

Docket No. 20210001-EI
Cross-Examination
Hearing Exhibit

Exhibit No.: 7C

Proffered by: Public Counsel

Short title: DEF's Confidential Response to OPC's POD 5, Q24

Witness(s): Gary P. Dean
Joseph Simpson

PROPERTY INSURANCE POLICY

**POLICY OF ALL RISK PROPERTY INSURANCE INCLUDING MACHINERY BREAKDOWN
EFFECTED WITH ASSOCIATED ELECTRIC AND GAS INSURANCE SERVICES LIMITED
HAMILTON, BERMUDA**

PLEASE READ THE ENTIRE POLICY CAREFULLY.



DECLARATIONS

POPLICY NUMBER: PO5273408P

DECLARATIONS NUMBER: 1

Original Named Insured: DUKE ENERGY CORPORATION, and any subsidiary thereof including Duke Energy Carolinas, LLC; Duke Energy Progress, LLC; Duke Energy Florida, LLC. and their financially controlled or actively managed organizations including partnerships, limited liability companies (LLC's), limited partnerships (LP's), joint ventures, and any other entities, persons, organizations or properties in their entirety which any of the above have agreed to insure as now exist or may hereafter be constituted or acquired.

Named Reinsured: Bison Insurance Company Limited, 146 Fairchild Street, Suite 135, Charleston, SC 29492; Mailing Address: 550 South Tryon Street, DEC-40C, Charlotte, NC 28202

1. TERM OF INSURANCE

Primary: \$4,448,978 (25.55% AEGIS participation) part of \$17,412,830

In consideration of \$17,412,830 (100%) this policy attaches and covers from **May 1, 2020** to **May 1, 2021** beginning and ending at 12:01 a.m. standard time, at the location of the property involved.

2. PARTICIPATION

This policy covers for a specified percent interest in this insurance, and this Insurer shall not be liable for more than specified percent of the limits of liability set forth herein.

Primary: \$166,075,000 (25.55% AEGIS participation) part of \$650,000,000 per occurrence

3. LIMIT OF LIABILITY

This Insurer shall not be liable for more than its specified interest in the following limits or sublimits that apply, excess of policy deductibles, applicable in respect of direct physical loss of damage per occurrence.

\$650,000,000 Per Occurrence as respects loss or damage arising out of all perils insured against.

| | |
|--|---|
| Earth Movement | \$650,000,000 Annual Aggregate |
| Earth Movement in California | \$ 5,000,000 Per Occurrence and in the Annual Aggregate |
| Flood | \$650,000,000 Annual Aggregate |
| Flood (with respect to Miscellaneous Unnamed & Newly Acquired Locations situated in Flood Zones A&V only as defined by FEMA) | \$ 50,000,000 Annual Aggregate |
| Named Windstorm | \$650,000,000 Annual Aggregate |
| Accounts Receivables | \$ 25,000,000 |
| Course of Construction | \$100,000,000 except \$ 50,000,000 New Generation rotating equipment, excluding combustion turbine generation projects (all new generation combustion turbine Course of Construction projects to be agreed by underwriters prior to attachment) |
| Debris Removal | \$ 25,000,000 or 25% of loss, whichever is greater |
| Demolition & Increased Cost of Construction | \$100,000,000 |
| EDP Media Extra Expense | \$ 50,000,000 |
| Errors and Omissions | \$ 50,000,000 |
| Expediting Expense | \$ 25,000,000 |
| Extra Expense (coverage excludes Replacement Power) | \$ 50,000,000 |
| Fine Arts | \$ 10,000,000 |
| Hazardous Substances (includes PCB) or Contaminants | \$ 25,000,000 |
| Pollution Cleanup and Removal (Land & Water) | \$ 5,000,000 |
| Transit | \$ 35,000,000 |
| Leasehold Interest | \$ 25,000,000 |
| Miscellaneous Unnamed Locations | \$ 50,000,000 |

| | |
|-------------------------------------|---|
| Newly Acquired Locations (180 days) | \$100,000,000 except \$ 50,000,000, New Generation rotating equipment, excluding operating combustion turbines and/or generators (all operating combustion turbines and/or generators to be agreed by underwriters prior to attachment) |
| Overhead Expenses | \$ 15,000,000 |
| Professional Fees | \$ 5,000,000 |
| Rental Value | \$ 15,000,000 |
| Valuable Papers | \$ 25,000,000 |

The term Occurrence shall mean loss or series of losses arising out of one event, regardless of the number of locations affected. Occurrence shall not mean “continuous or repeated exposure to conditions” unless physical loss or damage insured against by this policy ensues, and then this policy shall only cover such ensuing loss or damage; nor shall Occurrence mean “loss of use of tangible property that has not been physically injured or destroyed.”

4. **DEDUCTIBLES**

All losses, damages, or expenses arising out of any one occurrence shall be adjusted as one loss and from the amount of such adjusted loss shall be deducted the following:

\$ 25,000,000, except:

: \$ 2,500,000 with respect to Transit

5. **LOSS PAYABLE**

All loss proceeds shall be adjusted with and payable to the Insured or their order whose receipt shall constitute a release in full of all liability under this policy with respect to such loss.

6. **TERRITORY**

This policy covers loss occurring anywhere in the world excluding those countries, individuals, or entities as to which coverage would be in violation of any U.S. economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), unless the insured has been granted a U.S. Treasury Department Office of Foreign Assets control License or other expressed or constructive authorization by the U.S. Government to do business with that country, individual or entity, and then coverage is provided only to the extent legally permitted as a result of the issuance of the license or other expressed or constructive authorization, subject to all other terms, conditions, and limitations found in this policy

7. **NOTICES**

Any notice to be provided or any payment to be made hereunder shall be made to:

NAME AEGIS Insurance Services, Inc.
ADDRESS 1 Meadowlands Plaza
 East Rutherford, NJ 07073

8. **ENDORSEMENTS**

1. Electronic Data Processing Media Extra Expense
2. Aggregate Exhaustion (Applicable to Excess Layers Only) & Priority of Payments (As Applicable
3. Mortgagee Clause
4. Loss Payable Clause
5. Engineering Expense Deduction
6. Terrorism Coverage
7. AEGIS Membership and Voting Rights Endorsement
8. OFAC Exclusion
9. Machinery or Equipment Startup Option Endorsement
10. Reinstatement of Named Windstorm Limit
11. General Change Endorsement
12. General Change Endorsement
13. Communicable Disease and Infectious Pathogen Exclusion
14. Cyber Coverage
15. TRIA Endorsement
16. Non-Certified Terrorism Coverage Endorsement
17. Storm Surge Endorsement

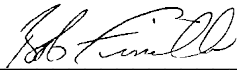
The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract. The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

SCHEDULE OF INSURERS

Associated Electric & Gas Insurance Services Limited

By: AEGIS Insurance Services, Inc. as agent

under an Insurance Services Agreement effective September 27, 2007

By: 

Authorized Signature

Date

Name:

Title: Vice President

AEGIS Insurance Services, Inc.

1 Meadowlands Plaza

East Rutherford, NJ 07073

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A. COVERAGE

Except as hereinafter excluded, this policy covers the following at the locations on file with the insurer or as covered elsewhere in the policy:

1. Real and Personal Property

- a. The interest of the Insured in all real and personal property including, but not limited to, property owned, used, leased or intended for use by the Insured (or hereafter constructed, erected, installed or acquired including while in course of construction, erection, installation, testing and assembly).

In the event of insured direct physical loss or damage, this Insurer agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

- b. The interest of the Insured in the real and personal property of others in the Insured's care, custody, or control and the Insured's liability imposed by law or assumed by contract, whether written or oral, for such property.
- c. At the option of the Insured, personal property of the Insured's officials and employees and representatives while on the premises of the Insured. This insurance shall then act as primary insurance.
- d. Contractors' and vendors' interests in property covered to the extent of the Insured's liability imposed by law or assumed by contract, whether written or oral.
- a. Real and Personal Property which the Insured is responsible for or has agreed to insure.

2. Extra Expense

- a. Extra Expense incurred as a result of direct physical loss, damage, or destruction to property as described in clause A.1.a. by any of the perils covered herein during the term of this policy, and shall consist of the excess of the total cost during the Period of Recovery of the damaged property chargeable to the operation of the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss or damage occurred.
- b. This policy is extended to cover the extra expense incurred for the temporary rental of replacement transformers, temporary auxiliary boiler rentals, and/or installation of owned spare equipment during the period of recovery.
- c. Provisions Applicable to Extra Expense
 - (1) Period of Recovery: The length of time for which loss may be claimed:
 - (a) Shall commence with the date of such loss or damage and shall not be limited by the date of expiration of this policy or cancellation date, and;
 - (b) Shall not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace the property that has been lost or damaged with materials of like kind, size, capacity, and quality;
 - (c) With respect to alterations, additions and property while in the course of construction, erection, installation, or assembly shall be determined as provided in subparagraph (a) above, but such determined length of time shall be applied to the experience of the business after the business has reached its planned level of production or level of business operations.
 - (2) Extension of Coverage: This policy, subject to all provisions and without increasing the amount of said policy, also insures against loss resulting from damage to or destruction by the perils insured against, of:
 - (a) Interruption by Civil or Military Authority: loss sustained during the period of time, but not to exceed forty-five (45) consecutive days for all locations when access to insured

real or personal property is impaired by order or action of civil or military authority issued as a direct result of damage by a peril insured against.

- (b) Ingress/Egress: loss sustained during the period of time but not to exceed forty-five (45) consecutive days for all locations, when, as a direct result of damage by a peril insured against, access to or egress from insured real or personal property is impaired.
- (3) In the event of any insured loss to the Insured's property at any insured generating or substation location, coverage is provided solely for the following costs: removal and transportation of the Insured's owned and/or un-owned spare equipment from the location of such spare equipment to the insured location where the loss occurred. Coverage shall also include the installation costs to install such spare equipment at the location where the loss occurred, as well as the subsequent removal and transportation of such spare equipment back to the original storage location, after the repaired property has been returned to the location where the loss occurred.

