

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,) CASE NO.
INC. FOR AN ADJUSTMENT OF RATES) 2009-00202

O R D E R

Duke Energy Kentucky, Inc. ("Duke Kentucky") is a combination gas and electric utility operating in northern Kentucky. It provides natural gas service to approximately 95,000 customers in Boone, Campbell, Gallatin, Grant, Kenton and Pendleton counties. The most recent adjustment of its base rates for gas service was in December 2005 in Case No. 2005-00042.¹

BACKGROUND

On June 1, 2009, Duke Kentucky filed a notice of intent to file an application for approval of an increase in its gas rates based on a forecasted test period. On July 1, 2009, Duke Kentucky submitted its application seeking an increase in revenues of \$17,494,336, with a proposed effective date of July 31, 2009.

A review of the application revealed that it did not meet the minimum filing requirements set forth in 807 KAR 5:001, Section 10, and a notice of filing deficiencies was issued. Duke Kentucky filed information on July 16, 2009 to cure the noted filing deficiencies. Our July 29, 2009 Order found that the additional information satisfied the

¹ Case No. 2005-00042, An Adjustment of the Gas Rates of The Union Light, Heat and Power Company (Ky. PSC Dec. 22, 2005). Prior to 2006, Duke Kentucky operated as The Union Light, Heat and Power Company.

minimum filing requirements as of July 16, 2009 and that the earliest possible date Duke Kentucky's proposed rates could become effective was August 15, 2009.

By Order dated July 31, 2009, the Commission found that an investigation would be necessary to determine the reasonableness of Duke Kentucky's proposed rates and suspended them for six months, from August 15, 2009 up to and including February 14, 2010, pursuant to KRS 278.190(2). That Order included a procedural schedule for processing this case, which provided for discovery on Duke Kentucky's application, intervenor testimony, discovery on intervenor testimony, rebuttal testimony by Duke Kentucky, a public hearing, and an opportunity for the parties to file post-hearing briefs.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), is the only intervenor in this matter. Discovery was conducted on Duke Kentucky's application by the AG and the Commission Staff ("Staff"). The AG filed testimony stating his positions on the requested increase in rates and various changes proposed by Duke Kentucky in conjunction with the proposed increase. The AG recommended an increase in rates of \$6,238,159.

On November 18, 2009, Duke Kentucky and the AG filed a Stipulation and Recommendation ("Stipulation") with the Commission that was described as a mutually satisfactory resolution of all the issues in this case. The Stipulation consists of an eight-page document with two attachments: Attachment A, Duke Kentucky's revised tariffs pursuant to the Stipulation; and Attachment B, Duke Kentucky's proof of revenues. In support of the Stipulation, Duke Kentucky submitted the written testimony of William Don Wathen, Jr., its Director-Rates. Mr. Wathen's testimony also included a discussion of additional proposed tariff changes that were not included as part of the Stipulation

and a complete set of the final proposed tariffs. An informal conference attended by the parties and Staff was held on November 23, 2009 to review and discuss the provisions of the Stipulation.²

A public hearing on the reasonableness of the Stipulation was held on December 15, 2009, during which Duke Kentucky presented testimony in support of the Stipulation and responded to cross-examination by Staff and questions from the Commission. Under the Stipulation, the parties waived both the cross-examination of each others' witnesses and the filing of post-hearing briefs.

STIPULATION

The Stipulation, attached as Appendix A to this Order, reflects a unanimous resolution of all contested issues raised in this case. Prior to entering into the Stipulation, Duke Kentucky proposed a revenue increase of approximately \$17.5 million, while the AG proposed an increase of approximately \$6.3 million. The Stipulation contains the parties' unanimous recommendation that Duke Kentucky's revenues be increased by \$13.0 million. The major provisions of the Stipulation include the following:

- Duke Kentucky's rates for gas service will be increased to recover \$13,000,000 more in annual revenues, with the new rates effective for service rendered on and after January 4, 2010.
- The revenue increase will be accomplished by increasing the customer and volumetric charges for the Residential rate class, increasing the customer charge and decreasing the volumetric charge

² A memorandum documenting the November 23, 2009 informal conference was entered in the record of this proceeding by Commission Staff on November 30, 2009.

for the General Service rate class, decreasing the volumetric charge for the Firm Transportation rate class and increasing the volumetric charge for the Interruptible Transportation rate class.

- Duke Kentucky's rate case expenses will be amortized for recovery over a three-year period.
- Duke Kentucky will withdraw its proposed Straight Fixed Variable ("SFV") rate design and will not file an application proposing to increase its gas service base rates or to implement an SFV rate design for 18 months from the date the Commission approves the Stipulation.
- Duke Kentucky's authorized Return on Equity will be 10.375 percent and its capital structure will be as proposed in its application.
- Duke Kentucky will continue to use its current depreciation rates and methodology for gas service as approved in Case No. 2005-00042.
- Duke Kentucky will withdraw its proposal to recover carrying costs on gas storage through its Gas Cost Adjustment clause ("GCA").
- Duke Kentucky will implement its proposal to recover uncollectible expenses attributed to its gas commodity costs through its GCA.

TARIFF MODIFICATIONS

In addition to the rate changes resulting from the Stipulation, the final proposed tariffs reflect a change in Duke Kentucky's Kentucky business office location and updates the GCA clause to include the uncollectible expense related to gas commodity costs and to reflect that Duke Kentucky files its GCA on a monthly basis as approved in

Case No. 2006-00144.³ The proposed tariffs also include a new Meter Pulse Service and reflect the deletion of Rider AMRP and Rider MSR-G. Other tariff changes filed by Duke Kentucky represented minor modifications contained in its original application with which the AG did not take issue. On December 15, 2009, the AG filed a Notice of No Objection with regard to Duke's withdrawal of the Accelerated Main Replacement Program Tariff, inclusion of uncollectible commodity expenses in the monthly GCA filing, the elimination of the Merger Savings Credit Rider, the inclusion of the new Pulse Meter Service tariff, and typographical corrections noted in Mr. Wathen's testimony.

SUMMARY

The Stipulation provides that the rates, terms and conditions contained therein will become effective for service rendered on and after January 4, 2010, and that, if it receives Commission approval, no requests for rehearing or appeals will be filed.

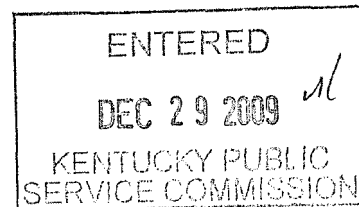
Based on a review of the Stipulation, the attachments thereto, and the case record including intervenor testimony, the Commission finds that the Stipulation is reasonable and in the public interest. The Stipulation was the product of arms-length negotiations among knowledgeable, capable parties and should be approved. Such approval is based solely on the reasonableness of the Stipulation in total and does not constitute a precedent on any individual issue or ratemaking theory or adjustment. The Commission also finds that the additional proposed tariff changes discussed in Mr. Wathen's testimony filed December 3, 2009 are reasonable and should be approved.

³ Case No. 2006-00144, The Application of Union Light, Heat and Power D/B/A Duke Energy Kentucky for Authority to Continue Making Monthly Adjustments to the Expected Gas Cost Component of its Gas Cost Adjustment Rate (Ky. PSC May 22, 2006).

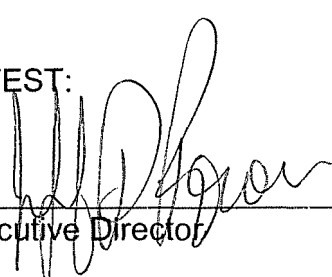
IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Duke Kentucky are denied.
2. The Stipulation, attached hereto and incorporated herein as Appendix A, is approved in its entirety.
3. The rates and charges in Appendix B, attached hereto and incorporated herein, are the rates included in the Stipulation and are fair, just and reasonable for Duke Kentucky to charge for gas service rendered on and after January 4, 2010.
4. The additional proposed tariff changes included with Mr. Wathen's testimony of December 3, 2009 are approved effective January 4, 2010.
5. Duke Kentucky shall file, within 20 days of the date of this Order, revised tariffs as approved herein reflecting their effective date and that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00202 DATED DEC 29 2009

RECEIVED

NOV 18 2009

**PUBLIC SERVICE
COMMISSION**

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF)
DUKE ENERGY KENTUCKY, INC.) CASE NO. 2009-00202

STIPULATION AND RECOMMENDATION

On or about July 1, 2009, Duke Energy Kentucky, Inc. ("Duke Energy Kentucky or the Company") filed its application with the Kentucky Public Service Commission ("Commission"), pursuant to KRS 278.190, for an increase in retail natural gas rates and to implement new tariffs and revised charges in the above-captioned proceeding ("Application"). On or about July 10, 2009, the Attorney General of the Commonwealth of Kentucky ("Attorney General"), the only other party in the case, filed its motion to intervene, which was granted by the Commission.

