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COMMISSION

139 East Fourth Street
PO Box 960
1303-Main
Cincinnati, Ohio 45201-0960
o 513-287-4320
f 513-287-4385

Rocco O D'Ascenzo@duke-energy.com
Rocco O D'Ascenzo
Associate General Counsel

May 27, 2014

VIA OVERNIGHT MAIL DELIVERY

Leah Faulkner
Manager, Electric and Gas Rate Design
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort KY, 40602-0615

Re: **Clarification of Duke Energy Kentucky, Inc.'s June 2014 Monthly Report of Gas Cost Calculations and Tariff Schedules**

Dear Ms. Faulkner:

Enclosed please find Duke Energy Kentucky, Inc.'s response to the Commission's inquiry as noted during the May 21, 2014, conference call.

Please feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be 'Roco', with a long horizontal line extending to the right.

Rocco D'Ascenzo
Associate General Counsel

**Duke Energy Kentucky
June 2014 Monthly Report of Gas
Cost Calculations and Tariff Schedules
Staff First Set of Data Request
Date Received: May 21, 2014**

STAFF-DR-01-001

REQUEST:

Please explain the drop in projected sales used in the GCA calculation.

RESPONSE:

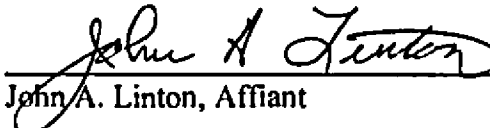
The forecast used in our most recent GCA filing was based on Duke Energy Kentucky, Inc.'s Spring 2013 forecast. At that time, the economic situation in Kentucky was still weak. Moody's Analytics economic projection at that time was for very weak growth before showing strength in 2016. An updated forecast will be used in our next filing.

PERSON RESPONSIBLE: John A. Linton

VERIFICATION

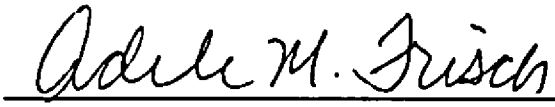
STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

The undersigned, John A. Linton, being duly sworn, deposes and says that he is the Lead Rates & Regulatory Strategy Analyst, and that he has personal knowledge of the matters set forth in the foregoing data request, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



John A. Linton, Affiant

Subscribed and sworn to before me by John A. Linton, on this 27th day of May, 2014.



NOTARY PUBLIC

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019