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October 18, 2007

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Mr. Michael P. Holstein
Vice President and Chief Financial Officer
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701 City Center Drive
Carmel, Indiana 46032

Re: Recalculation of the Withdrawal Fee

Dear Steve and Mike:

This letter, when signed by E.ON U.S. LLC ("E.ON"), on behalf of its operating companies Louisville Gas and Electric Company and Kentucky Utilities Company, and countersigned by the Midwest Independent Transmission System Operator, Inc. (the "Midwest ISO"), shall confirm E.ON's and the Midwest ISO's (together, the "Parties") mutual intention and understanding with respect to resolution of the discussions regarding calculation of the Withdrawal Fee paid upon E.ON's withdrawal from the Midwest ISO (the "Withdrawal"). Promptly upon execution of this letter agreement, Midwest ISO will seek approval of the Federal Energy Regulatory Commission ("FERC") under Section 205 of the Federal Power Act for a re-calculation of the Withdrawal Fee charged to E.ON based on the following terms:

- I. A two-pronged approach was used to analyze and remedy the initial calculation of E.ON's Withdrawal Fee obligation (the "Initial Withdrawal Fee Calculation"), which E.ON paid on October 13, 2006 (the "Payment Date"), subject to its right to dispute such calculation.

- a. After discussions between the Parties, the Initial Withdrawal Fee Calculation was re-calculated (the “Recalculated Withdrawal Fee”) to include certain previously excluded transactions from the billing determinants. As provided herein, the Midwest ISO shall refund to E.ON the difference between the Initial Withdrawal Fee Calculation and the Recalculated Withdrawal Fee, with interest, upon acceptance of this recalculation agreement by FERC.
 - b. Certain revenue sources during the twelve months preceding E.ON’s withdrawal were excluded from the Initial Withdrawal Fee Calculation given they were associated with entities that are not Transmission Owners and/or the volume of such transactions to be realized in the future is uncertain. The Parties hereby agree that if revenue from these excluded sources is realized in the future, E.ON will receive credits, beginning with an effective date of September 1, 2006 (the “Withdrawal Date”) and continuing until the expiration of Schedule 10-C and Schedule 17-A of the Midwest ISO Open Access Transmission and Energy Markets Tariff on August 31, 2014 (the “Post-Withdrawal Period”).
- II. Upon review, the Schedule 10 component of the Initial Withdrawal Fee Calculation erroneously excluded the megawatt hours (“MWh”) of certain manually-billed Network Integration Transmission Service (“NITS”) transactions and all Schedule 23 NITS.
- III. Upon review, certain revenue sources during the twelve months preceding E.ON’s withdrawal were deliberately excluded from the Initial Withdrawal Fee Calculation given they were associated with entities that are not Transmission Owners and/or the volume of such transactions to be realized in the future is uncertain. The excluded transactions in this category are as follows:
 - a. All point-to-point (“PTP”) transactions subject to a Schedule 10 charge;
 - b. All withdrawals, exports, imports, financial schedules and virtual transactions subject to a Schedule 17 charge.

- IV. Recalculation of the Initial Withdrawal Fee Calculation with respect to Schedule 10 resulted in the following adjustments associated with the erroneous exclusion of certain NITS transactions:
- a. The recalculation of Schedule 10 results in a corrected E.ON share of 6.50%, based on an E.ON share of 53,957,880 MWh and a total of 830,551,663 MWh;
 - b. The Schedule 10 component of the Initial Withdrawal Fee Calculation will be adjusted and E.ON will, upon acceptance by FERC of this recalculation agreement, receive an immediate refund in the amount of \$740,083 plus interest, which amount will account for the exclusion of manually-billed NITS and Schedule 23 NITS from the Initial Withdrawal Fee Calculation; and
 - c. The interest will be calculated at the Midwest ISO's overnight bank rate, as adjusted from time to time, and accruing from the Payment Date through the date of payment of the refund.
- V. Recalculation of the Initial Withdrawal Fee Calculation with respect to Schedule 17 resulted in the following adjustments with respect to the exclusion of certain MWhs extracted from the transmission system:
- a. The recalculation of Schedule 17 results in a corrected E.ON share of 6.29%, based on an E.ON share of 78,182,305 MWh and a total of 1,243,559,305 MWh;
 - b. The Schedule 17 component of the Initial Withdrawal Fee Calculation will be adjusted and E.ON will, upon acceptance by FERC of this recalculation agreement, receive an immediate refund in the amount of \$117,828 plus interest, which will account for exclusion of withdrawals from the billing determinants; and
 - c. The interest will be calculated at the Midwest ISO's overnight bank rate, as adjusted from time to time, and accruing from the date of payment of the Initial Withdrawal Fee to the date of payment of the refund.