Duke Energy Kentucky and the Attorney General (collectively as the "Parties") have filed testimony supporting their respective positions relating to Duke Energy Kentucky's Application. The Parties and the Commission Staff have engaged in substantial discovery of the Parties' respective positions by issuing numerous information requests to which the Parties have responded.

The Parties, representing diverse interests and viewpoints, have reached a complete settlement of all the issues raised in this proceeding and have executed this Stipulation and Recommendation ("Stipulation") for purposes of submitting their

agreement to the Commission for consideration and approval. It is the intent and purpose of the Parties to express their agreement on a mutually satisfactory resolution of all issues in the instant proceeding.

The Parties understand that this Stipulation is not binding upon the Commission, but believe it is entitled to careful consideration by the Commission. The Parties agree that this Stipulation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

The Parties request that the Commission issue an Order approving this Stipulation in its entirety pursuant to KRS 278.190, including the rate increase, rate structure, and tariffs as described herein. The request is based upon the belief that the Parties' participation in settlement negotiations and the materials on file with the Commission adequately support this Stipulation. Adoption of this Stipulation will eliminate the need for the Commission and the Parties to expend significant resources in litigation of this proceeding and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein.

NOW, THEREFORE, for and in consideration of the mutual premises set forth above and the agreements set forth herein, the Parties agree as follows:

1. **Revenue Increase.** Duke Energy Kentucky shall be authorized to adjust its base gas rates in order to permit it an opportunity to recover \$13,000,000 more in annual base gas revenue than it is recovering under its current base rates, with such revised rates to be effective for service rendered on and after January 4, 2010.

2. **Tariff Filing and New Rate Design.** Duke Energy Kentucky will withdraw its proposed Straight Fixed Variable rate design, and instead the revenue increase will be allocated between the monthly customer charge and the volumetric rate. The Parties agree that the Residential Customer Charge shall be increased to \$16.00 per bill. The Parties agree that the Customer Charge for General Service shall be increased to \$47.50 per bill. The balance of the base gas revenue increase allocable to customers will be recovered through volumetric rates. The pro forma tariff sheets for all rate classes, attached hereto as Attachment A, are recommended as reflecting the new rates to be effective for service rendered on and after January 4, 2010. These pro forma tariff sheets further reflect rates that are designed to allow Duke Energy Kentucky to recover the increased base gas revenue from its various classes of customers, in the manner agreed to by the Parties to this Stipulation.

3. **Future Natural Gas Rate Increase Request.** Duke Energy Kentucky agrees that it will not file an application to increase its natural gas delivery base rates or request to implement a Straight Fixed Variable rate design for retail natural gas customers for eighteen months (18) from date on which the Commission approves this Stipulation.

4. **Return on Equity.** The Parties agree that Duke Energy Kentucky's authorized Return on Equity ("ROE") shall be 10.375% and the capital structure is approved as filed in the Company's Application.

5. **Depreciation Rates.** Duke Energy Kentucky withdraws the depreciation study filed in this proceeding and shall continue to use its existing depreciation accrual rates and methodology for natural gas service as approved in Case No. 2005-00042.

6. **Gas Cost Adjustment (“GCA”).** The Parties agree that Duke Energy Kentucky shall withdraw its proposal to recover carrying costs on gas storage via the GCA. The Parties agree that Duke Energy Kentucky shall implement its proposal to recover the portion of its Uncollectible Expense related to the natural gas commodity via the GCA in the manner proposed by the Company in its Application.

7. **Amortization Period.** For financial accounting purposes, Duke Energy Kentucky will amortize incremental rate case expense associated with this proceeding for recovery over a three-year period beginning with the effective date of the revised tariffs.

8. **Proof of Revenue.** Attached to this Stipulation as Attachment B are proof-of-revenue sheets, showing that the rates set forth in Attachment A will generate the proposed base gas revenue increase to which the Parties have agreed in Paragraph Number 1 hereof.

9. **Filing of Stipulation.** Following the execution of this Stipulation, the Parties shall cause the Stipulation to be filed with the Commission with a request to the Commission for consideration and approval of this Stipulation so that Duke Energy Kentucky may begin billing under the approved adjusted rates for service rendered on and after January 4, 2010.

11. **Commission Approval.** The Parties to this Stipulation shall act in good faith and use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. Each Party hereto waives all cross-examination of the witnesses of the other Party hereto except in support of the Stipulation or unless the Commission fails to adopt this Stipulation in its entirety. Each Party further stipulates and recommends that the Notice of Intent, Notice, Application, direct testimony, pleadings

and responses to data requests filed in this proceeding be admitted into the record. The Parties further agree and intend to support the reasonableness of this Stipulation before the Commission, and to cause their counsel to do the same in this proceeding and in any appeal from the Commission's adoption and/or enforcement of this Stipulation. If the Commission issues an order adopting this Stipulation in its entirety, each of the Parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

12. Effect of Non-Approval. If the Commission does not accept and approve this Stipulation in its entirety or imposes any additional conditions or requirements upon the signatory Parties, then: (a) any Party may elect, in writing docketed in this proceeding, within ten days of such Commission Order, that this Stipulation shall be void and withdrawn by the Parties hereto from further consideration by the Commission and none of the Parties shall be bound by any of the provisions herein; and (b) each Party shall have the right, within 20 days of the Commission's order, to file an application for rehearing, including a notice of termination of and withdrawal from the Stipulation; and, (c) in the event of such termination and withdrawal of the Stipulation, neither the terms of this Stipulation nor any matters raised during the settlement negotiations shall be binding on any of the signatory Parties to this Stipulation or be construed against any of the signatory Parties. Should the Stipulation be voided or vacated for any reason after the Commission has approved the Stipulation and thereafter any implementation of the terms of the Stipulation has been made, then the Parties shall be returned to the *status quo* existing at the time immediately prior to the execution of this Stipulation.

In order to facilitate the execution of this Agreement and to achieve one of the purposes of this Agreement, Duke Energy Kentucky will not file rebuttal testimony that might have otherwise been filed and the Attorney General will not file responses to Data Requests that might have otherwise been filed. However, should the hearing go forward pursuant to this paragraph, then the Parties agree that all Parties should be permitted to move the Commission for the establishment of a procedural schedule which would permit the Parties to submit evidence that has not been submitted as a result of reaching this Agreement, including but not limited to updating of any outstanding data requests and the submission of Rebuttal Testimony.

13. **Commission Jurisdiction.** This Stipulation shall in no way be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

14. **Successors and Assigns.** This Stipulation shall inure to the benefit of and be binding upon the Parties hereto, their successors and assigns.

15. **Complete Agreement.** This Stipulation constitutes the complete agreement and understanding among the Parties hereto, and any and all oral statements, representations or agreements made prior hereto or contained contemporaneously herewith shall be null and void and shall be deemed to have been merged into this Stipulation.

16. **Implementation of Stipulation.** For the purpose of this Stipulation only, the terms are based upon the independent analysis of the Parties to reflect a just and reasonable resolution of the issues herein and are the product of compromise and negotiation. Notwithstanding anything contained in the Stipulation, the Parties recognize

and agree that the effects, if any, of any future events upon the operating income of Duke Energy Kentucky are unknown and this Stipulation shall be implemented as written.

17. **Admissibility and Non-Precedential Effect.** Neither the Stipulation nor any of the terms shall be admissible in any court or Commission except insofar as such court or Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not have any precedential value in this or any other jurisdiction.

18. **No Admissions.** Making this Stipulation shall not be deemed in any respect to constitute an admission by any Party hereto that any computation, formula, allegation, assertion or contention made by any other Party in these proceedings is true or valid. Nothing in this Stipulation shall be used or construed for any purpose to imply, suggest or otherwise indicate that the results produced through the compromise reflected herein represent fully the objectives of a Party.

19. **Authorizations.** The signatory Parties hereto warrant that they have informed, advised, and consulted with the respective Parties hereto in regard to the contents and stipulation, and based upon the foregoing, are authorized to execute this Stipulation on behalf of the Parties hereto.

20. **Commission Approval.** This Stipulation is subject to the acceptance of and approval by the Commission.

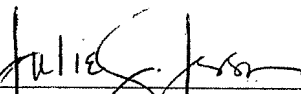
21. **Interpretation of Stipulation.** This Stipulation is a product of negotiation among all Parties hereto, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

22. **Counterparts.** This Stipulation may be executed in multiple counterparts.

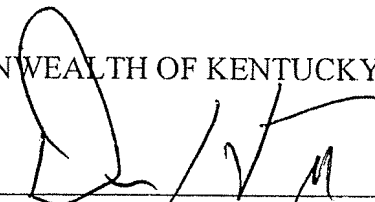
23. **Future Proceedings.** Nothing in this Stipulation shall preclude, prevent or prejudice any Party hereto from raising any argument/issue or challenging any adjustment in any future rate case proceeding of Duke Energy Kentucky.

IN WITNESS WHEREOF, this Stipulation has been agreed to effective this 17th day of November 2009. By affixing their signatures below, the undersigned Parties respectfully request the Commission to issue its Order approving and adopting this Stipulation the Parties hereto have hereunto affixed their signatures.

