

## **SCHEDULE 17-C**

### **Duke Energy Ohio, Inc. (“DEO”)/Duke Energy Kentucky, Inc. (“DEK”)**

#### **and Eligible Customer**

#### **Alternative Schedule 17 Administrative Cost Adder**

### **I. GENERAL**

This Duke Energy Ohio, Inc. (“DEO”)/Duke Energy Kentucky, Inc. (“DEK”) and Eligible Customer Alternative Schedule 17 Administrative Cost Adder (“Alternative DEO/DEK Schedule 17 Cost Adder”) recognizes prepayment by DEO and DEK of financial obligations incurred by the Transmission Provider as of the effective date of withdrawal by DEO and DEK (the “Withdrawal Date”). Use of this Schedule is restricted to DEO, DEK and the other Eligible Customers as defined in Schedule 10-G. Subject to the limitations set forth herein, (i) DEO, DEK and the other Eligible Customers shall pay the Alternative DEO/DEK Schedule 17 Cost Adder which is designed to recover the Transmission Provider’s Schedule 17-related costs net of the pre-paid financial obligations, and (ii) Schedule 17-C shall be used in lieu of Schedule 17 for all of DEO’s, DEK’s and the other Eligible Customers’ energy market transactions and services.

Revenue collected under the Alternative DEO/DEK Schedule 17 Cost Adder, combined with revenue collected under Schedule 17 and Schedule 17-B, provides for the recovery of all costs incurred by the Transmission Provider in providing the Energy Market Support Administrative Service (“Service”), inclusive of all costs resulting from assignment or allocation of costs to the Service. The Transmission Provider’s costs incurred in providing the Service include, but are not limited to, costs associated with: 1) market modeling and scheduling functions; 2) market bidding support; 3) locational marginal pricing support; 4) market

settlements and billing; 5) market monitoring functions; 6) enabling the least-cost, security-constrained commitment and dispatch of generating resources to serve load in the Control Areas of the Transmission Provider while also establishing a spot energy market; and 7) serving as the Balancing Authority for the Control Areas of the Transmission Provider.

## **II. RATES AND BILLING DETERMINANTS**

### **A. Rates**

The rates described in this Section will be applied only to DEO, DEK and, to the extent such entity is an assignee or transferee of Eligibility Rights (as defined in Section 3.3 of the Exit Fee Agreement between DEO, DEK and MISO, as approved by FERC) originally issued to DEO or DEK, other Eligible Customers. The respective eligibility of DEO, DEK and the other Eligible Customers for this alternative administrative cost schedule shall begin on the Withdrawal Date and cease on the earlier of (i) December 31, 2026, or (ii) the point in time when the cumulative difference between the fees that DEO, DEK and the other Eligible Customers would have paid under Schedule 17 and the actual fees paid under this Schedule 17-C equals \$4,432,309; provided that an Eligible Customer may utilize this Schedule 17-C only to the extent of the Eligibility Amount (as defined in Section 3.3 of the Exit Fee Agreement between DEO, DEK and MISO, as approved by FERC) relating to this Schedule and held by such Person from time to time.

### **B. Billing Determinants**

The billing determinants for the Alternative DEO/DEK Schedule 17 Cost Adder shall be:

- 1) all MWh injected into the Transmission System by the Eligible Customer, including deliveries to the Transmission System from generation located both within the Transmission

System and outside of the Transmission System, 2) all MWh extracted from the Transmission System by the Eligible Customer, including MWh delivered to loads located both within the Transmission System and outside of the Transmission System and all out and through transactions using the Transmission System; and 3) all Bids or Offers by the Eligible Customer that settle in the Day-Ahead Energy Market, but do not actually inject MWh into or extract MWh from the Transmission System in the Real-Time Energy Market.

