

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF DUKE) CASE NO. 2008-00515
ENERGY KENTUCKY, INC.)

O R D E R

On February 2, 2006, in Case No. 2005-00042,¹ the Commission approved rates for Duke Energy Kentucky, Inc. ("Duke") and provided for their further adjustment in accordance with Duke's Gas Cost Adjustment ("GCA") clause.

On December 12, 2008, Duke filed its GCA to be effective January 2, 2009. 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 \$8.191 per Mcf, which is a decrease of \$.609 per Mcf from its previous EGC of \$8.80.

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 (\$.001) 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 \$(.088) per Mcf, which is no change from its previous total AA.

5. Duke's notice sets out no current quarter Balancing Adjustment ("BA"). Duke's notice sets out a total BA of \$.068 per Mcf, which is no change from its previous total BA.

6. Duke's Gas Cost Recovery Rate ("GCR") is \$8.17 per Mcf, which is a decrease of \$.609 per Mcf from its previous GCR of \$8.779.

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 January 2, 2009.

IT IS THEREFORE ORDERED that:

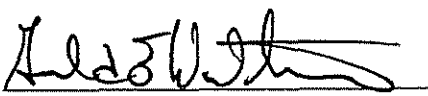
1. The rates in the Appendix to this Order are approved for final meter readings on and after January 2, 2009.

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

Done at Frankfort, Kentucky, this 30th day of December, 2008.

By the Commission

ATTEST:


for: Executive Director

Case No. 2008-00515

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00515 DATED DECEMBER 30, 2008

The following rates and charges are prescribed for the customers served by Duke Energy Kentucky, Inc. 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	\$.8170	\$1.08387

RATE GS
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.20949		\$.8170	\$1.02649

RIDER GCAT
GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge or (credit) shall be (\$.0021) per 100 cubic feet. This rate shall be in effect during the months of December 2008 through February 2009 and shall be updated quarterly, concurrent with the Company's GCA filings.

Lisa D Steinkuhl
Duke Energy Kentucky, Inc.
139 East Fourth Street, EX 400
Cincinnati, OH 45202