DUKE ENERGY KENTUCKY, INC

By: 
Julie S. Janson
Title: President

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

By: 
Title:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

KY.P.S.C. Gas No. 2
Thirty-Eighth Revised Sheet No. 30
Cancelling and Superseding
Thirty-Seventh Revised Sheet No. 30
Page 1 of 1

**RATE RS
RESIDENTIAL SERVICE**

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for all domestic purposes in private residences, single occupancy apartments, and common use areas of multi-occupancy buildings, when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas is billed in units of 100 cubic feet (CCF).

Customer Charge per month: \$16.00

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Plus a commodity Charge for all CCF at	\$0.37213	plus	\$0.6699	Equals	\$1.04203

Plus, all delivered gas shall be subject to an adjustment per CCF as set forth on Sheet No. 62, Rider DSMR, Demand Side Management Rate.

The "Customer Charge" shown above shall be the minimum amount billed each month.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. 2009-00202.

Issued:

Effective:

Issued by Julie Janson, President

RATE GS

GENERAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for any purpose by an individual non-residential customer at one location when supplied at one point of delivery where distribution mains are adjacent to the premises to be served. This schedule is also applicable to non-metered natural gas commodity supplies and local delivery service for street lighting to such entities as certificated homeowners associations, businesses, and federal, state, and local governments. The Company may decline requests for service under this tariff due to gas supply limitations.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas is billed in units of 100 cubic feet (CCF)

Customer Charge per month: \$47.50

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Plus a Commodity Charge for all CCF at	\$0.20530	Plus	\$0.6699	Equals	\$0.87520

Plus all delivered gas shall be subject to an adjustment per CCF as set forth on:
Sheet No. 62, Rider DSMR, Demand Side Management Rate for non-residential service

The "Customer Charge" shown above shall be the minimum amount billed per month.

The "Gas Cost Adjustment," as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum bills or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

One year, terminable thereafter on ten (10) days written notice by either customer or Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. 2009-00202.

Issued:

Effective:

Issued by Julie Janson, President

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 51
Cancelling and Superseding
Original Sheet No. 51
Page 1 of 4

RATE FT - L

FIRM TRANSPORTATION SERVICE

AVAILABILITY

Service under this rate schedule is available to any customer who: (1) enters into a written agreement with the Company; and (2) has arranged for delivery of gas into the Company's system for the customer's use at one point of delivery where distribution mains are adjacent to the premise to be served. Service provided hereunder shall be by displacement. This is a firm full requirements large volume transportation service, which is provided from the Company's city-gate receipt points to the outlet side of Company's meter used to serve the customer. This service is available within the Company's entire service territory to serve the firm service requirements of customers receiving firm service in combination with service under Rate IT, and the firm service requirements of all non-residential customers who use more than 20,000 CCF per year, except for those customers whose utility service accounts are past due at the time customer desires to utilize this service, or whose accounts fall into arrears, as defined in Rate FRAS after choosing this service. In the latter event, the customer will be returned to the Company's sales service effective with the customer's next scheduled meter reading, and will be ineligible to choose this transportation service until all arrears are paid in full. For customers receiving service under this tariff the written agreement between the Supplier and the customer may be terminated by supplier for non-payment of the customer's gas commodity portion of the bill if the account is at least 30 days past due. The Supplier shall give the Company and the customer no less than 30 days written notice that the customer will be switched from the Supplier and revert to the Company's sales service unless the past due amount is paid by the customer's next scheduled bill due date. If the past due amount is paid by the next scheduled bill due date, the customer will not revert to the Company's sales service but will remain with the Supplier. Customer must enter into a "pooling" agreement with a Supplier from a list of approved gas pool operators that have signed "Large Volume Customer Transportation Pooling Agreement" with the Company. Such suppliers must arrange for the delivery of gas into Company's system in accordance with Rate FRAS.

Customers who believe that they will significantly increase throughput, from their historic firm service levels, shall so inform the Company.

DEFINITIONS

Terms used in this tariff are defined in the same manner as set forth in Rate FRAS, Sheet No. 44.

CHANGES IN CUSTOMERS' SERVICE ELECTIONS

Customers, who elect service under this tariff and later return to Company's sales service may do so only in accordance with the requirements of the Company's tariffs and applicable regulations of the Kentucky Public Service Commission. If a customer voluntarily elects to return to the Company's sales service, all incremental gas procurement, upstream transportation, and storage costs incurred by Company in order to return customer to sales service may, as determined by the Company, have to be borne by customer.

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Issued:

Issued by Julie Janson, President

Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 51
Cancelling and Superseding
Original Sheet No. 51
Page 2 of 4

Case No. 2009-202
Attachment A "Final"
Page 4 of 13

NET MONTHLY BILL

The Net Monthly Bill shall be determined in accordance with the following rates and charges:

Administrative Charge per Month: \$430.00

The Administration Charge hereunder will be waived when this service is used in combination with the service provided under Sheet No. 50, Rate IT, Interruptible Transportation Service.

Plus a charge per CCF for each CCF or gas transported for customer from Company's city-gate measuring stations to the outlet side of Company's meter used to measure deliveries to customer at: \$0.17369 per CCF

Plus the throughput charge for the service level selected under Rate IMBS, Interruptible Monthly Balancing Service

Plus all transported gas shall be subject to an adjustment per CCF as set forth on: Sheet No. 77, Rider GCAT, Gas Cost Adjustment Transition Rider, except as provided thereon.

Plus the cost to install remote meter reading equipment on customer's meter in order to monitor customer's usage on a daily basis.

Plus, or minus, rate adjustments which may occur as a result of changes in the rates of interstate pipelines, or of rulings of the Kentucky Public Service Commission and/or the Federal Energy Regulatory Commission, and for which it is determined that all customers should be allocated some portion of the corresponding costs or refunds.

Customer and/or its Suppliers shall be responsible for the payment and collection of excise taxes, sales taxes, revenue taxes, or similar taxes on the gas supplies that customer purchases from its Supplier.

MINIMUM BILL

The monthly minimum bill shall be the Administrative Charge and charge for remote meter reading, both as shown above.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in Company's office by the due date shown on the bill. When not so paid, an additional amount equal to five percent (5%) of the unpaid balance of the bill is due and payable.

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. 2009-00202.

Issued:

Issued by Julie Janson, President

Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

GENERAL TERMS AND CONDITIONS

1. Remote Metering

In order to administer the provisions of this tariff and monitor customer's daily usage, the Company will install remote metering equipment on customer's meter site. Customer will be responsible for payment of the cost of such equipment, through a monthly charge designed to, among other things, reimburse the Company for the costs of such equipment. As a pre-requisite for receiving service under this tariff, Customer will also be responsible for providing the Company with access, on an ongoing basis, to a telephone service at customer's metering site, or such other equipment or utilities which may be necessary, and shall also be responsible for the monthly charges for such telephone service or other necessary equipment or utilities.

The Company will provide customer, and/or its designated pool operator by electronic or other available means of communication, its best available operating data on gas deliveries to individual customers and for the combined pool on a daily basis. Daily operational information shall include information on daily gas flows provided by Automatic Meter Reading (AMR) equipment, telemetry, or any other means the Company has available to help the customer, or its designated pool operator estimate the daily gas deliveries for individual customer's receiving service under Rate FT-L and for the pool's combined accounts.

2. Approved Supplier List

Company shall maintain a list of approved Suppliers from which customer can choose. Such list will include Suppliers who have signed a Gas Supply Aggregation/Customer Pooling Agreement in which Supplier has agreed to participate in and provide gas supplies to Rate FT-L pools, and abide by Company's requirements for its pooling program. This list shall be available to any customer upon request.

3. Applications and Service Date

A customer who desires service under this tariff shall apply through its chosen Supplier. Customer must also enter into a written agreement with the Company, such agreement shall set forth specific arrangements as to the transportation services provided, as well as, any other circumstances relating to the individual customer. Unless the Company determines that the customer is not eligible to become a transportation customer of the Supplier, the Company shall exercise its reasonable efforts to transfer the customer to the Supplier's pool on the customer's next regularly scheduled meter reading date after the telephone line and automatic meter reading equipment is installed and operative.

A customer, who terminates service under this tariff and returns to sales service, or who changes Suppliers, shall through its supplier provide Company with written or electronic notice. Requests so received shall normally be honored on customer's next regularly scheduled meter reading date. In the event that a customer is returned to sales service for non-payment, the Supplier shall provide the Company with notice of termination and shall comply with any notice requirements of the Suppliers' Code of Conduct set forth in Rate FRAS, Sheet No. 44.

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Issued:

Issued by Julie Janson, President

Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 51
Cancelling and Superseding
Original Sheet No. 51
Page 4 of 4

GENERAL TERMS AND CONDITIONS (Contd.)