Spare equipment shall be defined as covered property under this policy.

It is agreed that there shall be no recovery under this Policy for any Extra Expense incurred in the generation, transmission, purchase, replacement, trading or distribution of electrical power, except as specifically outlined in A.2.c.(3) above.

3. Transit

- a. Property shipments within the territorial limits of this policy, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during deviation and delay, until safely delivered and accepted at place of final destination.
- b. This insurance is extended to cover insured direct physical loss or damage to property:
 - (1) sold by and shipped by the Insured under terms of Free On Board [FOB] point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery;

- (2) arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery;
 - (3) occasioned by the acceptance by the Insured, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents;
 - (4) at the Insured's option, which is incoming to the Insured.
- c. (1) The Insured may waive right(s) of recovery against private, contract and common carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting or releasing their liability, but this transit insurance shall not inure to the benefit of any carrier, bailee, warehouse, or processors.
 - (2) With respect to shipments described under subparagraphs 3.b.(1) and 3.b.(4) above, this Insurer agrees to waive its rights of subrogation against shippers and consignees at the option of the Insured.
- d. Airworthiness of any aircraft and seaworthiness of any vessel is admitted between the Insurer and the Insured.

4. Accounts Receivable:

- a. All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the result of insured direct physical loss of or damage to records of accounts receivable;
- b. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such insured direct physical loss or damage;
- c. Collection expense in excess of normal collection cost and made necessary by such insured direct physical loss or damage;
- d. Other expenses, when reasonably incurred by the Insured in re-establishing records of accounts receivable following such insured direct physical loss or damage.
- e. For the purpose of this insurance, credit card company charge media shall be deemed to represent sums due the Insured from customers, until such charge media is delivered to the credit card company.

f. When there is proof that a loss of records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be computed as follows:

- (1) The monthly average of accounts receivable during the last available twelve months shall be adjusted in accordance with the percentage increase or decrease in the twelve months average of monthly gross revenues which may have occurred in the interim.
- (2) The monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, due consideration being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

5. Leasehold Interest

a. Pro rata proportion from the date of insured direct physical loss to expiration date of the lease (to be paid without discount) on the Insured's interest in:

- (1) the amount of bonus paid by the Insured for the acquisition of the lease not recoverable under the terms of the lease;
- (2) improvements and betterments to real property which are not covered under any other section of this policy;
- (3) the amount of advance rental paid by the Insured and not recoverable under the terms of the lease;

when insured property is rendered wholly or partially untenable by any covered loss during the term of this policy and the lease is canceled by the party not insured by this policy in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located; and

b. (1) "The Interest of the Insured as Lessee or Lessor" when property is rendered wholly or partially untenable by any covered loss during the term of this policy and the lease is canceled by the party not the Insured under this policy in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located.

- (2) “The Interest of the Insured as Lessee or Lessor” as referred to herein shall be paid for the first three months succeeding the date of the loss and the “Net Lease Interest” shall be paid for the remaining months of the unexpired lease.

c. Definitions

The following terms, wherever used in this section, shall mean:

- (1) “The Interest of the Insured as Lessee” is defined as:
 - (a) the excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
 - (b) the rental income earned by the Insured from sublease agreements, to the extent not covered under any other section of this policy, over and above the rental expenses specified in the lease between the Insured and the lessor.
- (2) “The Interest of the Insured as Lessor” is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is canceled by the lessee, to the extent not covered under any other section of this policy.
- (3) “Net Lease Interest” is defined as that sum, which placed at 6% interest compounded annually will be equivalent to the “The Interest of the Insured as Lessee or Lessor.”
- (4) This Insurer shall not be liable for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by the Insured exercising any option to cancel the lease. Furthermore, the Insured shall use due diligence including all things reasonably practicable to diminish loss under this clause.

6. Mobile Equipment

Mobile equipment means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a, b, c or d above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a, b, c or d above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not Mobile Equipment but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, Mobile Equipment does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance

law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

B. PERILS INSURED AGAINST

This policy insures against all risk of direct physical loss of or damage to property insured herein, occurring during the Term of Insurance, including general average, salvage, and all other charges on shipments covered hereunder, except as hereinafter excluded.

C. PERILS EXCLUDED

This policy does not insure:

1. against any fraudulent or dishonest act or acts committed by the Insured or any of the Insured's employees, meaning only dishonest or fraudulent acts committed by the Insured or the Insured's employees with the manifest intent to:
 - a. cause the Insured to sustain such loss; and
 - b. obtain financial benefit for the Insured, Insured's employee, or for any other person or organization intended by the Insured or the employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, or other employee benefits earned in the normal course of employment;
2. against the cost of making good defective design or specifications, faulty material, or faulty workmanship; however, this exclusion shall not apply to physical loss or damage from a peril insured herein resulting from such defective design or specifications, faulty material or faulty workmanship;
3. against errors in processing or manufacture of the Insured's product unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;
4. against wear, tear, rust, latent defect, inherent vice, mold, fungi, corrosion, erosion or gradual deterioration unless other physical loss or damage from a peril insured against herein ensues and then this policy shall cover for such ensuing loss or damage;
5. against settling, shrinkage or cracking of walls, floors, or ceilings unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;

6. against nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote; or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; except:
 - a. if fire ensues, liability is specifically assumed for direct loss by such ensuing fire, but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;
 - b. this Insurer shall be liable for direct physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage for each Occurrence from material used or stored or from processes conducted on insured premises provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the Insured premises;
7.
 - a. against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
 - (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
 - (2) or by military, naval, or air forces;
 - (3) or by an agent of any such government, power, authority, or forces.
 - b. against any weapon employing atomic fission or fusion;
 - c. against rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such Occurrence;
 - d. against seizure, confiscation, expropriation, nationalization or destruction by order of civil or military authority except destruction by order of civil or military authority to prevent the spread of, or to otherwise contain, control or minimize loss, damage or destruction which occurs due to a peril insured against under this policy;
 - e. against risks of contraband or illegal trade.
8. against shrinkage, evaporation, loss of weight, or loss of contents of containers by leakage, all unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;

9. against mysterious disappearance;
10. Political Risk Exclusion: This policy does not insure loss or damage caused by or resulting from confiscation, expropriation, nationalization, commandeering, requisition or destruction of or damage to property by order of the Government de jure or de facto or any public, municipal or local authority of the country or area in which the property is situated, seizure or destruction under quarantine or customs regulation.
11. Exclusions C.2, C.3 and C.5 do not apply to property in transit.

Exclusions C.3 does not apply to alterations, additions, and property while in the course of construction, erection, installation, assembly, or testing.
12. loss, damage, costs or expenses in connection with any kind or description of pollution and/or contamination, direct or indirect, of hazardous substances arising from any cause whatsoever. Nevertheless if a peril not excluded from this policy arises directly or indirectly from pollution and/or contamination any loss or damage insured under this policy arising directly from that peril shall (subject to the terms, conditions and limitations of the policy) be covered.

However, if the insured property is the subject of direct physical loss or damage as a result of a peril not excluded herein, this policy (subject to its terms and conditions and limitations) insures against direct physical loss or damage to the property insured hereunder caused by or resulting from pollution and/or contamination.

The Insured shall give notice to the Insurer of intent to claim no later than 12 months after the date of the original direct physical loss or damage.
13. Authorities Exclusion. This policy does not insure against fines, penalties and expenses directly attributable to such fines and penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.
14. No provisions of this Policy shall override any radioactive contamination exclusion clause in the policy.
15. a) ELECTRONIC DATA Exclusion. This policy does not insure, loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from error in machine programming or instructions or COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to “Trojan Horses”, ‘worms’ and ‘time or logic bombs’.

- b) However, in the event of loss or damage not otherwise excluded results from any of the matters described in paragraph a) above, this policy, subject to all its terms, conditions and exclusions will cover physical damage occurring during the policy period to property insured by this policy directly caused by such an event.

D. PROPERTY EXCLUDED

This policy does not cover loss or damage to:

1. Money and securities;
2. Land; however, this exclusion shall not apply to the cost of reclaiming, restoring or repairing land improvements. Land improvements as described hereunder are defined as any alteration to the natural condition of the land by grading, landscaping, earthen dikes or dams, as well as additions to land such as pavements, roadways, or similar works;
3. Growing crops, water, standing timber, and animals except for research;
4. Watercraft, aircraft, motor vehicles licensed for highway use when not on the Insured's premises, but this exclusion shall not apply to contractor's equipment;
5. Export shipments after loading on board an overseas vessel, watercraft, or aircraft, or after ocean marine insurance attaches, whichever occurs first; and import shipments prior to discharge from an overseas vessel, watercraft, or aircraft, or until ocean marine insurance terminates, whichever occurs last;
6. Electrical transmission and distribution lines (and related lines, poles, towers, line transformers and any related structures or appurtenances thereto) beyond 1,000 feet of the boundary of insured locations on file with the insurers;

7. Offshore property, except that structures and their contents extending from land or shore, and floating docks permanently moored to a dock, river bank or shore are not to be considered as offshore.
8. Nuclear reactor power plants, including all auxiliary property on the site inside the Protected Area of any other nuclear reactor installation. Any nuclear fuel or raw materials used in the nuclear fuel process at any point in the fuel cycle. This exclusion does not apply to property located outside of the Protected Area declared in the statement of values. Protected Area means all area occupied by the reactor/turbine building and all auxiliary property that is inside the double perimeter fence.
9. Underground caverns and caves and property contained therein unless scheduled on statement of values.
10. Construction of new power generation to the extent that contract values exceed \$50,000,000 per unit however this exclusion shall not apply to the upgrade, re-rating, replacement or reconfiguration of existing power generating units. It is further agreed that the replacement of steam generating units with combustion turbine generator units are considered new power generating units under the terms of this exclusion 10. There is no coverage afforded by this policy for new or additional combustion turbine generators which were not reported to the underwriters unless added and agreed upon by insurers during the policy term.
11. Fine Arts
 - a. Loss or damage from any repairing, restoration or retouching process;
 - b. Loss to property on exhibition at fairgrounds or premises of national or international expositions unless the premises are specifically described in this policy; and
 - c. Loss or damage to property while in transit.
12. Loss of rental income with respect to any period during which the insured property would not, or could not, have been tenantable, had direct physical loss or damage to the Premises Described in the Declarations, as insured against hereunder, not occurred.
13. Any increase of loss due to strike(s) or due to the suspension, cancellation or lapse of any lease, contract, license or order, nor any loss due to fines or damage for breach of contract or penalties of whatever nature.

