate Standards attached thereto; • Duke Energy Code of Business Ethics Processes; • The market-based rate tariff for Duke Energy Indiana, which includes the FERC Code of Conduct • Cost Allocation Manuals (i.e. for Ohio, Kentucky, and North Carolina).
<p>Objective #2: To develop agreed-upon procedures to be performed in accordance with the requirements of the IURC’s Final Order in Cause No. 42873 and set forth in the Settlement Agreement and Affiliate Standards attached thereto.</p>
<p>Procedure 1 – Discuss agreed-upon procedures with representatives of Duke Energy Indiana and the other Settling Parties, including any materiality thresholds, sampling matters or terminology clarifications, and incorporate comments into work plan.</p>
<p>Procedure 2 – Develop a final work plan incorporating comments from representatives of Duke Energy Indiana and the other Settling Parties.</p>
<p>Procedure 3 – Hold a kickoff meeting involving representatives of the auditor, Duke Energy Indiana and the other Settling Parties.</p>
<p>Objective #3: To develop initial data request to ascertain compliance with the IURC’s Final Order in Cause No. 42873 as set forth in the Settlement Agreement and Affiliate Standards attached.</p>
<p>Procedure 1 – Develop initial data requests which will be issued to the various Duke Energy Indiana departments based on agreed upon procedures as determined by Duke Energy Indiana and the external auditor on this engagement.</p>
<p>Objective: To perform procedures with respect to Duke Energy Indiana’s compliance with Affiliate Standards Part II (Substantive Provisions) and Part III (Informational Filings) included in the IURC Final Order in Cause No. 42873 and set forth in the Settlement Agreement and Affiliate Standards attached thereto.</p>
<p>Standard A. The financial policies and guidelines for transactions between the Duke Energy Indiana and its Affiliates shall reflect the</p>

following principles:

1. Duke Energy Indiana's retail customers shall not subsidize the activities of Duke Energy Indiana's Non-Utility Affiliates or its Utility Affiliates.
2. Neither Duke Energy Indiana's Non-Utility Affiliates nor Duke Energy Indiana's Utility Affiliates shall subsidize the public utility activities of Duke Energy Indiana.
3. Duke Energy Indiana'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 Duke Energy Indiana 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 Duke Energy Indiana's income tax expense allocable to jurisdictional customers.
6. Duke Energy Indiana shall maintain and utilize accounting systems and records that identify and appropriately allocate costs among Duke Energy Indiana and its Affiliates, consistent with these principles.

Standard B.

1. The Commission shall have access to the employees, officers, books and records of any Affiliate of Duke Energy Indiana to the same extent and in like manner that the Commission has over Duke Energy Indiana to the extent that the Affiliate engages in direct or indirect transactions with Duke Energy Indiana. If such employees, officers, books and records cannot be reasonably made available to the Commission, then upon request of the Commission, Duke Energy Indiana 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. Duke Energy Indiana 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 Duke Energy Indiana. 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, Duke Energy Indiana shall make available to the OUCC at reasonable times and places the books and records, and employees and officers of each applicable Affiliate of Duke Energy Indiana, 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, Duke Energy Indiana 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 Duke Energy Indiana 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. Duke Energy Indiana 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.

Standards A and B represent the general objectives that the Affiliate Standards are intended to accomplish. The remaining Affiliate Standards are the means of achieving those objectives, therefore our audit plan focuses on testing the remaining Standards in detail.

Standard C. In accordance with generally accepted accounting principles and consistent with state and federal guidelines, Company shall record all transactions with its Affiliates, whether direct or indirect. Company and its Affiliates shall maintain sufficient records to allow for an audit of the transactions involving Company and its Affiliates. Goods and Services provided by Company to a Non-Utility Affiliate, and Goods and Services provided by a Non-Utility Affiliate to Company, 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 Company to a Non-Utility Affiliate, and asset transfers from a Non-Utility Affiliate to Company, 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.

Procedure 1 – Obtain a copy of the Indiana guidelines governing the recording of affiliate transactions. If none, obtain management representation that such Indiana guidelines do not exist.

Procedure 2 – Identify and obtain copies of federal guidelines governing the recording of transactions (e.g., FERC Uniform System of Accounts, SEC requirements).

Procedure 3 – Obtain a listing from Duke Energy management of Duke Energy Indiana's affiliates including identification of Duke Energy Indiana's non-utility affiliates.

Procedure 4 – Obtain from Duke Energy management a description of the internal controls in place that provide assurance to management that Duke Energy Indiana records transactions with its affiliates in accordance with GAAP and with state and federal guidelines as identified in Procedures 1 and 2.

Procedure 5 – Inquire of Duke Energy Indiana management whether the activity in FERC accounts 145 (Notes Receivable from Affiliates), 146 (Accounts Receivable from Affiliates), 233 (Notes Payable to Affiliates), and 234 (Accounts Payable to Affiliates) represent the entire population of transactions between Duke Energy Indiana and its affiliates, or if there are other balance sheet accounts in which affiliate transactions would be initially recorded.