4. Access to Usage History and Current Billing Information

The "Customer Consent Form," used to initiate requests for service under this tariff, shall authorize customer's Supplier to receive customer's usage, billing, and payment history from the Company, to act on customer's behalf in making billing/usage inquiries, and in exchanging current billing information with Company, including notices of commencement or termination of service by either party.

5. Service Term

Except customers returned for non-payment or for good cause shown the primary term of contract shall be a minimum of one (1) year. Customers may not elect to move to or from the Company's sales service and transportation service, or between rate schedules during this twelve month primary term. In addition, such movements will require thirty days advance notice to the Company and the Company's specific authorization if such movements are to occur during the winter period, November through March. After completion of the primary term, such contract shall continue unless cancelled by either party upon thirty (30) days written notice

6. Regulatory Approvals

Customer's Supplier shall be responsible for making all necessary arrangements and securing all requisite regulatory or governmental approvals, certificates or permits to enable gas to be delivered to the Company's system.

CURTAILMENT OF SERVICE

In times of system emergencies, the Company may curtail service under this rate schedule in order to maintain service to human needs customers and customers receiving service under Rates RS, GS and in accordance with curtailment procedures on file with, and approved by, the Kentucky Public Service Commission. In the event customer fails to comply with the Company's direction to curtail, the Company reserves the right to physically discontinue service to the customer. Company shall not be liable in damages or otherwise to customer for any loss of production, other claim, or any consequences occasioned by customer as a result of such curtailment or because of the lack of advance notice to customer of such curtailment.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. 2009-00202.

Issued:

Issued by Julie Janson, President

Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

RATE IT

INTERRUPTIBLE TRANSPORTATION SERVICE

APPLICABILITY

Applicable to curtailable natural gas local delivery service and available to any customer who: (1) signs a contract with the Company for service under Rate IT; (2) utilizes a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1; (3) has arranged for the delivery of gas into the Company's system for customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served, and (4) has become a member of a pool under Rate AS and elected Interruptible Monthly Balancing Service under Rate IMBS. Any service provided hereunder shall be provided by displacement and on a "reasonable efforts" basis. The Company reserves the right to decline requests to initiate or continue such service whenever, in the Company's judgment, rendering the service would be detrimental to the operation of the Company's system or its ability to supply gas to customers receiving service under the provisions of Rate RS, Rate GS, and Rate FT-L.

This rate schedule shall not preclude the Company from entering into alternative special arrangements with Commission approval, which are designed to meet unique circumstances.

The service provided hereunder shall be interruptible local gas delivery service provided on a "reasonable efforts" basis from the Company's city-gate receipt points to the outlet side of the meter used to serve Customer. The Company, to insure its ability to reliably supply gas to customers receiving service under the provisions of Rate RS, Rate GS, and Rate FT-L, shall have the right for operational purposes to designate the city-gate receipt points where the customer's pool operator is required to deliver its gas.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:

All gas consumed is billed in units of 100 cubic feet (CCF)

Administrative Charge per month: \$430.00

Commodity Charge per CCF:

Company will deliver the arranged-for gas, less shrinkage which is equal to the Company's system average unaccounted for percentage, at a rate per CCF, of \$0.09493 per CCF except as specified in the "Alternate Fuels" provision;

Plus balancing related charges pursuant to Rates IMBS if customer has elected to operate as its own pool operator for supply management purposes.

Plus, if applicable, the throughput charge for the service level selected under Rate IMBS, Interruptible Monthly Balancing Service.

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Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

NET MONTHLY BILL (Contd.)

Plus, if applicable, charges for unauthorized deliveries as described later in this tariff.

The Company is required to install remote meter reading equipment on customer's meter in order to monitor customer's usage on a daily basis. Customer will be responsible for the cost of such equipment either through a monthly surcharge or an up front contribution designed to reimburse the Company for the cost of such equipment. The meter shall be owned by the Company.

MINIMUM BILL

The minimum monthly bill that customer shall receive shall be the monthly Administrative Charge and monthly charge for remote metering equipment shown above, and, in addition thereto during the seven (7) consecutive billing periods beginning in April, the 10,000 CCF volume minimum. If customer fails to take delivery of 10,000 CCF per month during the months of April through October, customer will be billed, in addition to the Administrative Charge and metering charges, and charges for the delivered volumes, an amount equal to the difference between 10,000 CCF and the delivered volumes billed at Rate GS.

UNAUTHORIZED DELIVERIES

In the event customer fails to interrupt transportation deliveries at Company's request, any excess deliveries through customer's meter will be considered unauthorized deliveries that are subject to the flow through of pipeline penalty charges to the extent they are paid by the Company, and in addition thereto, shall be paid for as specified under the "Charges For Unauthorized Deliveries" provision of this rate. The charges for such unauthorized deliveries shall be billed directly to the customer in lieu of its "pool operator", if applicable. However, Company shall not be precluded from physically discontinuing service to the customer, if the customer refuses to interrupt service when requested by the Company.

MINIMUM USAGE

In the event that customer repeatedly and significantly fails to meet the seven (7) summer months minimum usage requirements of this tariff, Customer may at the Company's option be removed from this tariff and denied further service, or at the Company's option may be switched to either Rate GS or FT-L.

ALTERNATIVE FUELS

The Company may without prior Commission approval charge a rate lower than that specified in the "Net Monthly Bill" provision, to meet competition from alternative fuels. The decision to charge a lower rate will be made on a case-by-case basis, supported by a statement in an affidavit from the customer that absent such lower rate, customer would utilize an alternative fuel source. The lower rate shall not be less than one-half the commodity rate specified in the "Net Monthly Bill" provision, plus all applicable riders and surcharges.

The Company may also charge customer who has requested flexible rate pricing a rate higher than that specified in the "Net Monthly Bill" provision if such rate remains competitive with the price of energy from customer's alternative fuel source. The higher rate shall not exceed 150 percent of the commodity rate specified in the "Net Monthly Bill" provision, plus applicable riders and surcharges.

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. 2009-00202.

Issued:

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Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

ALTERNATIVE FUELS (Contd.)

Once a customer receives a flexible transportation rate, as described in the preceding paragraphs, the customer must continue to pay a flexible rate as determined by the Company for a period of three months. After three months, the customer may, upon written notification to the Company, apply for a flexible rate for another three months. Absent such notification, customer's rate will revert to the fixed rate established herein.

CHARGES FOR UNAUTHORIZED DELIVERIES

Any customer taking unauthorized deliveries shall be billed an amount reflective of the general service rate, Rate GS, Sheet No. 31, including the expected gas cost component of the gas cost recovery rate or Company's highest cost gas, and one month's demand charges on the volume difference (this charge shall not be imposed more frequently than once in any 30 day period) and/or the cost of operating the Company's propane peak shaving plant, and/or, if so required to effectuate compliance with the interruptible provisions of this schedule, the cost incurred by the Company to valve-off the service. In any event, customer shall reimburse the Company for any interstate pipeline penalty charges resulting from such unauthorized deliveries.

ELECTION OF MONTHLY BALANCING OPTION

A "pool" can be a single Rate IT customer acting on its own behalf, or a group of Rate IT customers who join, or are joined together for purposes of gas supply management under this tariff. A "pool operator" has a contractual responsibility to manage the aggregated gas supply requirements of all of the Rate IT customers that comprise its pool. All supply management responsibilities of individual customers are transferred to the pool operator once a customer becomes a part of a pool, as the aggregated balancing requirements of all pool members are treated under this tariff as though they were a single customer with its own supply management responsibilities.

Monthly throughput charges under Rate IMBS, shall be billed directly to the end-use customer. All other balancing charges and supply management charges, including "cash out" charges, penalties and other like charges billed under the provisions of Rate IMBS shall be billed directly to the pool operator, regardless of whether the pool operator is an individual customer acting as its own pool operator, or an aggregated customers pool operator. For purposes of calculating these charges, the usage of all customers within a pool will be combined into a single pool usage number that will be matched against the pool operator's total deliveries to its IT pool.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5% is due and payable.

TERMS AND CONDITIONS

The customer shall enter into a written agreement with the Company. Such agreement shall set forth specific arrangements as to the transportation services provided, as well as, any other circumstances relating to the individual customer.

The Company's "reasonable efforts" basis is defined as the right, at any time, to curtail or interrupt the delivery or transportation of gas under this tariff when, in the judgment of the Company such curtailment or interruption is necessary to enable the Company to maintain deliveries to higher priority customers or to respond to any emergency.

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Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

TERMS AND CONDITIONS (Contd.)

Customer acting as its own pool operator, or customer's designated pool operator/supplier shall be responsible for making all necessary arrangements and securing all requisite regulatory or governmental approvals, certificates or permits to enable the gas to be delivered into the Company's system.

At least one day preceding the day transportation nominations are due to the interstate pipeline(s) transporting customer's gas, customer's pool operator/supplier agrees to inform Company in writing or, at the Company's discretion, verbally, and confirm in writing within seven (7) days thereafter, the quantities of gas it desires to have transported for the upcoming month, along with all other necessary information. Customer's pool operator must agree upon request by Company to produce, in a timely manner, proof of the purchase of the natural gas transported, any necessary regulatory approvals, and any and all transportation arrangements with all interstate pipelines, intrastate pipelines, or others involved in transporting the pool's gas supplies.

