

REDACTED VERSION

Confidential
Non-Binding Proposal for Logansport Municipal Utility

October 13, 2015 (revised October 21, 2015)

The non-binding proposal set forth below ("Proposal") is made by Duke Energy Indiana, Inc. ("DEI") to the Logansport Municipal Utility ("LMU") for its consideration. This non-binding proposal shall expire and all proposed commercial terms and rates are subject to change after December 11, 2015.

Proposed Commercial Terms and Rates:

Buyer: Logansport Municipal Utility (LMU)

Seller: Duke Energy Indiana, Inc. (DEI)

Product: Full requirements service during all hours during the Term.

Term: January 1, 2016 through December 31, 2038 (23 years). Beginning January 1, 2028, DEI will have the right to revise the pricing structure, with one-year advance written notification to LMU. LMU will have the right to terminate the agreement, if mutually agreeable revised pricing structure, terms, and conditions are not agreed upon.

Quantity: Firm full requirements demand and energy as metered at the Buyer's Delivery Point, including transmission services and losses to the Delivery Point.

Delivery Point: Delivery Point shall be the points of interconnection between the Seller's electric system and the Buyer's electric system.

Rates: For the period 2016 through 2020: Demand and energy rates will be stated for the years 2016 through 2020. The proposed rates are set forth in the below table.

For the period 2021 through 2038: Starting 2021, the demand and energy rates will be stated for the upcoming calendar year, with the stated amount to be determined based on DEI's annual system average demand and energy costs using a pre-defined formula. The stated rates will be adjusted on an annual basis, and will be in effect from January 1 through December 31. DEI will inform LMU of the stated rate for each calendar year no later than December 1 of the prior year. The annual increase in demand rates from 2021 through the remaining term will be capped at a four percent (4%) increase, with any costs above the cap being deferred until the next year. DEI's costs and expenses incurred due to federal or state requirements, such as environmental regulations, shall be excluded from the cap restriction on demand rate increases.

Fuel Rate: Fuel costs will be passed through and true-up on a monthly basis. The fuel rate for all years shall include fuel and fuel-related costs incurred to serve DEI's native load customers, consistent with the costs that are included for recovery in retail fuel clause proceedings and with the protocols approved by the IURC used to determine such costs. Estimated fuel rates will be true-up to reflect actual fuel costs on a monthly basis.

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Other Terms and Conditions:

DEI shall be responsible for maintaining the generation reserves necessary to meet this obligation. Duke shall supply this load in a manner that is as firm as, and otherwise comparable with, the manner in which DEI supplies its firm native load obligations.

DEI shall have no obligation to sell and deliver any electric capacity or energy to LMU that will not be used by LMU to serve its native load customers in Indiana.

DEI makes no warranties or representations whatsoever concerning these cost projections it has provided in this term sheet, except that such projections were prepared in good faith in view of the facts known to DEI at the time the projections were prepared.