E. VALUATION

The value of property shall be determined as follows:

1. For Valuable Papers and Records, the cost to repair or replace the property with other of like kind and quality including the cost of gathering and/or assembling information; or, if not so replaced, actual cash value.

"Valuable Papers and Records" are defined as written, printed, or otherwise inscribed documents and records, including but not limited to books, maps, films, drawings, abstracts, deeds, mortgages, micro-inscribed documents, manuscripts, and media but not including money and/or Securities.

The term "Securities" shall mean all negotiable and nonnegotiable instruments or contracts representing either money or other property, and includes revenue and other stamps in current use, tokens, and tickets but does not include money;

2. For electronic data processing equipment, the replacement cost new if actually replaced; if not so replaced, at actual cash value (with proper deduction for depreciation). Should the property insured be technologically obsolete or unavailable because it is no longer in production, and should the property be actually replaced then this Insurer shall be liable for the replacement cost new of equipment that will perform the same function(s) as the original equipment including any reasonable betterment inherent in the design of such equipment provided that such replacement shall not increase the liability of the insurer for loss hereunder;
3. For all other property, the cost to repair with new materials of like kind, and quality or if by mutual agreement between the Insured and the Insurer such property cannot be repaired, then at the replacement cost new with property of like kind, size, capacity and quality on the same site or on another site provided Insurer's liability is not thereby increased. If the said property is not repaired or replaced within four (4) years from the date of direct physical loss or damage, or as mutually agreed, with such agreement not to be unreasonably withheld, the Insurer shall not be liable for more than the actual cash value (with proper deduction for depreciation) of the property destroyed;
4. For property leased by the Insured, the replacement cost new or the amount stipulated in the lease agreement, at the Insured's option but only to the extent that such money is necessarily expended by the insured.
5. For ELECTRONIC DATA the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts incurred by the Assured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored, the basis of valuation shall be the cost of the blank media. However, this policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other

party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

6. Fine Arts

Fine Arts in the care, custody and control of the Named Insured.

- a. The cost to repair or restore the article to the condition that existed immediately prior to the insured event; or
- b. appraised value, or if there is no appraisal, the market value at the time of loss

In the adjustment of any loss to property covered under this policy, it is understood and agreed that any overheads or clearing account amounts which are added under the Insured's normal accounting procedures are included, but not limited to all labor additives, purchasing and warehousing costs, clearing account for Plant Engineering and Construction, and clearing accounts for vehicles, tools and equipment.

All of the above to be computed as of the time and at the place of loss when, with due diligence and dispatch, rebuilding, repairing or replacement of the damaged or destroyed property could be effected.

The term Actual Cash Value shall mean the Replacement Cost New less deduction for physical depreciation, however, no more than 60% depreciation shall be applied, and in no event shall the Actual Cash Value exceed what it would then cost to repair or replace the same with material of like kind and quality.

The term Replacement Cost New shall mean the cost to repair with new materials of like kind and quality, or if by agreement between the Insured and the Company where damaged or destroyed property cannot be repaired, or replaced, then at the cost to repair or replace with new materials of similar kind, size, capacity and quality including any reasonable betterment inherent in such property.

F. EARTH MOVEMENT, FLOOD AND WINDSTORM OCCURRENCE

1. The term Occurrence shall mean any loss or series of losses arising out of one event, regardless of the number of locations affected. However, as respects the perils of Earth Movement, volcanic action Wind, and Flood the term Occurrence shall mean the sum total of all the losses sustained by the Insured as the result of damage from Earth Movement, volcanic action, Wind or Flood which arise during a continuous period of seventy-two (72) hours. The Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall commence; but no two such seventy-two (72) hour periods shall overlap.

Earth Movement is defined as any natural or man-made earth movement including, but not limited to earthquakes, avalanches, subsidence, sinkhole collapse, mud flow, rock fall, volcano, landslide, or any other similar earth movement regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, physical loss or damage not otherwise excluded resulting from Earth Movement will not be considered loss by Earth Movement within the terms and conditions of this Policy.

Flood is defined as a rising and overflowing of a body of water or surface water onto normally dry land whether or not driven by wind regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, physical loss or damage not otherwise excluded resulting from Flood will not be considered loss by Flood within the terms and conditions of this Policy.

Wind is defined as including, but is not limited to, cyclone, tornado, hurricane, typhoon or windstorm arising out of atmospheric disturbances or conditions.

2. Should any time period referred to in F.1 above extend beyond the expiration date of this policy and commence prior to expiration, this Insurer shall pay all such Earth Movement, volcanic action, Wind, or Flood losses occurring during such period as if such period fell entirely within the term of this policy.
3. This Insurer shall not be liable, however, for any loss caused by any Earth Movement, volcanic action, Wind, or Flood occurring before the effective date and time or commencing after the expiration date and time of this policy.

G. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES

This policy covers the following expenses resulting from an insured direct physical loss insured against:

1. fire brigade charges and other extinguishing expenses for which the Insured may be assessed;
2. loss of fire extinguishing materials expended.

H. DEBRIS REMOVAL

This policy covers the following expenses resulting from an insured loss:

1. the cost of removal of debris of property covered hereunder;
2. the cost of removal of debris of property not covered hereunder from the premises of the Insured.

3. Notwithstanding the provisions of any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the policy, in the event of direct physical loss or damage to the property insured hereunder, this policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the limit of liability stated in Section 3 of the Policy Declarations:
 - a. expenses reasonably incurred in removal of debris of the property insured hereunder destroyed or damaged from the location of the loss;
 - b. and/or cost of clean-up, at the location of the loss, made necessary as a result of such direct physical loss or damage;

This policy insures against the cost of decontamination or removal of contaminated land and water from the premises of the Insured subject to a sublimit of USD 5,000,000.

It is a condition precedent to recovery under this extension that the Insurer shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder unless such payment is precluded solely by the operation of any deductible and that the Insured shall give notice to the Insurer of intent to claim for cost of removal of debris or cost of clean-up NO LATER THAN 12 MONTHS AFTER THE DATE OF SUCH DIRECT PHYSICAL LOSS OR DAMAGE.

I. EXPEDITING EXPENSE

This policy shall also pay for the reasonable extra cost to make temporary repairs and to expedite the permanent repair or replacement of the insured property damaged by a peril insured against by this policy, including overtime and the extra cost of express or other rapid means of transportation.

J. DEMOLITION AND INCREASED COST OF CONSTRUCTION

1. In the event of direct physical loss or damage insured under this policy that causes the enforcement of any law or ordinance in force at the time of damage regulating the construction, repair, or use of property, this Insurer shall be liable for:
 - a. the cost of demolishing the undamaged property including the cost of clearing the site necessitated by such law, ordinance or regulation;
 - b. the proportion that the value of the undamaged part of the property bore to the value of the entire property prior to loss;
 - c. increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site and limited to the costs that would have been incurred in order to comply with the minimum requirements of such law

or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this Insurer shall not be liable for any increased cost of construction loss unless the damaged property is actually rebuilt or replaced;

- d. any increase in extra expense arising out of the additional time required to comply with said law or ordinance.

2. Coverage provided hereunder does not include the following:

- a. demolition or increased cost of repair or reconstruction, debris removal or loss of use caused by the enforcement of any law or ordinance regulation governing asbestos material in the absence of physical loss or damage as a result of a peril not excluded herein;
- b. any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of insured property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- c. increased cost of repair or reconstruction occasioned by the enforcement of any law, code, or ordinance or regulation with which the Insured would have been required to comply had no loss occurred;
- d. demolition or increased cost of repair or reconstruction, debris removal or loss of use caused by the enforcement of any environmental law or governing ordinance in the absence of physical loss or damage as a result of a peril not excluded herein.

K. CONTRIBUTING INSURANCE

Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this policy. This insurance shall contribute in accordance with the conditions of this policy only with other contributing insurance as defined.

L. EXCESS INSURANCE

Excess insurance is insurance over the limit of liability set forth in this policy. The existence of such excess insurance shall not prejudice the coverage provided under this policy nor will it reduce any liability hereunder.

M. UNDERLYING INSURANCE

- 1. Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils covered by this policy including declarations of value to

the carrier for hire. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this policy.

2. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this policy, then that portion which exceeds such a deductible amount shall be considered Contributing Insurance.

N. OTHER INSURANCE

Except for insurance described by the Contributing Insurance clause, by the Excess Insurance clause, or by the Underlying Insurance clause, it is agreed that any other insurance which the Insured may have to insure loss covered by this policy shall not be required to contribute to any loss to the extent of this Insurer's liability under this policy, and insurance hereunder shall apply as though such other policy(ies) did not exist, unless a written contract or written agreement specifically requires that this insurance (or reinsurance) be either primary or primary and noncontributing.