The Company will not be liable for any costs and/or penalties charged by pipelines, or suppliers, because of pool operator's over or under deliveries into the pipeline, or pool customers' failure to take deliveries through the Company's meters that in the aggregate do not match the amount of gas transported by the pool operator to Company's city-gate.

Customers who satisfy the definition of human needs and public welfare customers must purchase standby service from a Company supplier, or have alternative fuel capability, or have a combination thereof sufficient to maintain minimal operations.

A human needs and public welfare customer is a customer whose facilities are used for residential dwelling on either a permanent or temporary basis; commercial customers of a residential nature; other customers whose service locations are places of the kind where the element of human welfare is the predominant factor; and civil and governmental customers whose facilities are required in the performance of protecting and preserving the public health, safety, and welfare. Such facilities shall include, but are not limited to, houses, apartment buildings, correctional institutions, hospitals, nursing homes, and charitable institutions.

On a daily basis, the Company will provide customer, and/or its designated pool operator by electronic or other available means of communication, its best available operating data on gas deliveries to individual customers and for the combined pool. Daily operational information shall include information on daily gas flows provided by Automatic Meter Reading (AMR), equipment, telemetry, or any other means the Company has available. In order to administer the provisions of this tariff and monitor customer's daily usage, the Company will install remote metering equipment on customer's meter site. Customer will be responsible for payment of the cost of such telemetric equipment. Customer will also be responsible for providing the Company with access to a telephone service, or such other equipment or utilities as may be necessary at customer's metering site. Customer shall also be responsible for the monthly charges for such telephone service or other necessary equipment or utilities:

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. 2009-00202.

Issued:

Issued by Julie Janson, President

Effective:

KY.P.S.C. Gas No. 2
First Revised Sheet No. 50
Cancelling and Superseding
Original Sheet No. 50
Page 5 of 5

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

TERMS AND CONDITIONS (Contd.)

The primary term of contract shall be one (1) year. After completion of the primary term, such contract shall continue on from month to month unless cancelled by either party upon thirty (30) days written notice. In the event customer re-applies for service under this tariff within one year from the date that this contract was terminated at customer's request, customer shall pay the "minimum bill" charges specified in the Net Monthly Bill provision of this tariff for the number of months customer's service was inactive.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. 2009-00202.

Issued:

Issued by Julie Janson, President

Effective:

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 64
Cancelling and Superseding
Original Sheet No. 64
Page 1 of 1

RIDER MSR-G
MERGER SAVINGS CREDIT RIDER – GAS

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in
Case No. 2009-00202.

Issued:

Effective:

Issued by Julie Janson, President

Duke Energy Kentucky, Inc.
525 W. Fifth Street, Suite 228
Covington, Kentucky 41011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 63
Cancelling and Superseding
Original Sheet No. 63
Page 1 of 1

RIDER AMRP

ACCELERATED MAIN REPLACEMENT PROGRAM RIDER

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case
No. 2009-00202.

Issued:

Effective:

Issued by Julie Janson, President

Duke Energy Kentucky, Inc.
~~4697-A Monmouth Street~~ 525 W. Fifth Street, Suite 228
~~Newport~~ Covington, Kentucky 410741011

KY.P.S.C. Gas No. 2
~~Thirty-Seventh~~ Eighth Revised Sheet No. 30
 Cancelling and Superseding
~~Thirty-Sixth~~ Seventh Revised Sheet No. 30
 Page 1 of 1

RATE RS
RESIDENTIAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for all domestic purposes in private residences, single occupancy apartments, and common use areas of multi-occupancy buildings, when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
 All gas is billed in units of 100 cubic feet (CCF).

Customer Charge per month:	\$12.00	16.00	(I)
Plus the applicable charge per month as set forth on Sheet No. 63, Rider-AMRP, Accelerated Main Replacement Program			(D)

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a commodity Charge for all CCF at	\$0.2668737213	plus	\$0.6699	Equals	\$0.936771.04203	(I)

Plus, all delivered gas shall be subject to an adjustment per CCF as set forth on Sheet No. 62, Rider DSMR Demand Side Management Rate.

~~Plus, all gas delivered shall be subject to an adjustment per CCF as set forth on Sheet No. 64, Rider MSR-G, Merger Savings Credit Rider Gas.~~ (D)

The "Customer Charge" shown above ~~plus Rider-AMRP~~ shall be the minimum amount billed each month. (D)

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated ~~October 27, 2009~~ _____ in Case No. ~~2009-004092009-00202~~.

Issued: ~~October 28, 2009~~

Effective: ~~October 29, 2009~~

Issued by Julie Janson, President

Duke Energy Kentucky, Inc.
1697-A Monmouth Street 525 W. Fifth Street, Suite 228
Newport ~~Covington~~, Kentucky 410741011

RATE GS

GENERAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for any purpose by an individual non-residential customer at one location when supplied at one point of delivery where distribution mains are adjacent to the premises to be served. This schedule is also applicable to non-metered natural gas commodity supplies and local delivery service for street lighting to such entities as certificated homeowners associations, businesses, and federal, state, and local governments. The Company may decline requests for service under this tariff due to gas supply limitations.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas is billed in units of 100 cubic feet (CCF)

Customer Charge per month:	\$30.00 <u>47.50</u>	(D)
Plus the applicable charge per month as set forth on Sheet No. 63, Rider AMRP, Accelerated Main Replacement Program		

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a Commodity Charge for all CCF at	\$0.20949 <u>20530</u>	Plus	\$0.6699	Equals	\$0.87939 <u>87520</u>	(R)

Plus all delivered gas shall be subject to an adjustment per CCF as set forth on:
Sheet No. 62, Rider DSMR, Demand Side Management Rate for non-residential service

The "Customer Charge" shown above ~~plus Rider AMRP~~ shall be the minimum amount billed per month. (D)

The "Gas Cost Adjustment," as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum bills or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

One year, terminable thereafter on ten (10) days written notice by either customer or Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated ~~October 27, 2009~~ in Case No. ~~2009-00409~~ 2009-00202.

Issued: ~~October 28, 2009~~

Effective: ~~October 29, 2009~~

Issued by Julie Janson, President

Duke Energy Kentucky, Inc.
1697-A Monmouth Street — 525 W. Fifth Street, Suite 228
Newport/Covington, Kentucky 4107141011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 51
Cancelling and Superseding
Original Sheet No. 51
Page 1 of 4

RATE FT - L

FIRM TRANSPORTATION SERVICE

AVAILABILITY

Service under this rate schedule is available to any customer who: (1) enters into a written agreement with the Company; and (2) has arranged for delivery of gas into the Company's system for the customer's use at one point of delivery where distribution mains are adjacent to the premise to be served. Service provided hereunder shall be by displacement. This is a firm full requirements large volume transportation service, which is provided from the Company's city-gate receipt points to the outlet side of Company's meter used to serve the customer. This service is available within the Company's entire service territory to serve the firm service requirements of customers receiving firm service in combination with service under Rate IT, and the firm service requirements of all non-residential customers who use more than 20,000 CCF per year, except for those customers whose utility service accounts are past due at the time customer desires to utilize this service, or whose accounts fall into arrears, as defined in Rate FRAS after choosing this service. In the latter event, the customer will be returned to the Company's sales service effective with the customer's next scheduled meter reading, and will be ineligible to choose this transportation service until all arrears are paid in full. For customers receiving service under this tariff the written agreement between the Supplier and the customer may be terminated by supplier for non-payment of the customer's gas commodity portion of the bill if the account is at least 30 days past due. The Supplier shall give the Company and the customer no less than 30 days written notice that the customer will be switched from the Supplier and revert to the Company's sales service unless the past due amount is paid by the customer's next scheduled bill due date. If the past due amount is paid by the next scheduled bill due date, the customer will not revert to the Company's sales service but will remain with the Supplier. Customer must enter into a "pooling" agreement with a Supplier from a list of approved gas pool operators that have signed "Large Volume Customer Transportation Pooling Agreement" with the Company. Such suppliers must arrange for the delivery of gas into Company's system in accordance with Rate FRAS.

Customers who believe that they will significantly increase throughput, from their historic firm service levels, shall so inform the Company.

DEFINITIONS

Terms used in this tariff are defined in the same manner as set forth in Rate FRAS, Sheet No. 44.

CHANGES IN CUSTOMERS' SERVICE ELECTIONS

Customers, who elect service under this tariff and later return to Company's sales service may do so only in accordance with the requirements of the Company's tariffs and applicable regulations of the Kentucky Public Service Commission. If a customer voluntarily elects to return to the Company's sales service, all incremental gas procurement, upstream transportation, and storage costs incurred by Company in order to return customer to sales service may, as determined by the Company, have to be borne by customer.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006, dated _____ in Case No. 2009-00202.

