

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF DUKE) CASE NO. 2007-00396
ENERGY KENTUCKY)

O R D E R

On December 22, 2005, in Case No. 2005-00042,¹ the Commission approved rates for Duke Energy Kentucky ("Duke") and provided for their further adjustment in accordance with Duke's Gas Cost Adjustment ("GCA") clause.

On September 7, 2007, Duke filed its GCA to be effective September 28, 2007. Duke previously obtained Commission approval to file its GCA within 20 days of the proposed effective date.²

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Duke's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Duke's Expected Gas Cost ("EGC") is \$7.492 per Mcf, which is a decrease of 52.6 cents per Mcf from its previous EGC of \$8.018.

¹ Case No. 2005-00042, Adjustment of the Gas Rates of The Union Light, Heat and Power Company.

² Case No. 2003-00386, The Application of The Union Light, Heat and Power Company for Authority to Make Monthly Adjustments to the Expected Gas Cost Component of Its Gas Cost Adjustment Rate, Order dated November 6, 2003.

3. Duke's notice sets out no current quarter Refund Adjustment ("RA"). Duke's notice sets out a total RA of 0 cent per Mcf, which is no change from its previous total RA.

4. Duke's notice sets out no current quarter Actual Adjustment ("AA"). Duke's notice sets out a total AA of 37.4 cents per Mcf, which is no change from its previous total AA.

5. Duke's notice sets out a current quarter Balance Adjustment ("BA") of (.3) cent per Mcf. Duke's notice sets out a total BA of 2.4 cents per Mcf, which is no change from its previous total BA.

6. Duke's Gas Cost Recovery Rate ("GCR") is \$7.89 per Mcf, which is a decrease of 52.6 cents per Mcf from its previous GCR of \$8.416.

7. The rates in the Appendix to this Order are fair, just, and reasonable; and should be approved for final meter readings by Duke on and after September 28, 2007.

IT IS THEREFORE ORDERED that:

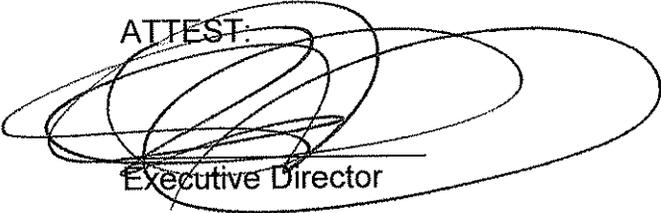
1. The rates in the Appendix to this Order are approved for final meter readings on and after September 28, 2007.

2. Within 20 days from the date of this Order, Duke shall file with the Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 27th day of September, 2007.

By the Commission

ATTEST:



Executive Director

Case No. 2007-00396

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00396 DATED September 27, 2007

The following rates and charges are prescribed for the customers served by Duke Energy Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

GAS SERVICE RATES

RATE RS
RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.26687	plus	\$.7890	\$ 1.05587

RATE GS
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.20949		\$.7890	\$.99849

RIDER GCAT
GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge or (credit) shall be \$.0398 per 100 cubic feet. This rate shall be in effect during the months of September 2007 through November 2007 and shall be updated quarterly, concurrent with the Company's GCA filings.