O. SUBROGATION

1. Any release from liability entered into by the Insured prior to loss hereunder shall not affect this policy or the right of the Insured to recover hereunder. Permission is granted the Insured to waive subrogation between or with respect to any third party provided such waiver is entered into by the Insured in writing, prior to loss insured hereunder. The right of subrogation between or against the Insured, affiliated, subsidiary and associated companies or corporations, or any other corporations or companies associated with the Insured through ownership or management, is waived and at the option of the Insured, against a tenant of the Insured.
2. In the event of any payment under this policy, this Insurer shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefore. The Insured shall execute all papers required and shall do anything that may be necessary, at the expense of the Insurer, to secure such right. The Insurer will act in concert with all other interests concerned, i.e., the Insured and any other Insurer(s) participating in the payment of any loss as primary or excess Insurers, in the exercise of such rights of recovery.

If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery shall be divided between the interests concerned in the proportion of their respective interests. If there should be no recovery, the expense of proceedings shall be borne proportionately by the interests instituting the proceedings.

P. SALVAGE AND RECOVERIES

All salvages, recoveries, and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this policy shall reduce the loss accordingly. If recovered or received subsequent to a loss settlement under this policy, such net amounts recovered shall be applied as if received prior to loss and any adjustments shall then be made between the Insured and the Insurer.

Q. BOILER AND MACHINERY

The term "accident" is defined solely for the application of the Suspension and Preservation of Property sections. The term "accident" shall not limit or define the perils or coverages provided elsewhere in this policy.

1. The term "accident" shall mean:
 - a., any condition or occurrence within boilers or fired or unfired vessels owned by, operated by, or under the control of the Insured and subject to pressure or vacuum including piping or apparatus attached to and forming a part thereof, except that the words "any condition or occurrence" shall not include explosion, other than explosion of the parts of a steam boiler containing steam or water, steam piping, steam turbines, or steam engines;
 - b. mechanical breakdown of any machine or apparatus arising out of any condition or occurrence within such machine or apparatus;
 - c. electrical injury or disturbance to electrical appliances, devices, fixtures, wiring, or other electrical or electronic equipment caused by electrical currents artificially generated.
2. However, the term "accident" does not include:
 - a. direct physical loss or damage from fire or from the use of water or other means to extinguish fire; and
 - b. the normal operation of any safety or protective device;
3. The term "accident" shall not apply to the following property:
 - a. property in transit;
 - b. property while in the course of construction, erection, installation, or assembly;
 - c. electronic data processing systems used for administrative, statistical, or accounting purposes;

- d. any sewer piping, any piping forming a part of a fire protective system, or any water piping other than:
 - (1) boiler feed water piping;
 - (2) boiler condensation return piping;
 - (3) water piping used in a heat transfer system for cooling, humidifying, or space heating purposes;
- e. any vehicle, aircraft, or self-propelled equipment or floating vessel;
- f. any elevator, crane, ladle or bucket, hoist, power shovel, drag line, excavator, scale or conveyor, but not excluding any pressure vessel, gears, engines or electrical equipment used with a machine.

R. MACHINERY

In case of direct physical loss or damage by a peril insured against to any part of a machine or unit consisting of two or more parts when complete for use, the liability of the Insurer shall be limited to the value of the part or parts lost or damaged.

S. ERRORS OR OMISSIONS

Any unintentional error or omission made by the Insured shall not void or impair the insurance hereunder, provided that the Insured reports such error or omission as soon as reasonably possible after discovery by the Insured's Manager, Hazard Insurance.

T. NOTICE OF LOSS

As soon as practicable after any loss or damage occurring under this policy is known to the Insured's Risk Manager:

DUKE ENERGY CORPORATION.
 Attn: Lance Burnette, Insurance Manager
 550 South Tryon Street
 DEC-40C
 Charlotte, NC 28202

The Insured shall report such loss or damage with full particulars to:
 Marsh USA Inc.
 Attn: Chris Huskins, Vice President
 100 N. Tryon St., Suite 3600
 Charlotte, NC 28202

for transmission to this Insurer.

U. PROOF OF LOSS

It shall be necessary for the Insured to render a signed proof of loss to the Insurer or its appointed representative stating: the place, time, and cause of the loss, damage, or expense; the interest of the Insured and of all others; the value of the property involved in the loss; and the amount of loss, damage, or expense.

V. PARTIAL PAYMENT OF LOSS

In the event of a loss covered by this policy, it is understood and agreed that the Insurer shall allow a partial payment(s) of claim subject to the policy provisions and normal Insurer adjustment process.

W. ASSIGNED ADJUSTER

It is agreed that the assigned adjuster will be:

J. Michael Brown, York Insurance Services Group, Inc.,
James Podesva, York Insurance Services Group, Inc.,
Paul Sherman, VeriClaim, Inc., or
Roe Vaughn, Cunningham Lindsey

for the adjustment of all claims made against this policy. This assignment may be changed by mutual consent of the Insured and the Insurers.

X. PROFESSIONAL FEES

This policy is extended to include reasonable expenses incurred by the Insured, or by the Insured's representatives, excluding public adjusters and attorneys, for preparing and certifying details of a claim resulting from a loss which would be payable under this policy.

Y. DEFENSE COSTS

This policy is extended to include the cost to defend any suit, against the Insured, alleging direct physical loss or damage, as insured against, to personal property of others in the custody of the Insured while on the Insured's premises to the extent of the Insured's liability therefore, even if such suit is groundless, false or fraudulent; but the Insurer may, without prejudice, make such investigation, negotiation or settlement of any such claim or suit as they deem expedient.

Z. AUTOMATIC ACQUISITION CLAUSE/NEWLY ACQUIRED PROPERTY

The Insurer shall automatically assume insurance on additional properties which may be erected, purchased, leased, acquired, or otherwise become at the risk of the Insured during the period of this insurance and situate within the territorial limits of this policy.

Insured shall notify the Insurer within one hundred eighty (180) days from the date of the Insured's Risk Manager becomes aware of said acquisition. Property in the Course of Construction, Newly Acquired Property and Properties as defined in above paragraph are insured up to \$100,000,000, except \$50,000,000 for new generation, excluding operating combustion turbines and/or generators as shown under Limit of Liability. Such new generation acquisitions involving operating combustion turbines and/or generators will be added to program at agreed account rate, terms and conditions. No premium to apply for acquisitions less than the aforementioned amounts in reported values.

AA. SUSPENSION

Upon discovery of a dangerous condition with respect to any boiler, fired or unfired pressure vessel and any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power, any representative of the Insurer may suspend the insurance with respect to an "accident" to said property by providing (fourteen) 14 day written notice from a state licensed inspection specialist which is to be mailed or delivered to the Insured's Manager, Hazard Insurance

BB. APPRAISAL

If the Insured and this Insurer fail to agree on the amount of loss, each party, upon the written demand, either of the Insured or of this Insurer, made within 60 days after receipt of proof of loss by the Insurer, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If they should fail for 15 days to agree upon such umpire, then upon the request of the Insured or of this Insurer, such umpire shall be selected by a judge of a court of record in the appropriate jurisdiction in which such appraisal is pending. Then, at a reasonable time and place, the appraisers shall appraise the loss, stating separately the value and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing by any two shall determine the amount of loss. The Insured and this Insurer shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire.

CC. CONSEQUENTIAL LOSS

1. In the event of direct physical loss or damage not otherwise excluded to property insured, and such damage, without the intervention of any other independent excluded cause, results in a sequence of events which causes physical damage to

insured property, then there shall be liability under the policy for the resulting loss or damage subject to the terms and conditions of this policy.

2. This policy also insures against consequential loss to the property insured caused by but not limited to change of temperature or humidity or by interruption of power, heat, air conditioning, or refrigeration resulting from loss or damage not otherwise excluded.

DD. PAIR AND SET

Except as provided under Section R, Machinery, in the event of direct physical loss or damage by a peril insured against to any article or articles which are a part of a pair or set, the measure of loss or damage to such article or articles shall be, at the Insured's option:

1. the reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set; or
2. the full value of the pair or set provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurer.

EE. ASSISTANCE AND CO-OPERATION OF THE INSURED

The Insured shall cooperate with this Insurer and, upon this Insurer's request and expense, shall attend hearings and trials and shall assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting suits.

FF. PRESERVATION OF PROPERTY

In case of actual or threat of imminent physical loss or damage of the type insured against by this policy, except imminent loss or damage as respects an "accident", the expenses incurred by the insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage, if any, otherwise recoverable under the policy and be subject to the applicable deductible and without increase in the limit provisions contained in this policy.

GG. PAYMENT OF LOSS

All adjusted claims shall be due and payable no later than 30 days after presentation and acceptance of proofs of loss by this Insurer or its appointed representative.

HH. REINSTATEMENT

Any loss hereunder shall not reduce the amount of this policy, except with respect to annual aggregate limits applicable to loss or damage arising out of the perils of Flood and Earth Movement as set forth in Section 3 of the Policy Declaration, Limits of Liability.

Notwithstanding the foregoing Insurers shall allow reinstatement of the Earth Movement aggregate to any loss or damage that is non-tectonic in origin at terms.

In the event of exhaustion of the policy year aggregate limits for the perils of Flood and/or Earth Movement in all layers of property insurance coverage in force for the Insured for the facilities covered under this policy up to a limit of \$650,000,000 separately, such aggregate limits shall be automatically reinstated during the policy period at the direction of the Insured.

Premium payable at the time of reinstatement is agreed to be as follows:

With respect to reinstatement of the \$650,000,000 Earth Movement Limit: \$900,000. Reinstatement capacity may be purchased as follows: \$100,000,000 for premium of \$630,000; \$200,000,000 for premium of \$742,500; or full \$650,000,000 for premium of \$900,000.

With respect to reinstatement of the \$650,000,000 Flood Limit: \$1,050,000. Reinstatement capacity may be purchased as follows: \$100,000,000 for premium of \$735,000; \$200,000,000 for premium of \$866,250; or full \$650,000,000 for premium of \$1,050,000.