Issued:

Effective:

Issued by Sandra P. Meyer/Julie Janson, President

Duke Energy Kentucky, Inc.
1697 A Monmouth Street — 525 W. Fifth Street, Suite 228
Newport/Covington, Kentucky 4107141011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 51
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Page 2 of 4

NET MONTHLY BILL

The Net Monthly Bill shall be determined in accordance with the following rates and charges:

Administrative Charge per Month: \$430.00

The Administration Charge hereunder will be waived when this service is used in combination with the service provided under Sheet No. 50, Rate IT, Interruptible Transportation Service.

Plus a charge per CCF for each CCF of gas transported for customer from Company's city-gate measuring stations to the outlet side of Company's meter used to measure deliveries to customer at: \$0.17713-0.17369 per CCF (R)

Plus the throughput charge for the service level selected under Rate IMBS, Interruptible Monthly Balancing Service

Plus all transported gas shall be subject to an adjustment per CCF as set forth on: Sheet No. 63, Rider AMRP, Accelerated Main Replacement Program Sheet No. 77, Rider GCAT, Gas Cost Adjustment Transition Rider, except as provided thereon. (D)

Plus the cost to install remote meter reading equipment on customer's meter in order to monitor customer's usage on a daily basis.

Plus, or minus, rate adjustments which may occur as a result of changes in the rates of interstate pipelines, or of rulings of the Kentucky Public Service Commission and/or the Federal Energy Regulatory Commission, and for which it is determined that all customers should be allocated some portion of the corresponding costs or refunds.

Customer and/or its Suppliers shall be responsible for the payment and collection of excise taxes, sales taxes, revenue taxes, or similar taxes on the gas supplies that customer purchases from its Supplier.

MINIMUM BILL

The monthly minimum bill shall be the Administrative Charge and charge for remote meter reading, both as shown above.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in Company's office by the due date shown on the bill. When not so paid, an additional amount equal to five percent (5%) of the unpaid balance of the bill is due and payable.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006, dated _____ in Case No. 2009-00202.

Issued:

Effective:

Issued by Sandra P. Meyer/Julie Janson, President

Duke Energy Kentucky, Inc.
~~1697 A Monmouth Street~~ 525 W. Fifth Street, Suite 228
~~Newport Covington, Kentucky 410741011~~

KY.P.S.C. Gas No. 2
First Revised Sheet No. 51
Cancelling and Superseding
Original Sheet No. 51
Page 3 of 4

GENERAL TERMS AND CONDITIONS

1. Remote Metering

In order to administer the provisions of this tariff and monitor customer's daily usage, the Company will install remote metering equipment on customer's meter site. Customer will be responsible for payment of the cost of such equipment, through a monthly charge designed to, among other things, reimburse the Company for the costs of such equipment. As a pre-requisite for receiving service under this tariff, Customer will also be responsible for providing the Company with access, on an ongoing basis, to a telephone service at customer's metering site, or such other equipment or utilities which may be necessary, and shall also be responsible for the monthly charges for such telephone service or other necessary equipment or utilities.

The Company will provide customer, and/or its designated pool operator by electronic or other available means of communication, its best available operating data on gas deliveries to individual customers and for the combined pool on a daily basis. Daily operational information shall include information on daily gas flows provided by Automatic Meter Reading (AMR) equipment, telemetry, or any other means the Company has available to help the customer, or its designated pool operator estimate the daily gas deliveries for individual customer's receiving service under Rate FT-L and for the pool's combined accounts.

2. Approved Supplier List

Company shall maintain a list of approved Suppliers from which customer can choose. Such list will include Suppliers who have signed a Gas Supply Aggregation/Customer Pooling Agreement in which Supplier has agreed to participate in and provide gas supplies to Rate FT-L pools, and abide by Company's requirements for its pooling program. This list shall be available to any customer upon request.

3. Applications and Service Date

A customer who desires service under this tariff shall apply through its chosen Supplier. Customer must also enter into a written agreement with the Company, such agreement shall set forth specific arrangements as to the transportation services provided, as well as, any other circumstances relating to the individual customer. Unless the Company determines that the customer is not eligible to become a transportation customer of the Supplier, the Company shall exercise its reasonable efforts to transfer the customer to the Supplier's pool on the customer's next regularly scheduled meter reading date after the telephone line and automatic meter reading equipment is installed and operative.

A customer, who terminates service under this tariff and returns to sales service, or who changes Suppliers, shall through its supplier provide Company with written or electronic notice. Requests so received shall normally be honored on customer's next regularly scheduled meter reading date. In the event that a customer is returned to sales service for non-payment, the Supplier shall provide the Company with notice of termination and shall comply with any notice requirements of the Suppliers' Code of Conduct set forth in Rate FRAS, Sheet No. 44.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006 dated _____ in Case No. 2009-00202.

Issued:

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Issued by Sandra P. Meyer Julie Janson, President

Duke Energy Kentucky, Inc.
1697 A Monmouth Street — 525 W. Fifth Street, Suite 228
Newport Covington, Kentucky 4107441011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 51
Cancelling and Superseding
Original Sheet No. 51
Page 4 of 4

GENERAL TERMS AND CONDITIONS (Contd.)

4. Access to Usage History and Current Billing Information

The "Customer Consent Form," used to initiate requests for service under this tariff, shall authorize customer's Supplier to receive customer's usage, billing, and payment history from the Company, to act on customer's behalf in making billing/usage inquiries, and in exchanging current billing information with Company, including notices of commencement or termination of service by either party.

5. Service Term

Except customers returned for non-payment or for good cause shown the primary term of contract shall be a minimum of one (1) year. Customers may not elect to move to or from the Company's sales service and transportation service, or between rate schedules during this twelve month primary term. In addition, such movements will require thirty days advance notice to the Company and the Company's specific authorization if such movements are to occur during the winter period, November through March. After completion of the primary term, such contract shall continue unless cancelled by either party upon thirty (30) days written notice

6. Regulatory Approvals

Customer's Supplier shall be responsible for making all necessary arrangements and securing all requisite regulatory or governmental approvals, certificates or permits to enable gas to be delivered to the Company's system.

CURTAILMENT OF SERVICE

In times of system emergencies, the Company may curtail service under this rate schedule in order to maintain service to human needs customers and customers receiving service under Rates RS, GS and in accordance with curtailment procedures on file with, and approved by, the Kentucky Public Service Commission. In the event customer fails to comply with the Company's direction to curtail, the Company reserves the right to physically discontinue service to the customer. Company shall not be liable in damages or otherwise to customer for any loss of production, other claim, or any consequences occasioned by customer as a result of such curtailment or because of the lack of advance notice to customer of such curtailment.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006 dated in Case No. 2009-00202.

Issued:

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Issued by Sandra P. Meyer Julie Janson, President

KY.P.S.C. Gas No. 2
First Revised Sheet No. 50
Cancelling and Superseding
Original Sheet No. 50
Page 1 of 5

Duke Energy Kentucky, Inc.
~~1697-A Monmouth Street~~ 525 W. Fifth Street, Suite 228
~~Newport Covington,~~ Kentucky 41074-1011

RATE IT

INTERRUPTIBLE TRANSPORTATION SERVICE

APPLICABILITY

Applicable to curtailable natural gas local delivery service and available to any customer who: (1) signs a contract with the Company for service under Rate IT; (2) utilizes a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1; (3) has arranged for the delivery of gas into the Company's system for customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served, and (4) has become a member of a pool under Rate AS and elected Interruptible Monthly Balancing Service under Rate IMBS. Any service provided hereunder shall be provided by displacement and on a "reasonable efforts" basis. The Company reserves the right to decline requests to initiate or continue such service whenever, in the Company's judgment, rendering the service would be detrimental to the operation of the Company's system or its ability to supply gas to customers receiving service under the provisions of Rate RS, Rate GS, and Rate FT-L.

This rate schedule shall not preclude the Company from entering into alternative special arrangements with Commission approval, which are designed to meet unique circumstances.

The service provided hereunder shall be interruptible local gas delivery service provided on a "reasonable efforts" basis from the Company's city-gate receipt points to the outlet side of the meter used to serve Customer. The Company, to insure its ability to reliably supply gas to customers receiving service under the provisions of Rate RS, Rate GS, and Rate FT-L, shall have the right for operational purposes to designate the city-gate receipt points where the customer's pool operator is required to deliver its gas.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas consumed is billed in units of 100 cubic feet (CCF)

Administrative Charge per month: \$430.00

Commodity Charge per CCF:

Company will deliver the arranged-for gas, less shrinkage which is equal to the Company's system average unaccounted for percentage, at a rate per CCF, of \$0.076260.09493 per CCF (I)
except as specified in the "Alternate Fuels" provision;

~~Plus the applicable charge per CCF as set forth on Sheet No. 63, Rider AMRP, Accelerated Main Replacement Program (D)~~

Plus balancing related charges pursuant to Rates IMBS if customer has elected to operate as its own pool operator for supply management purposes.