Procedure 6 – Obtain from Duke Energy Indiana management the balances in FERC accounts 145, 146, 233 and 234 at December 31, 2006 and December 31, 2007, along with the population of transactions included in these accounts between Duke Energy Indiana and its affiliates,

for each month of the Test Period, in a form that will enable identification and retrieval of the originating transaction. Obtain such data for any additional balance sheet accounts in which affiliate transactions would be initially recorded as identified in Procedure 5.
Procedure 7 – Agree the account balances received in Procedure 6 to Duke Energy Indiana’s detailed General Ledger.
Procedure 8 – Determine random sample size (minimum of ___ selection(s) per month, if any, with a maximum of ___ allocated overhead selections to be included in the sample) and sample the population of transactions and proceed to next step.
Procedure 9 – Provide sample selections to designated Duke Energy Indiana personnel and obtain source documentation, allocation methodology, and percentages used to allocate costs for each selection.
Procedure 10 – Using the source document and the allocation percentages for each selection, recalculate the allocation of costs.
Procedure 11 – Obtain from Duke Energy Indiana management a listing of all FERC accounts in which asset transfers (e.g., utility plant, emission allowances, materials and supplies) between Duke Energy Indiana and its non-utility affiliates would be recorded.
Procedure 12 – Obtain from Duke Energy Indiana management the balances in all FERC accounts identified in Procedure 11 at December 31, 2006 and December 31, 2007, along with the population of asset transfers (e.g., utility plant, emission allowances, materials and supplies), for each month of the Test Period, in a form that will enable identification and retrieval of the originating transaction.
Procedure 13 – Agree the account balances received in Procedure 12 to Duke Energy Indiana’s detailed General Ledger.
Procedure 14 – Obtain from Duke Energy management the definition of an asset as it is to be used in the procedures related to asset transfers (e.g., unit, single item).
Procedure 15 – Identify the asset transfers between Duke Energy Indiana and its non-utility affiliates greater than \$ _____. Any such transfers will be subject to further procedures as outlined in Procedure 16 thru Procedure 19
Procedure 16 – If required by the size of the population, determine the sample size (minimum of ___ selections, if any), and randomly sample the population of transactions and proceed to the next step.
Procedure 17 – For the population to be inspected, inquire of management and note whether the asset was purchased in the marketplace from a non-affiliate or was constructed by Duke Energy Indiana or a non-utility affiliate.
Procedure 18 – For assets that were purchased in the marketplace from a non-utility affiliate, note whether the purchase price less accumulated depreciation (net book value) at date of transfer equals the value at which the asset was transferred.
Procedure 19 – For assets that were constructed by Duke Energy Indiana or a non-utility affiliate, note whether the transfer price of the asset at date of transfer equals the underlying cost records, including allocated overheads and AFUDC, less accumulated depreciation.
Procedure 20 – Obtain from Duke Energy management copies of Duke Energy’s corporate guidelines related to compliance with the “at cost” standard as referenced in FERC Order No. 665.
<p>Standard D. Company 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 Company’s assets. The financial arrangements of Company’s Affiliates are subject to the following restrictions unless otherwise approved by the Commission:</p> <ol style="list-style-type: none"> 1. Any indebtedness incurred by a Non-Utility Affiliate shall be without recourse to Company. 2. Company shall not enter into any agreements under terms of which Company is obligated to commit funds in order to maintain the financial viability of a Non-Utility Affiliate. 3. Company shall not make any investment in a Non-Utility Affiliate under circumstances in which Company 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.

<p>4. Company shall not issue any security for the purpose of financing the acquisition, ownership, or operation of a Non-Utility Affiliate.</p> <p>5. Company shall not assume any obligation or liability as guarantor, endorser, surety, or otherwise in respect of any security of a Non-Utility Affiliate.</p> <p>6. Company shall not pledge, mortgage or otherwise use as collateral any assets of Company for the benefit of a Non-Utility Affiliate.</p> <p>7. Company shall hold harmless the retail customers of Company from any adverse effects of Company credit rating declines caused by the actions of Non-Utility Affiliates.</p>
<p>Procedure 1 – Obtain a listing from Duke Energy management of any arrangements entered into by Duke Energy Indiana that would permit a creditor of a non-utility affiliate to have recourse to Duke Energy Indiana’s assets as detailed in Items 1. through 7. of Affiliate Standard D, if any. If none, obtain Duke Energy management representation stating no such arrangements existed during the Test Period.</p>
<p>Procedure 2 – For any arrangements identified by Duke Energy management in Procedure 1, obtain copies of the documents that include provisions that would permit a creditor of a non-utility affiliate to have recourse to Duke Energy Indiana’s assets.</p>
<p>Procedure 3 – Read copies of documents of Duke Energy Indiana’s non-utility affiliates obtained in Procedure 2, and note provisions, if any, that would permit a creditor of a non-utility affiliate recourse to Duke Energy Indiana’s assets. (Item 1)</p>
<p>Procedure 4 – Obtain and read copies of any agreements entered into by Duke Energy Indiana whereby Duke Energy Indiana is obligated to commit funds in order to maintain the financial viability of a non-utility affiliate, and note any such provisions. (Item 2)</p>
<p>Procedure 5 – Obtain and read copies of Duke Energy Indiana’s Balance Sheets at December 31, 2006 and December 31, 2007 and note any balance in FERC accounts 123 (Investment in Associated Companies) or 136 (Temporary Cash Investments) and any other account identified by Duke Energy Indiana management in which an investment in a non-utility affiliate would be recorded. (Item 3)</p>
<p>Procedure 6 – Through inspection of the components of the balances of FERC accounts 123 and 136 or any other account identified by Duke Energy management, note whether Duke Energy Indiana has made any investment in a non-utility affiliate. Where such investments are noted, inquire of management whether, under the terms of the investment, Duke Energy Indiana would be liable for the debts and/or liabilities of a non-utility affiliate incurred as a result of acts or omissions of a non-utility affiliate. If none, obtain Duke Energy management representation stating no such terms existed during the Test Period. (Item 3)</p>
<p>Procedure 7 – Obtain and read the debt instruments related to any investments identified in Procedure 6 for provisions in which Duke Energy Indiana is liable for the debts and/or liabilities of a non-utility affiliate incurred as a result of acts or omissions of a non-utility affiliate. (Item 3)</p>
<p>Procedure 8 – Obtain and read Duke Energy Indiana’s Balance Sheets at, and Statements of Cash Flows for, the periods ended December 31, 2006 and December 31, 2007 and note any debt or equity securities issued. Inquire of Duke Energy management whether any debt or equity securities have been issued by Duke Energy Indiana, and obtain documentation of each security identified. If none, obtain Duke Energy management representation stating no such securities existed during the Test Period. (Item 4)</p>
<p>Procedure 9 – Obtain and read documentation for each debt or equity security issued during the Test Period for provisions where the purpose of the security is to finance the acquisition, ownership or operation of a non-utility affiliate. (Item 4)</p>
<p>Procedure 10 – Obtain and read documentation for each debt security of Duke Energy Indiana’s non-utility affiliates issued during the Test Period, if any, and note whether Duke Energy Indiana assumed an obligation or liability as guarantor, endorser, surety, or otherwise with respect to any such debt security of a non-utility affiliate. If none, obtain Duke Energy management representation stating that no such obligations existed during the Test Period. (Item 5)</p>