VI. Credits for certain future revenues received by the Midwest ISO will be provided to E.ON as follows:

- a. Credits for certain Schedule 10 and Schedule 17 revenues will be provided periodically during the Post-Withdrawal Period as follows:
 1. The Midwest ISO will, upon acceptance by FERC of this recalculation agreement, provide E.ON an immediate credit for certain revenues received by the Midwest ISO during the period beginning on the Withdrawal Date and continuing through December 31, 2006;
 2. Subsequently, a credit will be provided to E.ON on an annual basis beginning with a credit made on or before January 31, 2008, and continuing each January 31 thereafter through January 31, 2015; and
 3. The credits will be based on certain revenues received by the Midwest ISO during the prior calendar year, beginning with revenues received during the 2007 calendar year and continuing with revenues received through August 31, 2014.
- b. The credits will be based on that portion of revenue received from certain excluded transactions that contributes towards the payment of financial obligations such as principal and interest on the senior unsecured debt of the Midwest ISO outstanding as of the Withdrawal Date.
 1. The financial obligations as of the date of withdrawal that were allocated to Schedule 10 total \$272,940,982.
 2. The financial obligations as of the date of withdrawal that were allocated to Schedule 17 total \$208,258,127.
 3. The financial obligations shall be amortized evenly over the period September 1, 2006 through August 31, 2014 for the purposes of determining the monthly credit owed. The annual credit shall be the sum of the monthly credits.
 4. A credit rate per MWh for Schedule 10 ("Schedule 10 Credit Rate") and Schedule 17 ("Schedule 17 Credit Rate") will be computed for each partial and full year during the period September 1, 2006 through August 31, 2014.
 5. The Schedule 10 Credit Rate shall be the Schedule 10 financial obligation allocated to each partial year or full year divided by all Schedule 10 and Schedule 23 MWhs realized during the partial year or full year. The Schedule 10 and Schedule 23 MWhs to be used for this calculation are the demand-based billing determinants.

6. The Schedule 17 Credit Rate shall be the Schedule 17 financial obligation allocated to each partial year or full year divided by all Schedule 17 MWhs realized during the partial year or full year, including injections, withdrawals, exports, imports, financial schedules and virtual transactions.
- c. The annual Schedule 10 credits will be calculated by taking the difference between the E.ON share of Schedule 10 billing determinants described in Section III above (6.50%) less the E.ON share of Schedule 10 Point-to-Point MWh during the twelve month period immediately preceding the Withdrawal Date (0.027%), multiplied by the product of the actual Schedule 10 Point-to-Point MWhs realized by the Midwest ISO during the Post-Withdrawal Period and the Schedule 10 Credit Rate, plus interest.
 - d. Schedule 17 credits will be calculated individually for each excluded source as follows:
 1. The annual credit for Schedule 17 export revenues will be calculated by taking the difference between the E.ON share of Schedule 17 billing determinants described in Section IV above (6.29%) less the E.ON share of Schedule 17 export MWh during the twelve month period immediately preceding the Withdrawal Date (0.05%), multiplied by the product of the actual Schedule 17 export MWhs realized by the Midwest ISO during the Post-Withdrawal Period and the Schedule 17 Credit Rate, plus interest.
 2. The annual credit for Schedule 17 financial schedule revenues will be calculated by taking the difference between the E.ON share of Schedule 17 billing determinants as recalculated in Section IV (6.29%) less the E.ON share of Schedule 17 financial schedule MWh during the twelve month period immediately preceding the Withdrawal Date (2.52%), multiplied by the product of the actual Schedule 17 financial schedule MWhs realized by the Midwest ISO during the Post-Withdrawal Period and the Schedule 17 Credit Rate, plus interest.