Plus, if applicable, the throughput charge for the service level selected under Rate IMBS, Interruptible Monthly Balancing Service.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-04494 dated September 29, 2006 dated in Case No. 2009-00202.

Issued: Effective:

Issued by Sandra P. Meyer, Julie Janson, President

Duke Energy Kentucky, Inc.
1697-A Monmouth Street 525 W. Fifth Street, Suite 228
Newport Covington, Kentucky 410741011

KY.P.S.C. Gas No. 2
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NET MONTHLY BILL (Contd.)

Plus, if applicable, charges for unauthorized deliveries as described later in this tariff.

The Company is required to install remote meter reading equipment on customer's meter in order to monitor customer's usage on a daily basis. Customer will be responsible for the cost of such equipment either through a monthly surcharge or an up front contribution designed to reimburse the Company for the cost of such equipment. The meter shall be owned by the Company.

MINIMUM BILL

The minimum monthly bill that customer shall receive shall be the monthly Administrative Charge and monthly charge for remote metering equipment shown above, and, in addition thereto during the seven (7) consecutive billing periods beginning in April, the 10,000 CCF volume minimum. If customer fails to take delivery of 10,000 CCF per month during the months of April through October, customer will be billed, in addition to the Administrative Charge and metering charges, and charges for the delivered volumes, an amount equal to the difference between 10,000 CCF and the delivered volumes billed at Rate GS, plus the applicable surcharge per CCF under Rider AMRP.

(D)

UNAUTHORIZED DELIVERIES

In the event customer fails to interrupt transportation deliveries at Company's request, any excess deliveries through customer's meter will be considered unauthorized deliveries that are subject to the flow through of pipeline penalty charges to the extent they are paid by the Company, and in addition thereto, shall be paid for as specified under the "Charges For Unauthorized Deliveries" provision of this rate. The charges for such unauthorized deliveries shall be billed directly to the customer in lieu of its "pool operator", if applicable. However, Company shall not be precluded from physically discontinuing service to the customer, if the customer refuses to interrupt service when requested by the Company.

MINIMUM USAGE

In the event that customer repeatedly and significantly fails to meet the seven (7) summer months minimum usage requirements of this tariff, Customer may at the Company's option be removed from this tariff and denied further service, or at the Company's option may be switched to either Rate GS or FT-L.

ALTERNATIVE FUELS

The Company may without prior Commission approval charge a rate lower than that specified in the "Net Monthly Bill" provision, to meet competition from alternative fuels. The decision to charge a lower rate will be made on a case-by-case basis, supported by a statement in an affidavit from the customer that absent such lower rate, customer would utilize an alternative fuel source. The lower rate shall not be less than one-half the commodity rate specified in the "Net Monthly Bill" provision, plus all applicable riders and surcharges.

The Company may also charge customer who has requested flexible rate pricing a rate higher than that specified in the "Net Monthly Bill" provision if such rate remains competitive with the price of energy from customer's alternative fuel source. The higher rate shall not exceed 150 percent of the commodity rate specified in the "Net Monthly Bill" provision, plus applicable riders and surcharges.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006 dated in Case No. 2009-00202.

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Issued by Sandra P. Meyer Julie Janson, President

KY.P.S.C. Gas No. 2
First Revised Sheet No. 50
Cancelling and Superseding
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Duke Energy Kentucky, Inc.
1697 A Monmouth Street 525 W. Fifth Street, Suite 228
Newport Covington, Kentucky 4107141011

ALTERNATIVE FUELS (Contd.)

Once a customer receives a flexible transportation rate, as described in the preceding paragraphs, the customer must continue to pay a flexible rate as determined by the Company for a period of three months. After three months, the customer may, upon written notification to the Company, apply for a flexible rate for another three months. Absent such notification, customer's rate will revert to the fixed rate established herein.

CHARGES FOR UNAUTHORIZED DELIVERIES

Any customer taking unauthorized deliveries shall be billed an amount reflective of the general service rate, Rate GS, Sheet No. 31, including the expected gas cost component of the gas cost recovery rate or Company's highest cost gas, and one month's demand charges on the volume difference (this charge shall not be imposed more frequently than once in any 30 day period) and/or the cost of operating the Company's propane peak shaving plant, and/or, if so required to effectuate compliance with the interruptible provisions of this schedule, the cost incurred by the Company to valve-off the service. In any event, customer shall reimburse the Company for any interstate pipeline penalty charges resulting from such unauthorized deliveries.

ELECTION OF MONTHLY BALANCING OPTION

A "pool" can be a single Rate IT customer acting on its own behalf, or a group of Rate IT customers who join, or are joined together for purposes of gas supply management under this tariff. A "pool operator" has a contractual responsibility to manage the aggregated gas supply requirements of all of the Rate IT customers that comprise its pool. All supply management responsibilities of individual customers are transferred to the pool operator once a customer becomes a part of a pool, as the aggregated balancing requirements of all pool members are treated under this tariff as though they were a single customer with its own supply management responsibilities.

Monthly throughput charges under Rate IMBS, shall be billed directly to the end-use customer. All other balancing charges and supply management charges, including "cash out" charges, penalties and other like charges billed under the provisions of Rate IMBS shall be billed directly to the pool operator, regardless of whether the pool operator is an individual customer acting as its own pool operator, or an aggregated customers pool operator. For purposes of calculating these charges, the usage of all customers within a pool will be combined into a single pool usage number that will be matched against the pool operator's total deliveries to its IT pool.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5% is due and payable.

TERMS AND CONDITIONS

The customer shall enter into a written agreement with the Company. Such agreement shall set forth specific arrangements as to the transportation services provided, as well as, any other circumstances relating to the individual customer.

The Company's "reasonable efforts" basis is defined as the right, at any time, to curtail or interrupt the delivery or transportation of gas under this tariff when, in the judgment of the Company such curtailment or interruption is necessary to enable the Company to maintain deliveries to higher priority customers or to respond to any emergency.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006, dated _____ in Case No. 2009-00202.

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Effective:

Issued by Sandra P. Meyer Julie Janson, President

KY.P.S.C. Gas No. 2
First Revised Sheet No. 50
Cancelling and Superseding
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Page 4 of 5

Duke Energy Kentucky, Inc.
1697 A Monmouth Street 525 W. Fifth Street, Suite 228
Newport Covington, Kentucky 41074 41011

TERMS AND CONDITIONS (Contd.)

Customer acting as its own pool operator, or customer's designated pool operator/supplier shall be responsible for making all necessary arrangements and securing all requisite regulatory or governmental approvals, certificates or permits to enable the gas to be delivered into the Company's system.

At least one day preceding the day transportation nominations are due to the interstate pipeline(s) transporting customer's gas, customer's pool operator/supplier agrees to inform Company in writing or, at the Company's discretion, verbally, and confirm in writing within seven (7) days thereafter, the quantities of gas it desires to have transported for the upcoming month, along with all other necessary information. Customer's pool operator must agree upon request by Company to produce, in a timely manner, proof of the purchase of the natural gas transported, any necessary regulatory approvals, and any and all transportation arrangements with all interstate pipelines, intrastate pipelines, or others involved in transporting the pool's gas supplies.

The Company will not be liable for any costs and/or penalties charged by pipelines, or suppliers, because of pool operator's over or under deliveries into the pipeline, or pool customers' failure to take deliveries through the Company's meters that in the aggregate do not match the amount of gas transported by the pool operator to Company's city-gate.

Customers who satisfy the definition of human needs and public welfare customers must purchase standby service from a Company supplier, or have alternative fuel capability, or have a combination thereof sufficient to maintain minimal operations.

A human needs and public welfare customer is a customer whose facilities are used for residential dwelling on either a permanent or temporary basis; commercial customers of a residential nature; other customers whose service locations are places of the kind where the element of human welfare is the predominant factor; and civil and governmental customers whose facilities are required in the performance of protecting and preserving the public health, safety, and welfare. Such facilities shall include, but are not limited to, houses, apartment buildings, correctional institutions, hospitals, nursing homes, and charitable institutions.

On a daily basis, the Company will provide customer, and/or its designated pool operator by electronic or other available means of communication, its best available operating data on gas deliveries to individual customers and for the combined pool. Daily operational information shall include information on daily gas flows provided by Automatic Meter Reading (AMR), equipment, telemetry, or any other means the Company has available. In order to administer the provisions of this tariff and monitor customer's daily usage, the Company will install remote metering equipment on customer's meter site. Customer will be responsible for payment of the cost of such telemetric equipment. Customer will also be responsible for providing the Company with access to a telephone service, or such other equipment or utilities as may be necessary at customer's metering site. Customer shall also be responsible for the monthly charges for such telephone service or other necessary equipment or utilities.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006 dated in Case No. 2009-00202.