II. SUIT AGAINST THE INSURER

The Insurer agrees that any action or proceeding against it for recovery of any loss under this policy shall not be barred if commenced within two years from the date of loss.

JJ. COINSURANCE DEFICIENCY

This policy covers the loss sustained by the Insured which results from the application of a coinsurance or average clause in the Insured's primary insurance policies. In such event, this policy shall pay the difference between the amount recoverable under such primary insurance and the total amount of the loss which would have been recoverable under such primary insurance without application of a coinsurance or average clause thereunder subject to the limits of liability as set forth herein.

KK. CANCELLATION/NON-RENEWAL

1. This policy may be cancelled at any time at the request of the Insured, or it may be cancelled by the Insurer by mailing to the Insured at:

DUKE ENERGY CORPORATION.
Attn: Mr. Arnold Garcia
Manager of Insurance

550 South Tryon Street
DEC-40C
Charlotte, NC 28202

And to the additional named insured/loss payees indicated on certificates of insurance issued during the term of the policy, written notice stating when, not less than one hundred twenty (120) days thereafter, such cancellation shall be effective. Earned premium shall be computed on a pro-rata basis.

2. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or by the Insurer shall be equivalent to mailing. The notice period of one hundred twenty (120) days (per 1. above) does not begin until DUKE ENERGY CORPORATION. has notice in their possession.
3. Cancellation shall not affect coverage on any shipment in transit on the date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.
4. If the Insured fails to discharge, when due, any of his obligations in connection with the payment of premiums, this policy may be cancelled by the Insurer by mailing to the Insured at the address shown in a. above, and to the additional named insureds/loss payees indicated on the certificates of insurance issued during the term of this policy, written notice stating when not less than ten (10) days thereafter such cancellation shall be effective. If the Insured makes payment within said ten (10) day notification period, the Insurer shall not have the right to cancel this policy per the terms of this clause.
5. This policy may be non-renewed by the Insurer by giving the Insured not less than ninety-(90) days written notice of non-renewal by mailing to the Insured.

LL. FULL WAIVER

The terms and conditions of this form and endorsements attached thereto are substituted for those of the policy to which it is attached, all terms, conditions and endorsements of latter being waived.

MM. TITLES OF PARAGRAPHS

The titles of the paragraphs of this form and of endorsements and supplemental contracts, if any, now or hereafter attached hereto are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

NN. CONFORMANCE

The terms of this policy which are in conflict with the applicable statutes of the state wherein this policy is issued are hereby amended to conform to such statutes, unless the statutes narrow or limit the coverage afforded by this policy and do not bar a policy from providing broader coverage.

OO. CERTIFICATES OF INSURANCE

Any certificate of insurance issued in connection with this policy shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said certificate of insurance, except where any Additional Insured(s) or Loss Payee(s) are named pursuant to the Special Provisions of said certificate of insurance. In the event any Additional Insured(s) or Loss Payee(s) are so named, this policy shall be deemed to have been added accordingly, subject to all other terms, conditions and exclusions stated therein.

The Insurer hereby authorizes Marsh USA Inc. to issue certificates of insurance including any Mortgagee, Loss Payee, and Additional Insured clauses with copies to all insurers.

PP. LAW CLAUSE

Any dispute concerning the interpretation of this policy will be determined in accordance with the laws of the state of New York subject to the provisions of SERVICE OF SUIT.

QQ. SERVICE OF SUIT

It is agreed that in the event of the failure of an Insurer hereon to pay any amount claimed to be due hereunder, the Insurer hereon, at the request of the Insured will submit to the jurisdiction of a Court of competent jurisdiction in the state of New York. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurers' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any state in the United States and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

Further, pursuant to any state of any state, territory or possession of the United States which makes provision therefore, Insurers hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose by statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the persons to whom the said officer is authorized to mail such process or a true copy thereof.

RR. DIFFERENCE IN CONDITIONS

Subject to all other terms and conditions set forth herein, coverage under this Policy is to apply when the perils and/or definitions and/or conditions set forth herein are broader in meaning or scope than those of underlying policies. Coverage under this Policy shall apply as primary insurance when a peril or coverage provided herein is not insured under the underlying policy or when no underlying policy exists.

Coverage under this Policy will attach to or become insurance against any peril insured upon property described in this Policy, which at the time of any loss is insured by underlying insurance, if the liability of such underlying insurance has been exhausted, and then this Policy shall cover only such loss as may exceed the amount due from such underlying insurance (whether collectible or not).

SS. TENANTS AND NEIGHBORS LIABILITY

This policy also covers:

1.
 - a. The liability which the Insured incurs as a tenant for damage to real and personal property by a peril insured against;
 - b. The liability which the Insured incurs for damage to real or personal property from a Peril spreading from the Insured's premises to the premises of neighbors and Co-tenants;
 - c. The liability which the Insured incurs as landlord for damage to the personal property of Tenants by a peril insured against as a result of constructional defects or lack of maintenance.
1. This extension applies only to liability incurred in those countries in which a Napoleonic or other civil or commercial code applies due to loss or damage by a peril as defined by such code and as insured hereunder.

TT. DEVALUATION

This policy covers any deficiency in the amount of collectible loss under primary insurance caused by devaluation of the currency in which it is written. However, the Insured agrees to adjust such deficiencies as soon as practicable after the date of the currency's devaluation.

UU. TAX LIABILITY

1. In the event that a loss covered hereunder cannot be paid in the country where the loss has Occurred, the Company shall be liable for an additional loss payment in accordance with the following formula:

Loss payment due under this clause = $\frac{C-A}{B} - C$

Defined as:

A – local tax benefit received where the loss occurred.

B – 1 minus the effective tax rate in the country where loss payments are received.

C – actual loss otherwise payable under this policy, except for the operation of this clause.

2. Should the effective local tax rate where the loss occurs be equal to or greater than the effective tax rate in the country where loss payments are to be received, then the formula stated in Paragraph 1 above shall not apply.
2. The tax rates applicable shall be the respective corporate tax rates in effect for the fiscal year when the loss occurred.

VV. CURRENCY

1. Loss, if any, is to be paid in the same currency in which the premium is paid.
2. In the event of a property damage loss adjustment involving local currency, conversion into the currency of the United States of America shall be at the New York foreign exchange selling rate published in The Wall Street Journal as of the date(s) of expenditure. If property damaged or destroyed is not repaired, rebuilt or replaced, conversion into the currency of the United States of America shall be at the New York foreign exchange selling rate published in The Wall Street Journal as of the date of loss.
3. In the event of a business interruption, extra expense, rental value, royalties and/or expediting expense loss adjustment involving local currency, conversion into the currency of the United States of America shall be at the average New York foreign exchange selling rate published in The Wall Street Journal in effect during each 30 day period (or part thereof) commencing on the date the loss occurs.
4. Local Currency shall be defined as the currency of the country where loss occurs. This definition shall also include a local currency equivalent.

WW. HAZARDOUS SUBSTANCES OR CONTAMINANTS

If, as a result of an Occurrence insured hereunder, any property on the Premises Described in the Declarations is damaged, contaminated or polluted by Hazardous Substances or Contaminants, the Company shall be liable under this policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, or disposal of that damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which the Company would have

been liable if no Hazardous Substances or Contaminants had been involved in the Occurrence.

The Company's total liability under this provision shall be limited to the greater of \$25,000 or, where specified, the Sublimit of Liability for Hazardous Substances or Contaminants shown in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

XX. MISCELLANEOUS UNNAMED LOCATIONS

This policy is extended to cover Property Insured while at fixed locations not stated in the schedule of values. This coverage applies to physical loss or damage only, does not include any Time Element coverages.

Coverage under this extension shall not apply to signs, tracks, trestles, bridges, tunnels, electrical transmission and distribution lines, line transformers, towers and poles, cables, pipes and pipelines, equipment or apparatus connected to any of the preceding, property contained within any vehicle or other conveyance, or property in the due course of transit, however the aforementioned property stored at covered locations are covered..

Liability under this provision shall not exceed the Sublimit of Liability for Miscellaneous Unnamed Locations shown in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

YY. RENTAL VALUE EXTENSION

The policy is extended to cover the Rental Value Actual Loss Sustained by the Insured during a Period of Interruption. This loss must result directly from direct physical loss or damage insured against by this policy. In addition, the loss or damage must be to property not otherwise excluded by this policy, utilized by the Insured.

1. Rental Value Actual Loss Sustained

In the event the property is necessarily rendered wholly or partially untenable, the Company shall be liable for the Rental Value Actual Loss Sustained during the Period of Interruption.

The term Rental Value Actual Loss Sustained shall mean:

- a. the fair rental value of any portion of the property occupied by the Insured; and
- b. income reasonably expected from rentals of unoccupied or unrented portions of such property; and

- c. the rental income from the rented portions of such property according to bona fide leases, contracts or agreements in force at the time of loss; but not including non-continuing charges and expenses.

2. Expenses

The Insurer(s) agrees to pay the amount of expense which is reasonably incurred by the Insured, or the Company, to reduce or avert the Rental Value Actual Loss Sustained, but only to the extent that the total amount which otherwise would have been paid is thereby reduced. All extra expenses so incurred shall be part of, and not in addition to, the Limit or Sublimit of Liability specified in the Declarations for this extension.

3. Exclusions

This extension does not cover:

- a. Loss of rental income with respect to any period during which the insured property would not, or could not, have been tenantable, had direct physical loss or damage to the Premises Described in the Declarations, as insured against hereunder, not occurred.
- b. Any increase of loss due to strike(s) or due to the suspension, cancellation or lapse of any lease, contract, license or order, nor any loss due to fines or damage for breach of contract or penalties of whatever nature.
- c. Loss resulting from damage to property in transit or property in the course of construction.