3. The annual credit for Schedule 17 import revenues will be calculated by taking the difference between the E.ON share of Schedule 17 billing determinants as recalculated in Section IV (6.29%) less the E.ON share of Schedule 17 import MWh during the twelve month period immediately preceding the Withdrawal Date (2.97%), multiplied by the actual Schedule 17 import MWhs realized by the Midwest ISO during the Post-Withdrawal Period and the Schedule 17 Credit Rate, plus interest.
 4. The annual credit for Schedule 17 virtual revenues will be calculated by taking the difference between the E.ON share of Schedule 17 billing determinants as recalculated in Section IV (6.29%) less the E.ON share of Schedule 17 virtual MWh during the twelve month period immediately preceding the Withdrawal Date (0.91%), multiplied by the actual Schedule 17 virtual MWhs realized by the Midwest ISO during the Post-Withdrawal Period and the Schedule 17 Credit rate, plus interest.
- e. Interest paid on the Schedule 10 and Schedule 17 credits will be calculated at the Midwest ISO's overnight bank rate, as adjusted from time to time, and will accrue from the Payment Date to the date of payment of the credit.

VII. Mechanism for crediting E.ON for its share of the Deferred Revenue balance associated with the Commonwealth Edison ("ComEd") exit fee under Schedule 10-A of the Midwest ISO Tariff.

- a. On February 28, 2007, in Docket No. ER07-384-000, FERC issued an Order Accepting Tariff Amendments which accepted the Midwest ISO's proposal to revise its tariff to reflect a change in the amortization period of the withdrawal obligations of ComEd and E.ON.
- b. As a result of the order, the Midwest ISO began amortizing ComEd's deferred revenue balance on a monthly basis beginning on February 28, 2007, and will continue with such monthly amortization through December 15, 2013, which is the last date on which credits are available to ComEd through Schedule 10-A of the Midwest ISO's tariff.

- c. The Midwest ISO will determine E.ON's share of the amortization amount by multiplying the total annual amortization amount by E.ON's allocation factor of 5.88%, which represents E.ON's share of all Schedule 10 billing determinants, including point-to-point transactions that took place during the twelve-month period immediately preceding the Withdrawal Date.
- d. On or before February 28 of each year, beginning on February 28, 2007, or as soon thereafter as FERC approves this recalculation agreement, and continuing through February 28, 2014, the Midwest ISO will issue a credit memo to E.ON for E.ON's share of the amortization amount for the previous year (i.e., the year in which the amortization was incurred). Payment of the credit memo amount will be due within ten (10) business days thereafter.

VIII. The Parties acknowledge and agree this letter agreement resolves, subject to FERC approval, all recalculation issues regarding the Withdrawal Fee that are identifiable and quantifiable at this time. The Parties further agree that if future events occur or information arises that impact the allocation of costs comprising the Withdrawal Fee Calculation or otherwise impacting the E.ON share, they will negotiate in good faith to resolve those issues.

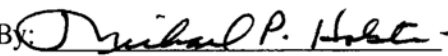
Sincerely,



Martyn Gallus
Sr. Vice President Energy Marketing

Agreed upon and accepted by the undersigned on the date adjacent to signature

The Midwest Independent Transmission System Operator, Inc.

By: 
Its: Vice President &
Chief Financial Officer

Date: October 22, 2007

cc: Elizabeth Cocanougher