Procedure 11 – Read copies of debt instruments of Duke Energy Indiana’s non-utility affiliates issued during the Test Period and note whether Duke Energy Indiana pledged, mortgaged, or used any assets of Duke Energy Indiana as collateral for the benefit of a non-utility affiliate. If none, obtain Duke Energy management representation stating that no such collateral provisions existed during the Test Period. (Item 6)
Procedure 12 – Obtain Duke Energy management representation that Duke Energy shall hold harmless the retail customers of Duke Energy Indiana from any adverse effects of credit rating declines caused by the actions of non-utility affiliates. (Item 7)
Standard E. Any untariffed, Non-Utility Services provided by Company or the Service Company to any Affiliate shall be itemized in accounting entries (including electronic entries) pursuant to a written contract or written arrangement. Company 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 Company or the Service Company and Company’s Affiliates that relate to the provision of such untariffed, Non-Utility Services.
Procedure 1 – Obtain a listing from Duke Energy Indiana management which identifies all affiliates to whom Duke Energy Indiana provides untariffed, non-utility services and all affiliates to whom the Service company provides untariffed, non-utility services.
Procedure 2 – Obtain a listing of the untariffed, non-utility services provided by a) Duke Energy Indiana to any affiliate, b) Service Company to any affiliate.
Procedure 3 – Obtain copies of Duke Energy Indiana’s detailed General Ledger at December 31, 2006 and December 31, 2007 and identify transactions in FERC account 146 (Accounts Receivable from Associated Companies) and FERC account 234 (Accounts Payable to Associated Companies) for receivables from and payables to affiliates as identified in Procedures 1 and 2.
Procedure 4 – Obtain and read copies of Duke Energy’s Form 10-K and Duke Energy Indiana’s Form 10-K for the years ended December 31, 2006 and December 31, 2007; and Duke Energy’s Form 10-Q and Duke Energy Indiana’s Form 10-Q for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007 and note any disclosed untariffed, non-utility services provided by Duke Energy Indiana to its affiliates, or by the Service Company to any affiliate.
Procedure 5 – Obtain and read written contracts, service agreements, or other forms of written arrangements for the provision of untariffed, non-utility services identified in Procedures 1, 2, 3 and 4.
Procedure 6 – Obtain, from Duke Energy management, Duke Energy’s retention policies for accounting entries, contracts and other written arrangements related to the provision of non-utility services to affiliates.
Procedure 7 – Randomly sample accounting entries (minimum of __ selection(s) per month, if any) for the non-utility services provided by Duke Energy Indiana to affiliates and by the Service Company to any affiliate for: <ul style="list-style-type: none"> • Retention, by both parties, in accordance with Duke Energy policy; • Itemization of services provided.
Standard F. Any Goods or Services provided by a Non-Utility Affiliate to Company shall be itemized in accounting entries (including electronic entries) pursuant to a written contract or written arrangement. Company 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 Company and its Non-Utility Affiliates that relate to the provision of such Goods and Services in accordance with the Commission’s retention requirements.
Procedure 1 – Obtain a listing from Duke Energy management which identifies all non-utility affiliates that provide any good or service to Duke Energy Indiana.
Procedure 2 – Obtain a listing of the goods and services provided by the non-utility affiliates, identified in Procedure 1, to Duke Energy

