



Duke Energy Corporation
139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960

December 14, 2010

Kentucky Public Service Commission
Attn: Mr. Jeff Derouen, Executive Director
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

DEC 14 2010

**PUBLIC SERVICE
COMMISSION**

Dear Mr. Derouen:

Enclosed for filing are an original and ten (10) conformed copies of Duke Energy Kentucky's ("Duke") "Monthly Report of Gas Cost Calculations and Tariff Schedules," for the month commencing with the January 2011 revenue month in accordance with KPSC order dated November 6, 2003 in Case No. 2003-00386. This filing is based on supplier tariff rates expected to be in effect on January 4, 2011 and the NYMEX close on December 9, 2010 for the month of January, 2011.

The above described schedules and GCA are effective with the final meter readings of District 1, January 2011 revenue month (i.e., final meter readings on and after January 4, 2011).

Duke's proposed GCA is \$5.885 per Mcf. This rate represents an increase of \$0.448 per Mcf from the rate currently in effect for December 2010.

Please stamp "FILED" on the additional enclosed copy and return for our file. Thank you.

Very truly yours,

Dana Patten

Enclosure

cc: L. Schmidt

R:/tariffs/gcr/ulhp/gca monthly filing.doc

COMPANY NAME: DUKE ENERGY KENTUCKY, INC.
GAS COST ADJUSTMENT CLAUSE RATE CALCULATIONS
SUPPLEMENTAL MONTHLY REPORT

PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	5.881
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.004)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.016
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.008)
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>5.885</u>

GAS COST RECOVERY RATE EFFECTIVE DATES: JANUARY 4, 2011 THROUGH FEBRUARY 1, 2011

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	5.881

SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.001)
PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.001)
SECOND PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.002)
THIRD PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	<u>(0.004)</u>

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	0.033
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.470)
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.104
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>0.349</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.016

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	(0.002)
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.000
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.007)
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>0.001</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.008)

THIS MONTHLY REPORT FILED PURSUANT TO CASE NO. 2003-00386
OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED November 6, 2003

DATE FILED: DECEMBER 14, 2010

BY: DON WATHEN

TITLE: VICE-PRESIDENT, RATES

PURCHASED GAS ADJUSTMENT
COMPANY NAME: DUKE ENERGY KENTUCKY, INC.

SUPPLEMENTAL MONTHLY REPORT

EXPECTED GAS COST RATE CALCULATION

DETAILS FOR THE EGC RATE IN EFFECT AS OF JANUARY 4, 2011
 PROJECTED VOLUME FOR THE TWELVE MONTH PERIOD ENDED NOVEMBER 30, 2011

		\$
<u>DEMAND (FIXED) COSTS:</u>		
Columbia Gas Transmission Corp.		2,778,721
Texas Gas Transmission		895,375
Columbia Gulf Transmission Corp.		1,350,152
K O Transmission Company		307,584
Gas Marketers		<u>52,608</u>
TOTAL DEMAND COST:		<u>5,384,440</u>
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:		10,528,912 MCF
DEMAND (FIXED) COMPONENT OF EGC RATE	\$5,384,440 /	10,528,912 MCF \$0.511 /MCF
 <u>COMMODITY COSTS:</u>		
Gas Marketers		\$4.228 /MCF
Gas Storage		/MCF
Columbia Gas Transmission		\$1.113 /MCF
Propane		<u>\$0.020 /MCF</u>
COMMODITY COMPONENT OF EGC RATE:		\$5.361
 <u>OTHER COSTS:</u>		
Net Charge Off ⁽¹⁾	\$17,952 /	1,978,643 \$0.009 /MCF
 TOTAL EXPECTED GAS COST:		 <u><u>\$5.881 /MCF</u></u>

⁽¹⁾ Net Charge Off amount from Case No. 2009-00202 WPD-2.15a.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY, INC.**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : JANUARY 4, 2011



GAS COMMODITY RATE FOR JANUARY, 2011:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$4.8292	\$/Dth
DUKE ENERGY KENTUCKY FUEL	3.400%	\$0.1642	\$4.9934	\$/Dth
DTH TO MCF CONVERSION	1.0201	\$0.1004	\$5.0938	\$/Mcf
ESTIMATED WEIGHTING FACTOR	83.000%		\$4.2279	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$4.228	\$/Mcf

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$6.1541	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$6.1694	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.062%	\$0.1272	\$6.2966	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0224	\$6.3190	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0019	\$6.3209	\$/Dth
DUKE ENERGY KENTUCKY FUEL	3.400%	\$0.2149	\$6.5358	\$/Dth
DTH TO MCF CONVERSION	1.0201	\$0.1314	\$6.6672	\$/Mcf
ESTIMATED WEIGHTING FACTOR	16.700%		\$1.1134	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$1.113	\$/Mcf

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.44920	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$6.2169	\$6.6661	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.3000%		\$0.0200	\$/Mcf
PROPANE COMMODITY RATE			\$0.020	\$/Mcf

(1) Weighted average cost of gas based on NYMEX prices on 12/09/2010 and contracted hedging prices.

INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>	
<u>SERVICE REGULATIONS</u>				
Service Agreements.....	20	01/04/10	01/04/10	
Supplying and Taking of Service.....	21	01/04/10	01/04/10	
Customer's Installation.....	22	01/04/10	01/04/10	
Company's Installation.....	23	01/04/10	01/04/10	
Metering.....	24	01/04/10	01/04/10	
Billing and Payment.....	25	01/04/10	01/04/10	
Deposits.....	26	01/04/10	01/04/10	
Application.....	27	01/04/10	01/04/10	
Gas Space Heating Regulations.....	28	01/04/10	01/04/10	
Availability of Gas Service.....	29	01/04/10	01/04/10	
<u>FIRM SERVICE TARIFF SCHEDULES</u>				
Rate RS, Residential Service.....	30	12/01/10	01/04/11	(T)
Rate GS, General Service.....	31	12/01/10	01/04/11	(T)
Reserved for Future Use.....	32			
Reserved for Future Use.....	33			
Reserved for Future Use.....	34			
Reserved for Future Use.....	35			
Reserved for Future Use.....	36			
Reserved for Future Use.....	37			
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Reserved for Future Use.....	39			
Reserved for Future Use.....	40			
Reserved for Future Use.....	41			
Reserved for Future Use.....	42			
Reserved for Future Use.....	43			
Rate FRAS, Full Requirements Aggregation Service.....	44	01/04/10	01/04/10	
Reserved for Future Use.....	45			
Reserved for Future Use.....	46			
Reserved for Future Use.....	47			
Reserved for Future Use.....	48			
Reserved for Future use.....	49			
<u>TRANSPORTATION TARIFF SCHEDULE</u>				
Rate IT, Interruptible Transportation Service.....	50	01/04/10	01/04/10	
Rate FT-L, Firm Transportation Service.....	51	01/04/10	01/04/10	
Reserved for Future Use.....	52			
Rate SSIT, Spark Spread Interruptible Transportation Rate.....	53	01/04/10	01/04/10	
Reserved for Future Use.....	54			
Rate AS, Pooling Service for Interruptible Transportation.....	55	01/04/10	01/04/10	
Reserved for Future Use.....	56			
Rate GTS, Gas Trading Service.....	57	01/04/10	01/04/10	
Rate IMBS, Interruptible Monthly Balancing Service.....	58	01/04/10	01/04/10	
Rate DGS, Distributed Generation Service.....	59	01/04/10	01/04/10	

Issued by authority of an Order of the Kentucky Public Service Commission dated
 _____ in Case No. _____.

Issued:

Effective: January 4, 2011

Issued by Julie Janson, President

INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>
<u>RIDERS</u>			
Rider X, Main Extension Policy.....	60	01/04/10	01/04/10
Rider DSM, Demand Side Management Cost Recovery Program	61	01/04/10	01/04/10
Rider DSMR, Demand Side Management Rate.....	62	04/01/10	04/01/10
Reserved for Future Use.....	63		
Reserved for Future Use.....	64		
Reserved for Future Use.....	65		
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Reserved for Future Use.....	67		
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Reserved for Future Use.....	69		
<u>GAS COST RECOVERY RIDERS</u>			
Gas Cost Adjustment Clause.....	70	01/04/10	01/04/10
Reserved for Future Use.....	71		
Reserved for Future Use.....	72		
Reserved for Future Use.....	73		
Reserved for Future Use.....	74		
Reserved for Future Use.....	75		
Reserved for Future Use.....	76		
Rider GCAT, Gas Cost Adjustment Transition Rider.....	77	12/10/10	12/10/10
Reserved for Future Use.....	78		
Reserved for Future Use.....	79		
<u>MISCELLANEOUS</u>			
Bad Check Charge.....	80	01/04/10	01/04/10
Charge for Reconnection of Service.....	81	01/04/10	01/04/10
Local Franchise Fee.....	82	01/04/10	01/04/10
Curtailement Plan.....	83	01/04/10	01/04/10
Rate MPS, Meter Pulse Service.....	84	01/04/10	01/04/10
Reserved for Future Use.....	85		
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Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

KY.P.S.C. Gas No. 2
Fifty-Second Revised Sheet No. 30
Cancelling and Superseding
Fifty-First Revised Sheet No. 30
Page 1 of 1

RATE RS
RESIDENTIAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for all domestic purposes in private residences, single occupancy apartments, and common use areas of multi-occupancy buildings, when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas is billed in units of 100 cubic feet (CCF).

Customer Charge per month: \$16.00

	<u>Delivery</u> <u>Rate</u>		<u>Gas Cost</u> <u>Adjustment</u>		<u>Total Rate</u>
Plus a commodity Charge for all CCF at	\$0.37213	plus	\$0.5885	Equals	\$0.96063

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Plus, all delivered gas shall be subject to an adjustment per CCF as set forth on Sheet No. 62, Rider DSMR, Demand Side Management Rate.

The "Customer Charge" shown above shall be the minimum amount billed each month.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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RATE GS

GENERAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for any purpose by an individual non-residential customer at one location when supplied at one point of delivery where distribution mains are adjacent to the premises to be served. This schedule is also applicable to non-metered natural gas commodity supplies and local delivery service for street lighting to such entities as certificated homeowners associations, businesses, and federal, state, and local governments. The Company may decline requests for service under this tariff due to gas supply limitations.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas is billed in units of 100 cubic feet (CCF)

Customer Charge per month: \$47.50

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a Commodity Charge for all CCF at	\$0.20530	Plus	\$0.5885	Equals	\$0.7938	I

Plus all delivered gas shall be subject to an adjustment per CCF as set forth on:
Sheet No. 62, Rider DSMR, Demand Side Management Rate for non-residential service

The "Customer Charge" shown above shall be the minimum amount billed per month.

The "Gas Cost Adjustment," as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum bills or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

One year, terminable thereafter on ten (10) days written notice by either customer or Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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