

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|--------------------------------|---|------------|
| AN EXAMINATION OF THE |) | |
| APPLICATION OF THE FUEL |) | |
| ADJUSTMENT CLAUSE OF DUKE |) | CASE NO. |
| ENERGY KENTUCKY FROM |) | 2008-00287 |
| NOVEMBER 1, 2007 THROUGH APRIL |) | |
| 30, 2008 |) | |

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on August 22, 2008, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Duke Energy Kentucky ("Duke Kentucky") for the 6-month period that ended on April 30, 2008.

As part of this review, Duke Kentucky submitted certain information, pursuant to Commission Order, concerning its compliance with 807 KAR 5:056. The Commission held a public hearing in this matter on October 7, 2008. On October 17, 2008, Duke Kentucky filed a response to a request for information made at the hearing. Duke Kentucky responded to Commission Staff's supplemental data request on October 31, 2008.

The Commission has previously established Duke Kentucky's base fuel cost at 21.62 mills per kWh.¹ A review of Duke Kentucky's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low

¹ Case No. 2006-00172, An Adjustment of the Electric Rates of The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky, Inc. (Ky. PSC Dec. 21, 2006).

of 18.73 mills in February 2008 to a high of 24.19 mills in April 2008, with a 6-month average of 21.03 mills.

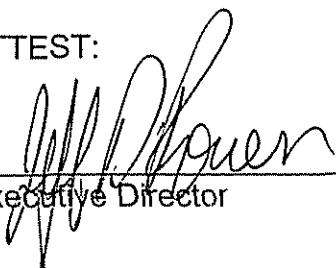
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of Duke Kentucky's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by Duke Kentucky through its FAC for the period November 1, 2007 through April 30, 2008 are approved.

Done at Frankfort, Kentucky, this 8th day of January, 2009.

By the Commission

ATTEST:


Executive Director

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