Indiana during the Test Period.
Procedure 3 – Obtain copies of Duke Energy Indiana’s detailed General Ledger at December 31, 2006 and December 31, 2007 and identify transactions in FERC account 146 (Accounts Receivable from Associated Companies) and FERC account 234 (Accounts Payable to Associated Companies) for receivables from and payables to non-utility affiliates as identified in Procedures 1 and 2.
Procedure 4 – Obtain and read copies of Duke Energy’s Form 10-K and Duke Energy Indiana’s Form 10-K for the years ended December 31, 2006 and December 31, 2007 and Duke Energy’s Form 10-Q and Duke Energy Indiana’s Form 10-Q for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007 and note any disclosed goods or services provided by a non-utility affiliate to Duke Energy Indiana.
Procedure 5 – Obtain and read written contracts, service agreements, or other forms of written arrangements for the provision of the goods or services identified in Procedures 1, 2, 3 and 4.
Procedure 6 – Obtain and read the IURC retention requirements for accounting entries, contracts and other written arrangements related to the provision of goods or services to an affiliate.
Procedure 7 – Randomly sample accounting entries (minimum of ___ per month, if any) at Duke Energy Indiana and at the non-utility affiliate for: <ul style="list-style-type: none"> • Retention, by both parties, in accordance with IURC retention requirements; • Itemization of goods and services provided.
Standard G. Employees responsible for directing, organizing and executing the business decisions of Company’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. Company shall document all employee movement between and among Company and its Affiliates. Such information shall be made available to the Commission and the OUCC upon request.
Procedure 1 – Obtain a listing from Duke Energy management identifying all affiliated wholesale power marketers, if any. If none, obtain Duke Energy management representation stating that Duke Energy Indiana had no affiliated wholesale power marketers during the Test Period.
Procedure 2 – Read Duke Energy’s 2007 Form 10-K and DEI’s 2007 Form 10-K; agree listing obtained from Procedure 1 above of all affiliated wholesale power marketers to those noted in the Form 10-Ks, if any.
Procedure 3 – Obtain a listing from Duke Energy’s Human Resources (HR) department which identifies the physical location of Duke Energy Indiana employees responsible for Duke Energy Indiana’s wholesale merchant or generation functions and those employees of affiliated wholesale power marketers and note those who work in the same physical location, if any. If none, obtain Duke Energy management representation stating that no Duke Energy Indiana employees worked in the same location as the employees of affiliated wholesale power marketers during the Test Period.
Procedure 4 – Inquire of Duke Energy management whether employees of the affiliated wholesale power marketer(s) operate independently of the employees responsible for Duke Energy Indiana’s wholesale merchant or generation functions and obtain Duke Energy management representation of management’s response.
Procedure 5 – Obtain documentation from Duke Energy’s HR department detailing all employee movement between all affiliates during the Test Period.
Procedure 6 – Using documentation of the employee movement as obtained in Procedure 5, identify all movement between Duke Energy Indiana and affiliated wholesale power marketers.

Procedure 7 – If required by the population size, randomly select no fewer than __ employees from those employees identified in Procedure 6 and obtain job descriptions for the positions moved from and to for each employee. Such job descriptions will describe the type of duties included in each position.
Procedure 8 – Obtain from Duke Energy management Duke Energy’s policies regarding information sharing between Duke Energy Indiana and affiliated wholesale power marketers.
Standard H. Except as provided in Standard (L) or Standard (M), Company may not own property in common with an Affiliated Wholesale Power Marketer.
Procedure 1 – Obtain and read the detailed General Ledgers of Duke Energy Indiana’s affiliated wholesale power marketers, if any, as of December 31, 2006 and December 31, 2007 and note property ownership.
Procedure 2 – Obtain a listing from Duke Energy management that describes any joint ownership of property between Duke Energy Indiana and its affiliated wholesale power marketers, if any. If none, obtain Duke Energy management representation stating that no such joint ownership existed during the Test Period.
Procedure 3 – Obtain and read the property records for any property identified in Procedure 1, note any joint ownership of property with Duke Energy Indiana, and agree listing of all joint ownership obtained in Procedure 2 to joint ownership noted in the property records.
Standard I. No market information (within the meaning of the FERC’s code of conduct requirements) obtained by Company 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 Company 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.
Procedure 1 – Obtain, from Duke Energy management, copies of Duke Energy’s policies and procedures in place to: <ul style="list-style-type: none"> • Prevent sharing of market information obtained in the conduct of utility business 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; • Publicly disseminate or simultaneously share market information provided to an affiliated wholesale power marketer with all non-affiliated entities who have requested such information; • Prevent the sharing of customer specific information with an affiliated wholesale power marketer unless it is made available under the same terms and conditions as those applicable to a non-affiliated company; • Obtain the written consent of a customer whose specific customer information is to be provided to an affiliated wholesale power marketer or a non-affiliated company.
Procedure 2 – Obtain from Duke Energy management copies of requests for Duke Energy Indiana market information made by non-affiliated entities during the Test Period, if any. If none, obtain Duke Energy Indiana management representation stating that no such requests were made during the Test Period.
Procedure 3 – Obtain documentation from Duke Energy management identifying Duke Energy Indiana market information obtained in the conduct of utility business which was shared with an affiliated wholesale power marketer, if any. If none, obtain Duke Energy management representation stating that no Duke Energy Indiana market information was shared with an affiliated wholesale power marketer during the Test

