

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT,)
HEAT AND POWER COMPANY D/B/A DUKE)
ENERGY KENTUCKY FOR AUTHORITY TO) CASE NO. 2006-00144
CONTINUE MAKING MONTHLY)
ADJUSTMENTS TO THE EXPECTED GAS)
COST COMPONENT OF ITS GAS COST)
ADJUSTMENT RATE)

FIRST DATA REQUEST OF COMMISSION STAFF TO
DUKE ENERGY KENTUCKY

Duke Energy Kentucky (“Duke”), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due 10 days after the date of this Order. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Is Duke proposing to discontinue its comparison tracking if its proposal to continue monthly Gas Cost Adjustment (“GCA”) filings is approved?
2. Refer to page 3 of the application.

a. Duke states that both the natural gas commodity and storage prices in the expected gas cost (“EGC”) reflect current New York Mercantile Exchange (“NYMEX”) prices. Explain whether the use of a current price for storage gas reflects how Duke prices the volumes injected into storage or if Duke will use current pricing for the gas it withdraws from storage for a given month.

b. Duke states that it will make appropriate adjustments to the EGC if the NYMEX price does not appear to be representative of the upcoming month’s price. Explain how Duke determines that the price is not representative and how it determines the adjusted price when the NYMEX price is not used.

3. Refer to page 1 of Attachment A. Duke states that it calculates it’s Actual Adjustment (“AA”) based on the difference between the per unit booked cost of gas and the EGC in effect for that month. A review of Duke’s AA calculation in its GCA filings shows that it does not use the EGC approved by the Commission for the months involved in the AA calculation. Explain further how Duke develops the EGC used in its AA calculation.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED: April 27, 2006

cc: All Parties