4. Period of Interruption.

The liability of the Insurer(s) under this extension shall be limited to the Period of Interruption. The term Period of Interruption shall mean the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace such described property as has been lost or damaged with materials of like kind, size, capacity and quality to the same tenantable condition as existed prior to the direct physical loss or damage, unless otherwise provided in this extension. The Period of Interruption shall not include any additional time required for making changes to buildings, equipment or contents regardless of the reason(s) for the changes, except as provided for in the Demolition and Increased Cost of Construction provision of the Additional Coverages section, nor does it include any additional time required for restaffing or retraining employees or for delay of any kind caused by labor disputes, including strikes.

The liability of the Company under this extension shall not be limited by the expiration of this policy.

5. Interruption by Civil Authority

This policy is also extended to include the Rental Value Actual Loss Sustained by the Insured, during the length of time, not exceeding forty-five (45) consecutive days, when access to or from such Premises Described in the Declarations is specifically prohibited by order of civil or military authority. Such prohibition must be as a direct result of a peril not otherwise excluded to property of a type not otherwise excluded.

6 Use of Other Property

The Insured agrees to use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing loss under this extension.

7. Experience of the Business

In determining the indemnity payable under this endorsement, due consideration shall be given to rental conditions before the loss and what reasonably could have been expected had no loss occurred.

8. Liability

The Company's total liability under this provision shall be limited to the amount of the Limit or Sublimit of Liability for this extension specified in the Declarations, as more fully described in the Limits and Sublimits of Liability Condition of this policy.

ZZ. FINANCE PARTIES PROVISIONS

1. The Insurers agree to waive all rights of subrogation howsoever arising which they may have or acquire against the Banks arising out of any occurrence in respect of which a claim is admitted under the Policy.
2. All the provisions of the Policy (except those relating to limits of liability) shall operate as if there were a separate policy covering each Insured for their respective rights and interests.
3. Loss or damage, if any, under this policy, shall be payable to any lender, mortgagee or trustee as designated herein or by endorsement to this policy or by certificate of insurance, as interest may appear, under all present or future documents of title, agreements, mortgages, indenture or other written evidence upon the property herein described in which the aforesaid may have an interest as lender, mortgagee or trustee, in order of precedence, and this insurance, as to the interest of the lender, mortgagee or trustee only therein, shall not be invalidated by any act or neglect of the borrower, mortgagor or owner of the within described property, by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title of ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided, that in case the mortgagor or owner shall neglect to pay any

premium due under this policy, the lender, mortgagee or trustee shall, on demand, pay the same.

Provided, also, that the lender, mortgagee or trustee shall notify the Insurers of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said lender, mortgagee or trustee and, unless permitted by this policy, it shall be noted thereon and the lender, mortgagee or trustee shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

The Insurers reserve the right to cancel, terminate or materially change this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the lender, mortgagee or trustee for sixty (60) days (except ten (10) days for non-payment of premium) after notice to the lender, mortgagee or trustee of such cancellation, termination or change and shall then such cancellation, termination or change shall be effective, and the Insurers shall have the right, on like notice, to cancel this agreement.

Whenever the Insurers shall pay the lender, mortgagee or trustee any sum for loss or damage under this policy and shall claim that, as to the borrower, mortgagor or owner, no liability therefore existed, the Insurers shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may, at its option, pay to the lender, mortgagee or trustee the whole principal due or to grow due on the debt, with interest accrued thereon to the date of such payments, and shall receive a full assignment and transfer of the debt and of the documents of title, agreements, mortgages, indentures or other written evidence of the interest of the lender, mortgagee or trustee in the within described property; but no subrogation shall impair the right of the lender, mortgagee or trustee to recover the full amount of said lender's, mortgagee's or trustee's claim.

All insurance claims shall be adjusted with the Insured and payable to the lender, mortgagee or trustee as their interest may appear.

AAA. PREMIUM ADJUSTMENTS

In respect of newly acquired or divested locations, additional or return premium shall be due and payable, and shall be calculated at daily pro rata of the policy rate applicable at the time.

Inclusion of an acquisition of an entity in a non-core business activity or of an entity that has risk management standards substantially inferior to the balance of the interests insured by this policy needs to be agreed by insurers.

BBB. MACHINERY OR EQUIPMENT STARTUP OPTION

After insured machinery or equipment that has sustained insured physical loss or damage is repaired or replaced and such machinery or equipment is undergoing startup, the following applies:

If physical loss or damage of the type insured directly results to such machinery or equipment from such startup, the Insured shall have the option of claiming such resulting insured damage as part of the original event of physical loss or damage or as a separate occurrence.

This Additional Coverage applies only:

1. to the first startup event after the original repair or replacement; and
2. when the first startup event happens during the term of this Policy or its renewal issued by the Company

For the purposes of this Additional Coverage, startup means:

1. the introduction into machinery or equipment of feedstock or other materials for processing or handling;
2. the commencement of fuel or energy supply to machinery or equipment.

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract. The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

SCHEDULE OF INSURERS

Associated Electric & Gas Insurance Services Limited

By: AEGIS Insurance Services, Inc. as agent

under an Insurance Services Agreement effective September 27, 2007

By:  _____

Authorized Signature

Date

Name:

Title: Vice President

AEGIS Insurance Services, Inc.

1 Meadowlands Plaza

East Rutherford, NJ 07073

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 1 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

ELECTRONIC DATA PROCESSING MEDIA EXTRA EXPENSE

A. INSURING AGREEMENT

The policy to which this endorsement is attached is extended to cover the Extra Expense incurred by the Insured during a Period of Restoration. This Extra Expense must be caused by direct physical loss or damage insured against by this policy. In addition, the loss or damage must be to media, data, programs or other software stored on, or for use with, any computer or other electronic or electromechanical data processing equipment or production equipment, or associated air conditioning or electrical equipment systems utilized by the Insured, all located at Premises Described in the Declarations.

B. DEFINITIONS

The following terms, wherever used in this endorsement, shall be defined as follows:

Extra Expense

The term Extra Expense shall mean:

- a. the reasonable and necessary extra expenses incurred to temporarily continue as nearly Normal as practicable the conduct of the Insured's business; or
- b. the reasonable and necessary extra costs of temporarily using property or facilities of the Insured or others.

At the end of the Period of Restoration specified elsewhere in this endorsement, any value remaining in property obtained in connection with a. or b. above shall be taken into consideration in the determination of the actual loss sustained. In no event shall these expenses include loss of income or normal costs which would have been incurred in conducting the business during the same period had no damage insured against occurred, or the cost of permanent repair or replacement of property that has been damaged or destroyed.

2. Normal

The term Normal shall mean the condition that would have existed had no damage of the type insured against occurred. In determining the indemnity payable under this endorsement, due consideration shall be given to the experience of the business before the loss and probable experience thereafter had no loss occurred.

3. Period of Restoration

The term Period of Restoration shall mean the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace such described property as has been lost or damaged with materials of like kind, size, capacity, and quality. It shall also include such additional time required to make such property ready for operations under the same or equivalent physical operating conditions that existed prior to the direct physical loss or damage, unless otherwise provided in this endorsement. The Period of Restoration shall not include any additional time required for making changes to buildings, equipment or contents regardless of the reason(s) for the changes, except as provided for in the Demolition and Increased Cost of Construction provision of the Additional Coverages section, nor does it include any additional time required for restaffing or retraining employees or for delay of any kind caused by labor disputes, including strikes. The liability of the Company under this endorsement shall not be limited by the expiration of this policy.

C. EXCLUSIONS

This endorsement does not cover:

1. Any period during which business would not, or could not, have been conducted had direct physical damage to the Premises Described in the Declarations, as insured hereunder, not occurred.
2. Any Extra Expense incurred as a result of damage to finished products manufactured by the Insured, nor the time required for their reproduction.
3. Any Extra Expense incurred due to the suspension, cancellation or lapse of any lease, contract, license or order nor any loss due to fines or damage for breach of contract or for late or non-completion of orders or penalties of whatever nature, nor shall the Company be liable for any Extra Expense incurred due to any other consequential or remote loss.
4. Any Extra Expense resulting from loss or damage to property in transit or property in the course of construction.
5. Any loss or damage caused by or resulting from errors or omissions in machine programming or instructions to machines, or computer error or malfunction of any kind or nature.


D. USE OF OTHER PROPERTY

The Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the Extra Expense incurred under this endorsement.

LIABILITY

The Company's total liability under this provision shall be limited to the amount of the Sublimit of Liability for Extra Expense specified in the Declarations, as more fully described in the Limits and Sublimits of Liability Condition of this policy.

All other terms and conditions remain unchanged



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED**Endorsement No. 2** **Effective Date of Endorsement** **May 1, 2020****Attached to and forming part of POLICY No.** **PO5273408P****ORIGINAL NAMED INSURED** **Duke Energy Corporation**

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

AGGREGATE EXHAUSTION (APPLICABLE TO EXCESS LAYERS ONLY)

The Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers (as applicable) shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year. Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles.

In the event of such reduction of the aggregate Limits of Liability in respect of Named Windstorm, Flood and Earth Movement of the Primary and Underlying Excess Insurances (as applicable), this Policy shall pay excess over the reduced aggregate limit. In the event of exhaustion of such aggregate Limits of Liability of the Primary and Underlying Excess (as applicable) Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the Declarations of this Policy.

PRIORITY OF PAYMENT (AS APPLICABLE)

It is hereby understood and agreed that notwithstanding anything contained herein to the contrary that in the event of a claim hereunder which involves more than one interest and/or coverage and/or peril; it shall be at the sole option of the Assured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of claim not exceeding the overall limit of liability contained herein for any one loss.

For the purpose of attachment of coverage for excess layers, it is further agreed that loss involving any interest and/or peril covered in primary or underlying excess layers, but not covered in higher excess layers, shall be recognized by such excess layers as eroding or exhausting the occurrence limits of the primary and/or underlying excess layer(s). Nothing herein, however, shall be deemed to extend coverage in such layers(s) to include loss from any interest and/or peril not covered in the excess layer(s) itself.