Period.
Procedure 4 – If any Duke Energy Indiana market information was provided to an affiliated wholesale power marketer by Duke Energy Indiana, as identified in Procedure 3, observe the methodology (e.g., electronic bulletin board) employed to publicly disseminate or simultaneously share and make available such information to all non-affiliated entities who have requested such information.
Procedure 5 – Obtain documentation from Duke Energy management identifying Duke Energy Indiana customer specific information that was made available to an affiliated wholesale power marketer or non-affiliated company, if any. If none, obtain Duke Energy management representation stating that no Duke Energy Indiana customer specific information was made available to an affiliated wholesale power marketer or a non-affiliated company during the Test Period.
Procedure 6 – If any Duke Energy Indiana customer specific information was made available, as identified in Procedure 5, obtain documentation regarding the terms and conditions under which it was provided and compare the terms and conditions for affiliates and non-affiliates noting any that were different.
Procedure 7 – For each customer whose information was made available, obtain and inspect copies of the written consent(s) provided by the Duke Energy Indiana customer(s) whose specific information was made available to an affiliated wholesale power marketer or non-affiliated company, for the presence of the specific information to be released.
Standard J. A Non-Utility Affiliate may use Company’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 Company; and (iii) the customer will gain no advantage from Company by buying from the Affiliate.
Procedure 1 – Obtain from Duke Energy management identification of the name and logo used by Duke Energy Indiana.
Procedure 2 – Obtain a listing from Duke Energy management of all non-utility affiliates who use Duke Energy Indiana’s name or logo as identified in Procedure 1, if any. If none, obtain Duke Energy management representation stating that no non-utility affiliates used Duke Energy Indiana’s name or logo during the Test Period.
Procedure 3 – For any non-utility affiliate that uses Duke Energy Indiana’s name or logo, obtain a copy of the agreement authorizing such use including the disclaimer.
Procedure 4 – Inspect the disclaimer for the presence of the IURC’s required disclosures.
Standard K. Company 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.
Procedure 1 – For affiliated wholesale power marketers, obtain the affiliated wholesale power marketer’s contracts with Duke Energy Indiana customers and read for the presence of tying arrangements.
Procedure 2 – Randomly select no fewer than __ customers from the list of Duke Energy Indiana customers having contracts with any affiliated wholesale power marketers, if any, identified in Procedure 1.
Procedure 3 – Contact the customers selected in Procedure 2 and inquire of each whether Duke Energy Indiana conditioned or tied the provision of any product, service, pricing benefit, or waiver of associated terms or conditions to the purchase of any good or service from its affiliated wholesale power marketer.
Standard L. Except as provided in Standard (M) 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 Company; 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 Company 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.

Procedure 1 – Obtain and inspect information (e.g., floor plans, lease agreements, physical locations) related to office space occupied by Duke Energy Indiana and any affiliated wholesale power marketers, and note any space occupied by both Duke Energy Indiana and an affiliated wholesale power marketer. If none, obtain Duke Energy management representation stating that no office space was occupied by Duke Energy Indiana and an affiliated wholesale power marketer during the Test Period.

Procedure 2 – For office space occupied by both Duke Energy Indiana and an affiliated wholesale power marketer, obtain a listing from management of any shared office equipment. For purposes of these procedures, office equipment is defined as computers, printers, servers (other than that necessary for the provision of corporate support services) and copiers. If none, obtain Duke Energy management representation stating that no office equipment is shared by Duke Energy Indiana and an affiliated wholesale power marketer.

Procedure 3 – Visit one Duke Energy Indiana location and one affiliated wholesale power marketer location, if any, observing the operations and inquiring of appropriate management personnel at the selected location(s) whether office space and/or office equipment is shared between Duke Energy Indiana and an affiliated wholesale power marketer. If Duke Energy Indiana and an affiliated wholesale power marketer occupy the same office space, that location will be selected for the affiliated wholesale power marketer visit.

Procedure 4 – Other than computer systems and information systems shared between Duke Energy Indiana and an affiliated wholesale power marketer as necessary for the provision of corporate support services or other shared services, obtain a listing from Duke Energy management of any shared computer systems and information systems. If none, obtain Duke Energy management representation stating that no computer systems and information systems were shared between Duke Energy Indiana and an affiliated wholesale power marketer other than for the provision of corporate support services or other shared services during the Test Period.

Procedure 5 – For any computer systems and information systems shared, take steps to verify that the systems used by Duke Energy Indiana are secured such that the affiliated wholesale power marketer cannot access Duke Energy Indiana operating data.

Procedure 6 – For any office space shared, take steps to verify that the office space is secured such that employees of Duke Energy Indiana cannot access the designated office space of the affiliated wholesale power marketer, and the employees of the affiliated wholesale power marketer cannot access the designated office space of Duke Energy Indiana.

Standard M.

1. Computer systems and information systems may be shared between Company and Non-Utility Affiliates only to the extent necessary for the provision of corporate support services or other shared services; provided, however, Company 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 Company 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.

Procedure 1 – Obtain documentation from Duke Energy management listing any computer systems and information systems that are shared between Duke Energy Indiana and its non-utility affiliates. For those that are shared, obtain documentation indicating whether the sharing

arrangements are for corporate support services or other shared services, or are otherwise governed by any of the various Service Agreements approved by the IURC (Exhibits I-1, I-2 and I-3 in Cause No. 42873).
Procedure 2 – For all computer systems and information systems identified in Procedure 1, discuss with personnel in Duke Energy’s Enterprise Business Services organization the security measures and other safeguards in place to prevent non-utility affiliates from accessing customer or market information and obtain documentation, if any, describing such security measures or other safeguards.
Procedure 3 – Inquire of Duke Energy’s Enterprise Business Services organization where customer or market information is located on Duke Energy Indiana’s information systems and what measures (e.g., pass codes) are in place to prevent Duke Energy Indiana’s non-utility affiliates from accessing Duke Energy Indiana’s customer or market information.
Procedure 4 – Obtain a current listing of Duke Energy employees with access to Duke Energy Indiana customer or market information from Duke Energy management, including the system access information for each employee identified.
Procedure 5 – Randomly select __ employee(s) from Procedure 4.
Procedure 6 – For each employee selected in Procedure 5, obtain documentation from Duke Energy’s HR department listing each employee’s job title and where the employee is employed or works, and compare to the system access listing for each employee.
Procedure 7 – For each employee selected in Standard G, Procedure 7, compare the transferred employee’s job description to the system access list, if any, to which the employee is assigned.
Procedure 8 – For each employee selected in Procedure 5, along with an IT representative, observe the level of information is able to access based upon the employee’s Logon ID.
Standard N. Company 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 Company 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.
Procedure 1 – Obtain from Duke Energy management a listing of all affiliates to which Duke Energy Indiana provides corporate support services, including a description of any services provided. If none, obtain Duke Energy management representation stating that Duke Energy Indiana provided no corporate support services to any affiliates during the Test Period.
Procedure 2 – Obtain the service agreements between Duke Energy Indiana and its affiliates for the services, if any, identified in Procedure 1, and agree to the documentation obtained in Procedure 1.
Procedure 3 – Obtain from Duke Energy management a listing of all Duke Energy Indiana affiliates that provide corporate support services to Duke Energy Indiana, including a description of any services provided. If none, obtain Duke Energy management representation stating that Duke Energy Indiana received no corporate support services from any affiliates during the Test Period.
Procedure 4 – Obtain the service agreements between Duke Energy Indiana and its affiliates for the services, if any, identified in Procedure 3, and agree to the documentation obtained in Procedure 3.
Procedure 5 – For the corporate support services identified in Procedures 1 and 3, obtain documentation from Duke Energy management detailing the internal controls in place to ensure that the provision of corporate support services does not allow or provide a means for the transfer of confidential information from Duke Energy Indiana 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 rules.

