



DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

December 6, 2006

Mr. Steve Feldhaus
Business Manager
Local Union 1347
International Brotherhood of
Electrical Workers, AFL-CIO
4100 Colerain Avenue
Cincinnati, Ohio 45223

Re: Stipulation to the Territorial Issues
and the 2006 Contract Language Changes

Dear Mr. Feldhaus:

Recent efforts have been made between the parties to proof and approve the final legal contract document to preserve the agreements made during the 2006 contract discussions. It was a unique situation that Cinergy's merger with Duke Energy occurred in the midst of our discussions and contract ratification process.

Due to the change in the corporate entity, Duke Energy operates primarily in geographical areas encompassing the former Cinergy territory of southwest Ohio, northern Kentucky and south-central Indiana and in the former Duke Power territories in the Carolinas. The Union has expressed concern about the merger's potential effect on administration of terms and conditions contained in the new collective bargaining agreement and/or side letter agreements that have historically referenced geographical boundaries of the Cinergy and/or CG&E/ULH&P service territories ("service territories"). The Union is opposed to any expansion of those service territories historically referenced in the collective bargaining agreement and/or side letter agreements.

The Company hereby will stipulate that a change to the service territories was not proposed by the Company or the Union during the 2006 negotiations. The Union is assured that, for the remainder of the Labor Agreement effective April 1, 2006 through March 31, 2009 ("Agreement"), all terms relative to emergency time worked for other utilities at their respective operating locations contained in Article V, Section 1 of the Agreement, including the double time rate, remain in full force and effect in the Carolina geographical area where Duke Energy operates.

I hope that this stipulation statement will suffice to alleviate the Union's present concerns over the territorial issues in this Agreement.

Sincerely,

Jay R. Alvaro
Managing Director
Labor Relations