**Signature of Authorized Representative**

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED**Endorsement No. 3** **Effective Date of Endorsement** **May 1, 2020****Attached to and forming part of POLICY No.** **PO5273408P****ORIGINAL NAMED INSURED** **Duke Energy Corporation****It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.****MORTGAGEE CLAUSE****Loss, if any, under this Policy to properties of Florida Power Corporation d/b/a Progress Energy Florida, Inc. and property not expressly excepted from the lien and operation of the First Mortgage and Deed of Trust of Florida Power Corporation, dated as of January 1, 1944, and except any loss less than \$50,000 or applicable policy deductible shall be payable to The Bank of New York Mellon, 101 Barclay Street, New York, NY 10286.****Signature of Authorized Representative**

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED**Endorsement No. 4** **Effective Date of Endorsement** **May 1, 2020****Attached to and forming part of POLICY No.** **PO5273408P****ORIGINAL NAMED INSURED** **Duke Energy Corporation**

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

LOSS PAYABLE CLAUSE

It is further understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

It is agreed that this POLICY is amended as follows relative to the following assets:

1. Vermillion Energy Facility
2. Gibson Station Unit No. 5

Wabash Valley Power Association, Inc. and its Mortgage and Indenture Trustee (Wells Fargo Bank, N.A. or any successor trustee) are hereby covered as a Loss Payee for Wabash Valley Power Association, Inc. ownership interest as it appears under that certain Gibson Unit No. 5 Joint Ownership, Participation, Operation and Maintenance Agreement by and between Public Service Company of Indiana, Inc. and Wabash Valley Power Association, Inc., dated August 27, 1982 and that certain Ownership and Operation Agreement for the Vermillion Generating Facility by and between Wabash Valley Power Association, Inc. and Duke Energy Vermillion, LLC dated as of April 30, 2004 and any amendments or supplements thereof to those certain agreements.

**Signature of Authorized Representative**

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 5 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

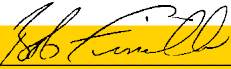
It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

ENGINEERING EXPENSE DEDUCTION

Insurers agree to a deduction of 2.5% of each Insurer's participation to the Insured for engineering services.

A 2.5% deduction shall be withheld from the gross premium due at inception (as stated on this POLICY) considering engineering services to be performed during the policy Term of Insurance. This deduction shall not apply to any other premium transactions occurring during the policy year.

All other terms and conditions of this POLICY remain unchanged.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 6 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

TERRORISM COVERAGE**SECTION A**

Reinsurers agree to indemnify the Reinsured when any payments are made to the Insured for loss or damage resulting from Acts of Terrorism to all real and personal property of the Insured in respect of the Reinsured's 20% quota share exposure under the U.S. Terrorism Risk Insurance Act of 2002 (TRIA), as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2007, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2015, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2020.

The Reinsurers maximum liability under this Section shall be limited to \$200,000,000 any one occurrence.

The Policy deductible shall apply on a quota share basis with respect to the Reinsured's exposure being 20% of the applicable Policy deductible as detailed in the Declarations of this Policy.

SECTION B

Reinsurers agree to indemnify the Reinsured when any payments are made to the Insured for loss or damage resulting from Acts of Terrorism and/or Sabotage and/or Malicious Damage to all real and personal property of the Insured. However coverage hereon is deemed to have the benefit of any amounts recoverable under the U.S. Terrorism Risk Insurance Act of 2002 as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2007, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2015, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2020.

Reinsurance under this Section will also indemnify the Reinsured for 100% of any Self Insured Retention borne by the Reinsured as specified under the U.S. Terrorism Risk Insurance Act of 2002, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2007, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2015, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2020.

Furthermore this Section will also indemnify the Reinsured for "Certified Acts of Terrorism" where the "Program Trigger" as specified under Section 103(e) (1) (B) of the U.S. Terrorism Risk Insurance Extension Act of 2005, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2007, as extended by the U.S. Terrorism Risk Insurance Program Reauthorization Act of 2015 is not

met and Federal compensation is not paid under the Act, as extended by the U.S. Terrorism Risk Insurance Program Reauthorisation Act of 2020.

Furthermore, in the event that:

- 1) a loss occurs in respect of a United States of America location, and
- 2) such loss is covered and agreed by Reinsurers under the terms of the Terrorism Property Damage coverage specified herein, and
- 3) where there is a deliberation and/or delay in the TRIA certification and/or payment process

then this Policy will advance funds in accordance with limits hereon no later than 180 days from the date of agreement by Reinsurers and in this circumstance prior to the advance of funds the Reinsured will provide Reinsurers with an acceptable Letter of Credit or Corporate Guarantee.

Thereafter the Reinsured agrees to pursue all possible recoveries under U.S. Terrorism Risk Insurance Act and will reimburse Reinsurers for any recoveries made - in accordance with Terrorism Property Damage Wording "Salvage and Recoveries".

In the event that the US Treasury / TRIA subsequently reimburses the Reinsured for claims paid to the Insured, then the Reinsurers shall be entitled to draw on the letter of credit or corporate guarantee to the extent of any such TRIA recovery by the Reinsured.

INSURING CLAUSE

This Policy indemnifies the Reinsured for its ascertained loss for any one Occurrence up to but not exceeding the Policy Limit against:

- 1) Physical loss or physical damage to the covered property caused by one or more of the following perils occurring during the Policy Period:
 - a) Act of Terrorism;
 - b) Sabotage;
 - c) Malicious Damage - as specified and defined herein.

DEFINITIONS

"Act of Terrorism" shall mean an unlawful act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

"Malicious Damage" shall mean all physical loss or physical damage resulting directly from a malicious act by anyone during a disturbance of the public peace where such malicious act is perpetrated for political reasons by known or unknown person(s).

"Sabotage" shall mean wilful physical damage or destruction perpetrated for political reasons by known or unknown person(s).

All other terms and conditions of this POLICY remain unchanged.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 7 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

MEMBERSHIP AND VOTING RIGHTS ENDORSEMENT

This POLICY does not entitle the INSURED to be a member in the INSURER.

This POLICY does not entitle the INSURED to a vote on any matter submitted to the members of the INSURER.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 8 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

OFAC EXCLUSION

The INSURER will not pay for loss, damage, cost or expense arising out of any:

- a) conduct prohibited by any United States economic or trade sanctions, including, but not limited to sanctions, laws and regulations administered and enforced by the United States Treasury Department's Office of Foreign Assets Control ("OFAC") (collectively "Economic Sanctions"); or
- b) coverage that violates any of these Economic Sanctions.

Further, in accordance with these Economic Sanctions, any such coverage in this POLICY that would violate these Economic Sanctions is void at POLICY inception. If this POLICY is determined by the INSURER to be a blocked or frozen contract under these Economic Sanctions, no payments, including, but not limited to, claims, premium refunds, member related credits, will be made without authorization from OFAC.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 9 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

MACHINERY OR EQUIPMENT STARTUP OPTION ENDORSEMENT

Section **BBB. MACHINERY OR EQUIPMENT STARTUP OPTION** coverage of the Policy does not apply to AEGIS.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 10

Effective Date of Endorsement

May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED

Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

REINSTATEMENT OF NAMED WINDSTORM LIMIT

It is agreed that the following is added to HH. Reinstatement:

With respect to reinstatement of the \$650,000,000 Named Windstorm Limit, the premium shall be \$1,050,000. Reinstatement capacity may be purchased as follows: \$100,000,000 for premium of \$735,000; \$200,000,000 for premium of \$866,250; or full \$650,000,000 for premium of \$1,050,000.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 11

Effective Date of Endorsement

May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED

Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

GENERAL CHANGE ENDORSEMENT

Electrical transmission and distribution exclusion wording to be revised as follows:

beyond 1,000 feet of the boundary of ~~insured locations~~ electric generating stations on file with the insurers



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 12

Effective Date of Endorsement

May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED

Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

GENERAL CHANGE ENDORSEMENT

EARTH MOVEMENT, FLOOD AND WINDSTORM OCCURRENCE wording to be modified as follows: However, physical loss or damage ~~not otherwise excluded~~ **from the perils of fire, lightning, and sprinkler leakage** resulting from Earth Movement, Flood, and Named Windstorm will be considered loss by Earth Movement, Flood, and Named Windstorm within the terms and conditions of this Policy



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 13

Effective Date of Endorsement

May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED

Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

COMMUNICABLE DISEASE AND INFECTIOUS PATHOGEN EXCLUSION

Notwithstanding any provision of this Policy to the contrary, and regardless of any intervening cause or event that contributes concurrently or in any sequence, this Policy excludes and the COMPANY does not insure any loss, cost, damage, expense, or any other sum that, either directly or indirectly, proximately or remotely, is or can be caused by, result from, arise out of, composed or comprised of, attributable to, contributed to by, or in any way connected with, any of the following:

- i. any actual, suspected, or potential Communicable Disease or Infectious Pathogen;
- ii. any fear or threat (whether actual or perceived) of sickness resulting from any Communicable Disease or Infectious Pathogen;
- iii. any action taken in controlling, cleaning, monitoring, preventing, or suppressing any Communicable Disease or Infectious Pathogen or any sickness or any fear or threat (whether actual or perceived) of sickness resulting from any Communicable Disease or Infectious Pathogen;
- iv. any loss of sales or interruption of any market in any way relating to any Communicable Disease or Infectious Pathogen or any sickness or any fear or threat (whether actual or perceived) of sickness resulting from any Communicable Disease or Infectious Pathogen; or
- v. any loss of use of property or any loss of value of property, in any way relating to any Communicable Disease or Infectious Pathogen or any sickness or any fear or threat (whether actual or perceived) of sickness resulting from any Communicable Disease or Infectious Pathogen.