### **C. Costs To Be Recovered**

The costs to be recovered under this Schedule 17-C in the monthly charge shall be the Eligible Customer's share of the Transmission Provider's budgeted or forecasted Schedule 17 Costs to be recovered under Schedule 17 for that month, including true-up amounts from the prior month, less a prepayment amount due to DEO/DEK's payment of the Exit Fee. The Exit Fee is defined in the Exit Fee Agreement between DEO, DEK and MISO, as approved by FERC. Budgeted Schedule 17 Costs or Forecasted Schedule 17 Costs are those defined in Section III of Schedule 17 of this Tariff. Total budgeted Schedule 17 Costs or forecasted Schedule 17 Costs per Energy Market services MWhs less the applicable Schedule 17 prepayment amount divided by DEO/DEK Zone Customers'<sup>1</sup> energy market services MWhs during the twelve months immediately preceding DEO's and DEK's withdrawal shall be used to derive the Schedule 17-C rate for that month.

### **III. RATE FORMULA**

Each month, the Transmission Provider shall determine the Alternative DEO/DEK Schedule 17 Cost Adder by using the following rate:

$$DEODEK\_E_t = [(X_t + T_{t-1}) / (L_t + G_t + V_t)] - [EMS\_PREPAYMENT_{c_t} / [(L_{DEO/DEK} + G_{DEO/DEK} + V_{DEO/DEK}) / 12]]$$

**where:**

$t$  = Effective month.

$DEODEK\_E$  = Alternative DEO/DEK Schedule 17 Cost Adder in dollars per MWh applicable to the Eligible Customers.

$X$  = Budgeted Schedule 17 Costs or Forecasted Schedule 17 Costs, as defined in Section III of Schedule 17.

$T$  = True-up amount from prior month, as defined in Section III of Schedule 17.

**EMS-PREPAYMENT<sub>c</sub>** = Exit Fee<sub>17c</sub> / 180 months, where:

Exit Fee<sub>17c</sub> is the amount of DEO/DEK's Exit Fee associated with Schedule 17 Costs equal to \$4,432,309.

$L_{DEO/DEK}$  = all MWh extracted from the Transmission System by DEO/DEK Zone Customers during the twelve months immediately preceding DEO's and DEK's withdrawal from the Transmission Provider.

$G_{DEO/DEK}$  = all MWh injected into the Transmission System by DEO/DEK Zone Customers during the twelve months immediately preceding DEO's and DEK's withdrawal from the Transmission Provider.

$V_{DEO/DEK}$  = All MWh of all Bids or Offers made by DEO/DEK Zone Customers during the twelve months immediately preceding DEO's and DEK's withdrawal from the Transmission Provider that settled in the Day-Ahead Energy Market, but did not actually inject MWh into or extract MWh from the Transmission System in the Real-Time Energy Market.

$G$  = Estimated MWh for all MWh injected into the Transmission System by all Market Participants, as defined in Section III of Schedule 17.

$L$  = Estimated MWh extracted from the Transmission System by all Market Participants, as defined in Section III of Schedule 17.

$V$  = Estimated MWh of all Bids or Offers that settle in the Day-Ahead Energy Market, but do not actually inject MWh into or extract MWh from the Transmission System in the Real-Time Energy Market, as defined in Section III of Schedule 17.

In the event the rate calculation for a month results in a value less than zero, the rate shall be set to zero for that month.

#### **IV. MONTHLY CHARGES FOR ELIGIBLE CUSTOMERS**

To the extent an Eligible Customer holds a Schedule 17 Eligibility Amount, for each month, the charges to the Eligible Customers for the Service will be calculated by multiplying the Alternative DEO/DEK Schedule 17 Cost Adder effective in that month, as determined under the above rate formula, by the Eligible Customer's billing units for that month, expressed in MWh, as discussed in Section II.B above. A Market Participant's billing units will be calculated as the sum of its Day-Ahead MWh plus its Real-Time imbalance MWh. A Market Participant's Real-Time imbalance MWh will be calculated as Real-Time MWh minus Day-Ahead MWh. A Market Participant's billing units will be upwardly adjusted for Financial Schedules if the volume of those schedules exceeds the Day-Ahead Schedule or Real-Time imbalance at a given Commercial Pricing Node. Details for calculating the billing units are described in the Business Practices Manual for Market Settlements.

<sup>1</sup> The term "DEO/DEK Zone Customers" means all customers taking service under MISO Schedule 17 in the DEO/DEK Zone.