<p>Standard O. Except as provided in Standard (N), Company 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. Company shall process all requests for Goods or Services from Affiliated and Non-Affiliated Wholesale Power Marketers on a non-discriminatory basis.</p>
<p>Procedure 1 – Obtain from Duke Energy management a listing of all products or services, other than corporate support services, provided by Duke Energy Indiana to an affiliated wholesale power marketer. If none, obtain Duke Energy management representation stating that no such products or services were provided by Duke Energy Indiana to an affiliated wholesale power marketer during the Test Period.</p>
<p>Procedure 2 – For any products or services identified in Procedure 1, obtain from Duke Energy management documentation regarding the procedures in place to ensure that Duke Energy Indiana processes all requests for products or services from affiliated and non-affiliated wholesale power marketers on the same terms, conditions and prices, and at the same time as they are made available on a non-discriminatory basis.</p>
<p>Procedure 3 – For any products or services identified in Procedure 1, obtain pricing information related to the price charged for such products or services and any terms and conditions related to the provision of such products and services.</p>
<p>Procedure 4 – Compare the pricing information and terms and conditions obtained in Procedure 3 to pricing sheets or terms and conditions for the same products or services offered to non-affiliated wholesale power marketers and note any differences.</p>
<p>Standard P. If Company provides both Regulated and Non-Regulated Services or Goods, or if an Affiliate provides Services or Goods to Company, Company and such Affiliate shall maintain documentation in the form of written agreements, an organization chart (depicting Company 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 Standard II. (B) of the Affiliate Standards.</p>
<p>Procedure 1 – Obtain and read documentation maintained by Duke Energy as required by Standard P.</p>
<p>Procedure 2 – Note whether the documentation obtained in Procedure 1 describes how costs are allocated between regulated and non-regulated services or products.</p>
<p>Standard Q. Company shall designate an employee who will act as a contact for the Commission and the OUCC seeking data and information regarding Company’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 Company and its Affiliates, regardless of the Affiliate(s) from which the information is sought.</p>
<p>Procedure 1 – Obtain a listing from Duke Energy management of the employee(s) name(s), including job title(s), responsible for acting as a contact for the IURC and the Indiana consumer advocate regarding transactions between Duke Energy Indiana and its affiliates.</p>
<p>Standard R. Company 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 Company representative shall be able to deal with billing, maintenance and service reliability issues.</p>
<p>Procedure 1 – Obtain a listing from Duke Energy management of the employee(s) name(s), including job title(s), responsible for acting as a contact for retail customers regarding service and reliability concerns, as well as billing and maintenance issues.</p>
<p>Standard S. Company 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.</p>

Procedure 1 – Obtain a listing from Duke Energy management of the employee(s) name(s), including job title(s), responsible for working with the IURC and the Indiana consumer advocate concerning state regulatory matters.

Procedure 2 – Obtain and read the most current list of employees, as identified in Procedure 1, provided to the IURC including documentation indicating the date the information was filed at the IURC.

Procedure 3 – Inquire of Duke Energy’s HR department whether the employees included on the list provided to the IURC, as identified in Procedure 1, are currently employed by Duke Energy.

Standard T. Any filings of Affiliate Contracts which Company 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 Company is required to file with the Commission pursuant to Ind. Code § 8-1-2-49 (but not required to be filed by Company with the Commission pursuant Ind. Code §§ 8-1-2-83, 84 or any other Indiana statute), Company 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 Company (a copy of any such objections to be provided to Commission Staff) during the Review Period for such contract, then Company 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 Company (with a copy to Commission Staff), then Company 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 Company is required to file with the Commission pursuant to Ind. Code § 8-1-2-49 (but not required to be filed by Company with the Commission pursuant Ind. Code §§ 8-1-2-83, 84 or any other Indiana statute) and which Company is not required to file with the SEC or the FERC, Company 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 Company (a copy of any such objections to be provided to Commission Staff) during the Review Period for such

contract, then Company 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 Company (with a copy to Commission Staff), then Company 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 Company 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), Company 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. Company 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 Company 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 Company 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 Company, then Company 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 Company subject to any other state utility regulatory commission's jurisdiction, then Company 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 Company subject to another state utility regulatory commission's jurisdiction, then Company 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 Company 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 Company 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.