This Exclusion applies to all coverages and coverage extensions provided in the Policy, including but not limited to any Property Damage Coverages, Time Element Coverages, Extra Expense, or any other Policy modifications or endorsements.

A "Communicable Disease or Infectious Pathogen" means any disease, bacterium, virus, parasite, fungus, or other material, whether deemed living or not, which is or can become harmful or potentially harmful to humans, human welfare, or other living organisms, which is or can become capable of being spread: a) directly from one person to another; b) indirectly through airborne transmission, bodily fluid transmission, or transmission from or to any organic or inorganic surface, object, solid, liquid, or gas; or c) via any other disease host, vector, or other means of transmission.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 14 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

CYBER COVERAGE

It is understood and agreed that the coverage provided in this Policy by the Insurers subscribed below is amended as indicated herein. All other terms and conditions of this Policy remain unchanged.

The following is added:

This Policy does not insure against any loss, damage, cost, or expense caused by a CYBER INCIDENT, but does not exclude any loss, damage, cost, or expense caused by any ensuing physical loss or damage to Covered Property which is not SOFTWARE AND DATA from a cause not specifically excluded.

The following Definitions apply in this Endorsement:

COMPUTER EQUIPMENT means any electronic data processing equipment, computer, computer or communication system or component, hardware, network, microprocessor, microchip, integrated circuit, or similar devices or components in computer or non-computer equipment, or any electronic, electro-mechanical, or electro-magnetic media that holds SOFTWARE AND DATA, including, but not limited to, COMPUTER EQUIPMENT that monitors and/or controls physical devices and/or processes.

CYBER INCIDENT means any of the following:

- (1) any unauthorized acquisition, loss, copying, disclosure, transfer, sale, alteration, corruption, destruction, deletion, encryption, use, operation, and/or damage to any SOFTWARE AND DATA;
- (2) infection of COMPUTER EQUIPMENT by a VIRUS or other malicious code;
- (3) the use of deception to manipulate authorized individuals into divulging financial, confidential or personal information;
- (4) denial of service attack, being an attack to block or prevent access to any COMPUTER EQUIPMENT or SOFTWARE AND DATA;
- (5) violation of law, statute, regulation, policy, or contractual provision relating to the authenticity, availability, confidentiality, security, storage, control, disclosure, protection, encryption, integrity or use of SOFTWARE AND DATA;
- (6) intentionally shutting down, disabling, or removing connectivity to any COMPUTER EQUIPMENT or SOFTWARE AND DATA; or

(7) errors or omissions in the programming or operation of a COMPUTER EQUIPMENT or SOFTWARE AND DATA.

SOFTWARE AND DATA means any computer software, firmware, operating systems, programs, code, or data.

VIRUS means SOFTWARE AND DATA that causes or threatens to cause the deletion, destruction, degradation, corruption, malfunction, compromise, or otherwise adversely affect the operation or functionality of any COMPUTER EQUIPMENT or SOFTWARE AND DATA including, but not limited to, any denial of service attack, encryption, or ransomware.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 15

Effective Date of Endorsement

May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED

Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

TRIA ENDORSEMENT

Terrorism coverage is hereby provided pursuant to the Terrorism Risk Insurance Act of 2002 as amended (the "FEDERAL ACT").

The INSURER will pay for "INSURED LOSS" resulting from an "ACT OF TERRORISM" subject to the terms, conditions, limits and exclusions of this POLICY. (Each capitalized term is defined by the FEDERAL ACT)

The POLICY exclusion for nuclear, biological, radiation and chemical hazards and the exclusion for terrorism losses not qualifying as an "INSURED LOSS" under the FEDERAL ACT still apply.

Pursuant to the FEDERAL ACT, if the total "INSURED LOSS" of all property casualty reaches \$100 billion during any applicable period, the INSURER will not be liable under this POLICY for any portion of such losses that exceed such amount. Therefore, the amounts the INSURER pays under this POLICY may be reduced. Because of this, the INSURER may reserve its rights when making payments under the Policy for "INSURED LOSS" and may require the INSURED to provide an undertaking to return to the INSURER any overpayment.

The following terms and conditions apply to this Endorsement:

1. All CLAIMS arising out of or resulting from an ACT OF TERRORISM shall be deemed to have been made when the first written notice of a claim or notice of circumstances under the POLICY is given to the INSURER for the ACT OF TERRORISM, or loss or potential loss arising out of the ACT OF TERRORISM regardless of whether such written notice of a claim or "Notice of Circumstance" is made by the INSURED or any other party insured by the INSURER.
2. Upon receiving a written notice of a claim or notice of circumstances under the POLICY that the INSURER determines involves loss or potential loss arising out of an ACT OF TERRORISM, the INSURER will send a notice to the INSURED first named in the Declarations of this POLICY stating that the INSURER has received a written notice of a claim or notice of circumstances arising out of an ACT OF TERRORISM. Not later than six months after the date of such notice by the INSURER, any insured having or expecting to have a claim for TERRORISM LOSS arising out of the ACT OF TERRORISM covered by the INSURER'S notice must submit to the INSURER an estimate of all projected TERRORISM LOSS for which coverage is claimed or is expected to be claimed under this POLICY, including the basis for the projected amount of the loss. The insured

shall promptly notify the INSURER of any material change in the amount claimed or expected to be claimed.

3. This POLICY covers only actual TERRORISM LOSS amounts reported to the INSURER not later than three years after the date that the ACT OF TERRORISM giving rise to such TERRORISM LOSS is first known to have occurred or a reasonable estimate of TERRORISM LOSS reported to the INSURER not later than three years after such date based on information and circumstances as of the time such estimate is reported. This paragraph shall not be construed to require the INSURER to pay any loss in excess of actual TERRORISM LOSS.
4. "TERRORISM LOSS" means direct or indirect loss, damage, liability, costs or expenses, including defense costs, occasioned by, happening through or as a direct or indirect consequence of any ACT OF TERRORISM regardless of any other cause or event contributing concurrently or in other sequence to the loss, damage, liability, costs or expenses and regardless of when such loss, damage, liability, costs or expenses become manifest or known. Any loss claimed due to the failure to take proper precautions to avert losses from an ACT OF TERRORISM or the failure to continue business after an ACT OF TERRORISM shall be considered to be occasioned by such ACT OF TERRORISM.
5. "ACT OF TERRORISM" means the commission of a violent act, or an act dangerous to human life, tangible property, intangible property or infrastructure, or the threat of such act, that is reasonably believed to have been committed (a) for political, religious and/or ideological reasons; and (b) either (1) to intimidate, coerce or cause fear among the public or a section of the public, (2) to influence the policy of, or overthrow, a government by intimidation, fear or coercion, (3) to affect the conduct of a government or the public or a section of the public, (4) to disrupt any segment of a country's economy or (5) for any similar reason. An ACT OF TERRORISM shall also include any actions by, or on behalf of, a government or branch thereof (including, without limitation, the uniformed armed forces, militia, police, state security, national guard and anti-terrorism agencies) in deterring, responding to, combating or retaliating against terrorism or removing debris from a terrorist attack.

For purposes of this Endorsement, an insurance policy shall be deemed to be issued during the calendar year if the first day of the "POLICY PERIOD" (as defined in each such POLICY) was during the calendar year. In the case of a POLICY covering multiple twelve month periods, the POLICY shall be deemed to have been renewed on, and the first day of the "POLICY PERIOD " shall be deemed to be, the anniversary date of the POLICY.

The INSURER has the right to modify this Endorsement, without consideration, if legislation is enacted by the Federal government of the United States that would, in any way, affect the coverage being provided by this Endorsement.

As used in this Endorsement, INSURED LOSS and ACT OF TERRORISM have the meanings given to them by the FEDERAL ACT.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the POLICY, except as herein above set forth.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 16 Effective Date of Endorsement May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

NON-CERTIFIED TERRORISM COVERAGE ENDORSEMENT

This POLICY provides full policy limits for physical loss or damage caused by or resulting from an ACT OF TERRORISM only at locations of the INSURED located within the fifty United States of America plus the District of Columbia.

An ACT OF TERRORISM shall not be considered to be vandalism or malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this POLICY. Amounts recoverable under this coverage are excluded from coverage elsewhere in this POLICY.

This coverage does not cover loss or damage which comes within the EXCLUSIONS section of this POLICY.

This coverage does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause of event, whether or not insured under this POLICY contributing concurrently or in any other sequence to the loss:

1. that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear explosion or nuclear reaction or radiation or radioactive contamination; or
2. that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
4. that involves action taken to prevent, defend against, respond to or retaliate against an ACT OF TERRORISM or suspected ACT OF TERRORISM; or
5. An ACT OF TERRORISM covered under the Terrorism Risk Insurance Act of 2002 as amended (the "FEDERAL ACT").

"ACT OF TERRORISM" means the commission of a violent act, or an act dangerous to human life, tangible property, intangible property or infrastructure, or the threat of such act, that is reasonably believed to have been committed (a) for political, religious and/or ideological reasons; and (b) either (1) to intimidate, coerce or cause fear among the public or a section of the public, (2) to influence the policy of, or overthrow, a government by intimidation, fear or coercion, (3) to affect the conduct of a government or the public or a section of the public, (4) to disrupt any segment of a country's economy or

(5) for any similar reason. An ACT OF TERRORISM shall also include any actions by, or on behalf of, a government or branch thereof (including, without limitation, the uniformed armed forces, militia, police, state security, national guard and anti-terrorism agencies) in deterring, responding to, combating or retaliating against terrorism or removing debris from a terrorist attack.



Signature of Authorized Representative

ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No. 17

Effective Date of Endorsement

May 1, 2020

Attached to and forming part of POLICY No. PO5273408P

ORIGINAL NAMED INSURED

Duke Energy Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

STORM SURGE ENDORSEMENT

It is understood and agreed that “**STORM SURGE**” means the movement of water on to normally dry land due in whole or in part to wind or tidal action.



Signature of Authorized Representative