Procedure 1 – Obtain a listing of all affiliate contracts, including service agreements, filed with the SEC or FERC during the Test Period. If none, obtain Duke Energy management representation stating that no such agreements were filed with the SEC or FERC during the Test Period. (Item 1)

Procedure 2 – For each affiliate contract identified in Procedure 1, obtain copies of transmittal letters to the SEC or FERC that include the date of the filing. (Item 1)

Procedure 3 – For each affiliate contract identified in Procedure 1, obtain copies of transmittal letters to the IURC and OUCC that include the date of transmittal. (Item 1)

Procedure 4 – For each affiliate contract identified in Procedure 1, compare the date of filing at the SEC or FERC and the date of transmittal to the IURC and OUCC and note any that were not submitted to the IURC and OUCC thirty days prior to filing at the SEC and FERC. (Item 1)

Procedure 5 – For each affiliate contract identified in Procedure 1, obtain evidence, if any, that the OUCC submitted an objection to the contract or that the IURC Staff recommended the IURC reject, disapprove or establish a proceeding to review such contract. If none, obtain OUCC/IURC management representation respectively, stating that no such objections were submitted by the OUCC, and no such rejections, disapprovals or reviews were made by the IURC during the Test Period. (Item 1)

Procedure 6 – For each OUCC objection and IURC rejection, disapproval or review of an affiliate contract identified in Procedure 5, obtain evidence that the affiliate contract was not filed on behalf of Duke Energy Indiana with the SEC and/or the FERC until at least thirty days after the date the affiliate contract was filed with the IURC. (Item 1)

Procedure 7 – For each OUCC objection and IURC rejection, disapproval or review of an affiliate contract identified in Procedure 5, obtain evidence that Duke Energy Indiana disclosed to the SEC and/or the FERC the IURC Staff's recommendation or the objection(s) regarding the contract. (Item 1)

Procedure 8 – Obtain a listing of all affiliate contracts, including service agreements, not required to be filed with the SEC or the FERC that were required to be filed with the IURC and OUCC during the Test Period. If none, obtain Duke Energy management representation stating that no such agreements were filed with the IURC and OUCC during the Test Period. (Item 2)
Procedure 9 – For each affiliate contract identified in Procedure 8, obtain copies of transmittal letters to the IURC and OUCC that include the date of submittal of the affiliate contract. (Item 2)
Procedure 10 – For each affiliate contract identified in Procedure 8, compare the date of submittal of the affiliate contract to the IURC and OUCC to the date the affiliate contract was filed with the IURC and OUCC. (Item 2)
Procedure 11 – For each affiliate contract identified in Procedure 8, obtain evidence, if any, that the OUCC submitted an objection to the contract or that the IURC Staff recommended the IURC reject, disapprove or establish a proceeding to review such contract. If none, obtain OUCC/IURC management representation stating that no such objections were submitted respectively by the OUCC, and no such rejections, disapprovals or reviews were made by the IURC during the Test Period. (Item 2)
Procedure 12 – For each OUCC objection and IURC rejection, disapproval or review of an affiliate contract identified in Procedure 12, obtain evidence that the effective date of the affiliate contract was no earlier than thirty days after the contract was filed with the IURC. (Item 2)
Procedure 13 – Obtain a listing of all affiliate contracts, including service agreements, filed with the IURC during the Test Period that require specific IURC approval. If none, obtain Duke Energy management representation stating that no such agreements were filed with the IURC during the Test Period. (Item 3)
Procedure 14 – For each affiliate contract identified in Procedure 13, obtain evidence that Duke Energy Indiana filed the affiliate contract with the IURC under a separate docket. (Item 3)
Procedure 15 – For each affiliate contract identified in Procedure 13, obtain evidence that Duke Energy Indiana obtained IURC approval of the affiliate contract prior to filing with the SEC and/or the FERC for such agency’s approval or acceptance. (Item 3)
Procedure 16 – For any affiliate contracts identified in Procedure 15 for which Duke Energy Indiana did not obtain IURC approval prior to filing with the SEC and/or FERC, obtain evidence that the effective date of such agency’s approval or acceptance is no earlier than the date of the IURC’s approval of the affiliate contract(s). (Item 3)
Procedure 17 – Obtain a listing of all affiliate contracts filed with the IURC during the Test Period that the IURC subsequently disapproved. If none, obtain IURC management representation stating that no such contracts were disapproved by the IURC during the Test Period. (Item 4)
Procedure 18 – For each affiliate contract identified in Procedure 17, determine which contracts, if any, also required SEC and/or FERC approval or acceptance. If none, obtain Duke Energy management representation stating that no such contracts required SEC and/or FERC approval or acceptance during the Test Period. (Item 4)
Procedure 19 – For affiliate contract(s) identified in Procedure 18, obtain evidence indicating the date of IURC disapproval of the contract(s). (Item 4)
Procedure 20 – For affiliate contract(s) identified in Procedure 18, obtain evidence indicating the date of approval or acceptance of the contract(s) by the SEC and/or the FERC. (Item 4)
Procedure 21 – For affiliate contract(s) identified in Procedure 18 for which the date of the IURC disapproval preceded the date of the approval or acceptance by the SEC and/or the FERC, obtain evidence that Duke Energy Indiana sought to withdraw its filing requesting such agency’s approval or acceptance. (Item 4)
Procedure 22 – For affiliate contract(s) identified in Procedure 18 for which SEC and/or FERC approval has been received, verify that none of

the other contracting parties are Duke Energy Indiana affiliates subject to any other state regulatory commission's jurisdiction. (Item 4)
Procedure 23 – For affiliate contract(s) identified in Procedure 22, obtain evidence that Duke Energy Indiana terminated the contract pursuant to the contract's terms. (Item 4)
Procedure 24 – For affiliate contract(s) identified in Procedure 23 that were not terminated, obtain evidence that Duke Energy Indiana took the necessary steps to amend the contract to the IURC's satisfaction, including evidence of the subsequent IURC approval. (Item 4)
Procedure 25 – For affiliate contract(s) identified in Procedure 22 for which SEC and/or FERC approval has been received, obtain a list of those that involve other contracting parties that are Duke Energy Indiana affiliates subject to another state utility regulatory commission's jurisdiction. If none, obtain Duke Energy management representation stating that no such contracts involved Duke Energy Indiana affiliates subject to other state utility regulatory commissions during the Test Period. (Item 4)
Procedure 26 – For affiliate contract(s) identified in Procedure 25, obtain evidence that Duke Energy Indiana made a good faith effort to file with the IURC, and the SEC and/or the FERC, an amended contract that remedies the IURC's adverse determination, or otherwise filed with the IURC to terminate the contract. (Item 4)
Procedure 27 – For affiliate contract(s) identified in Procedure 25, obtain evidence that Duke Energy Indiana made a filing with the IURC, and the SEC and/or FERC, to terminate the contract. (Item 4)
Standard U: Any violation of the provisions of these Affiliate Standards shall be subject to the enforcement powers and penalties of the Commission.
Standard U is listed for reference purposes.
Standard V: Company shall fund the cost of four (4) independent audits (up to a total of \$400,000) after Merger consummation of Company's Affiliate-related transactions to determine compliance with these Affiliate Standards, and to determine that Company 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.
Procedure 1 – Obtain and review Sarbanes documents prepared or updated during the Test Period relating to the Affiliate Standards.
Procedure 2 – Obtain and review any other documented internal controls associated with these Affiliate Standards.
Procedure 3 – Obtain a listing of all training sessions conducted during the Test Period associated with these Affiliate Standards. Note the dates the training was completed and which departments completed the training. Ascertain whether the appropriate employees received the relevant training.
Standard W: 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 Company will work with the Commission to ensure that Company continues to furnish the Commission with the appropriate information to regulate Company. The Commission may establish its reporting requirements regarding the nature of intercompany transactions concerning Company and a description of the basis upon which cost allocations and transfer pricing have been established in these transactions.
Standard X: 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 Duke Energy Indiana's Holding Company.
Standard Y: These Affiliate Standards are not intended to, and shall not be interpreted to, preclude Company 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 Company's Affiliate-related transactions.

Standards W, X and Y are listed for reference purposes.

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

Procedure 1 – Obtain any filings made by Duke Energy Indiana with the IURC seeking approval of proposed purchases of firm power or unit power by Duke Energy Indiana from an affiliate for a term of five years or more during the Test Period. Obtain evidence of IURC approval. If none, obtain Duke Energy management representation stating that no such purchases were proposed during the Test Period.

III. INFORMATIONAL FILINGS

(A) Annual Informational Filings

On an annual basis, Company shall file with the Commission (and provide to the OUCC) the following information concerning each Company Affiliate that is: (i) Duke Energy Indiana's Holding Company, (ii) a Subsidiary of Duke Energy Indiana, (iii) a Utility Affiliate, (iv) a Subsidiary of a Utility Affiliate, or (v) a first tier Subsidiary of Duke Energy Indiana'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 Duke Energy Indiana, 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 Company and such Affiliates.
5. A description of the method used to allocate federal and state income tax expense, payments and refunds to Company and such Affiliates.
6. A description of specific transfers of Assets, Goods or Services between Company 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 Company 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, Company shall file with the Commission (and provide to the OUCC) the following information concerning each Company Affiliate that is: (i) Duke Energy Indiana's Holding Company, (ii) a Subsidiary of Duke Energy Indiana, (iii) a

Utility Affiliate, (iv) a Subsidiary of a Utility Affiliate, or (v) a first tier Subsidiary of Duke Energy Indiana'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 Company's capital structure and Company'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 Company 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) Special Informational Filing

1. In addition to the other filings required by Paragraphs (A) and (B) of this Section III, Company shall make a special informational filing detailing the transfer by Company 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.

Procedure 1 – Obtain the Annual Informational Filing filed with the IURC during the Test Period.

Procedure 2 – Review the Annual Informational Filing for accurate and complete content as it relates to:

1. The names and business addresses of the officers and directors of each Affiliate.
2. A description of each Affiliate's business purpose(s), including a description of any diversification policy.
3. An organization chart showing DEI, 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 Duke Energy Indiana and such Affiliates.
5. A description of the method used to allocate federal and state income tax expense, payments and refunds to Duke Energy Indiana and such Affiliates.
6. A description of specific transfers of Assets, Goods or Services between Duke Energy Indiana 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 Duke Energy Indiana and such Affiliates during the applicable period, and a description of the transfer value(s) utilized for such transfers. (Item A)

Procedure 3 – Review the Annual Informational Filing for accurate and complete content as it relates to:

1. The capital structure of each Affiliate as of the end of the applicable period.
2. A statement of the changes in the capital structure of each Affiliate during the applicable period.
3. An assessment of the effects on Duke Energy Indiana’s capital structure and Duke Energy Indiana’s ability to attract capital due to the activities of each Affiliate during the applicable period.
4. The availability of, if requested by the Commission or the OUCC, the names and job descriptions of any employees of Duke Energy Indiana 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. (Item B)