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Effective:

Issued by ~~Sandra P. Meyer~~ Julie Janson, President

KY.P.S.C. Gas No. 2
First Revised Sheet No. 50
Cancelling and Superseding
Original Sheet No. 50
Page 5 of 5

Duke Energy Kentucky, Inc.
~~4697 A Monmouth Street~~525 W. Fifth Street, Suite 228
~~Newport Covington, Kentucky 41071~~41011

TERMS AND CONDITIONS (Contd.)

The primary term of contract shall be one (1) year. After completion of the primary term, such contract shall continue on from month to month unless cancelled by either party upon thirty (30) days written notice. In the event customer re-applies for service under this tariff within one year from the date that this contract was terminated at customer's request, customer shall pay the "minimum bill" charges specified in the Net Monthly Bill provision of this tariff for the number of months customer's service was inactive.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006 dated _____ in Case No. 2009-00202.

Issued:

Effective:

Issued by ~~Sandra P. Meyer~~Julie Janson, President

Duke Energy Kentucky, Inc.
~~4697-A Monmouth Street~~ 525 W. Fifth Street, Suite 228
~~Newport Covington, Kentucky 41071~~ 41011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 64
Cancelling and Superseding
Original Sheet No. 64
Page 1 of 1

RIDER MSR-G

(D)

MERGER SAVINGS CREDIT RIDER – GAS

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

Issued by authority of ~~an Order of the Kentucky Public Service Commission in accordance with TFS2006-~~
~~01494 dated September 29, 2006.~~ dated _____ in Case No. 2009-00202.

Issued:

Effective:

Issued by ~~Sandra P. Meyer~~ Julie Janson, President

Duke Energy Kentucky, Inc.
~~1697 A Monmouth Street~~ 525 W. Fifth Street, Suite 228
~~Newport Covington, Kentucky 41071~~ 41011

KY.P.S.C. Gas No. 2
First Revised Sheet No. 63
Cancelling and Superseding
Original Sheet No. 63
Page 1 of 1

RIDER AMRP

(D)

ACCELERATED MAIN REPLACEMENT PROGRAM RIDER

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

Issued by authority of an Order of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006 dated _____ in Case No. 2009-00202.

Issued:

Effective:

Issued by Sandra P. Meyer Julie Janson, President

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
REVENUES AT PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

DATA: ___ BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

SCHEDULE M
PAGE 1 OF 1
WITNESS:
J. ZIOLKOWSKI

EXCLUDES ALL RIDERS

LINE NO.	RATE CLASSIFICATION (A)	REVENUE AT PRESENT RATES (B)	REVENUE AT PROPOSED RATES (C)	REVENUE CHANGE (AMOUNT) (D=C-B)	% OF REVENUE CHANGE (E=D / B)
1	<u>SALES SERVICE:</u>				
2	RS RESIDENTIAL	82,092,725	93,595,239	11,502,514	14.01%
3	TOTAL RS	82,092,725	93,595,239	11,502,514	14.01%
4	GS COMMERCIAL	31,580,793	32,802,007	1,221,214	3.87%
5	GS INDUSTRIAL	3,757,863	3,789,759	31,896	0.85%
6	GS OTHER PUB AUTH	5,125,720	5,181,683	55,963	1.09%
7	TOTAL GS	40,464,376	41,773,449	1,309,073	3.24%
8	TOTAL SALES SERVICE	122,557,101	135,368,688	12,811,587	10.45%
9	<u>TRANSPORTATION:</u>				
10	FT LARGE	2,539,112	2,498,318	(40,794)	-1.61%
11	IT	1,062,114	1,291,823	229,709	21.63%
12	TOTAL TRANSPORTATION	3,601,226	3,790,141	188,915	5.25%
13	TOTAL THROUGHPUT	126,158,327	139,158,829	13,000,502	10.30%
14	<u>MISCELLANEOUS REVENUES:</u>				
15	LATE PAYMENT CHARGES	0	0	0	0.00%
16	BAD CHECK CHARGES	10,116	10,116	0	0.00%
17	RECONNECTION CHARGES	21,876	21,876	0	0.00%
18	RENTS	34,176	34,176	0	0.00%
19	INTERDEPARTMENTAL	43,376	43,376	0	0.00%
20	SPECIAL CONTRACTS	0	0	0	0.00%
21	REVENUE TRANSP OF GAS-INTERCO	600,696	600,696	0	0.00%
22	PROVISION FOR RATE REFUNDS	0	0	0	0.00%
23	OTHER MISC	33,684	33,684	0	0.00%
24	TOTAL MISCELLANEOUS	743,924	743,924	0	0.00%
25	TOTAL COMPANY REVENUE	126,902,251	139,902,753	13,000,502	10.24%

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
BASE PERIOD REVENUES AT AVERAGE RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.1
PAGE 1 OF 1
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

EXCLUDES ALL RIDERS
BASE PERIOD ACTUAL

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES (D)	BASE PERIOD REVENUE LESS GAS COST (E)	AVERAGE RATE (F=E/D)	% OF REV TO TOTAL EXCLUSIVE OF GAS COST (G)	GAS COST REVENUE (H)	BASE PERIOD REVENUE TOTAL (I)	% OF REV TO TOTAL (J)
1	RS	RESIDENTIAL SERVICE	1,073,044	6,850,026	31,167,192	4.5485	67.24	50,935,533	82,092,725	64.69
2	GS	GENERAL SERVICE COMMERCIAL	77,136	3,070,778	8,747,053	2.8485	18.88	22,833,740	31,580,793	24.89
3	GS	GENERAL SERVICE INDUSTRIAL	2,746	385,646	890,270	2.3086	1.92	2,867,693	3,757,863	2.96
4	GS	GENERAL SERVICE OTHER PUB AUTH	4,452	523,797	1,230,962	2.3499	2.66	3,894,868	5,125,720	4.04
5	FT LARGE	FIRM TRANSPORTATION-LARGE	1,020	1,185,869	2,539,112	2.1412	5.48	0	2,539,112	2.00
6	IT	INTERRUPTIBLE TRANSPORTATION	288	1,230,362	1,062,114	0.8633	2.29	0	1,062,114	0.84
7		LATE PAYMENT CHARGES	0	0	0	-	-	0	0	-
8		BAD CHECK CHARGES	0	0	10,116	-	0.02	0	10,116	0.01
9		RECONNECTION CHARGES	0	0	21,876	-	0.05	0	21,876	0.02
10		RENTS	0	0	34,176	-	0.07	0	34,176	0.03
11		INTERDEPARTMENTAL	0	4,552	9,528	2.0931	0.02	33,848	43,376	0.03
12		SPECIAL CONTRACTS	0	0	0	-	-	0	0	-
13		REVENUE TRANSP OF GAS-INTERCO	0	0	600,696	-	1.30	0	600,696	0.47
14		PROVISION FOR RATE REFUNDS	0	0	0	-	-	0	0	-
15		OTHER MISCELLANEOUS	0	0	33,684	-	0.07	0	33,684	0.03
16	TOTAL		1,158,686	13,251,020	46,336,679	3.4968	100.00	80,566,672	126,902,251	100.00

NOTE: DETAIL CONTAINED ON SCHEDULES M-2.2 AND M-2.3.

DUKE ENERGY KENTUCKY
CASE NO. 2009-00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.2
PAGE 1 OF 7
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

EXCLUDES ALL RIDERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS GAS COST (K)	% OF REV TO TOTAL LESS GAS COST REVENUE (L)	REVENUE INCR LESS GAS COST (F - K) (M)	% INCR IN REV LESS GAS COST (M / K) (N)	GAS COST REVENUE(3) (H)	CURRENT TOTAL REVENUE (K + H) (Kt)	TOTAL REVENUE INCREASE (M / K1) (O)
			(MCF)		(\$/MCF)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	SALES SERVICE:											
2	RS	RESIDENTIAL	1,073,044	6,850,026	4.5485	31,157,192	100.00	11,502,514	36.9	50,935,533	82,092,725	14.0
3		TOTAL RS	1,073,044	6,850,026	4.5485	31,157,192	67.24	11,502,514	36.9	50,935,533	82,092,725	14.0
4	GS	COMMERCIAL	77,136	3,070,778	2.8486	8,747,053	80.48	1,221,214	14.0	22,833,740	31,580,793	3.9
5	GS	INDUSTRIAL	2,746	385,646	2.3085	890,270	8.19	31,896	3.6	2,867,593	3,757,863	0.8
6	GS	OTH PUB AUTH	4,452	523,797	2.3489	1,230,862	11.33	56,963	4.5	3,894,868	5,125,720	1.1
7		TOTAL GS	84,334	3,980,221	2.7305	10,868,185	23.45	1,309,073	12.0	29,596,191	40,464,376	3.2
8		TOTAL SALES SERVICE	1,157,378	10,830,247	3.8804	42,025,377	80.70	12,811,587	30.5	80,531,724	122,557,101	10.5
9	TRANSPORTATION SERVICE:											
10	FT-LARGE	FIRM TRANSP - LARGE	1,020	1,185,869	2.1412	2,538,112	70.61	(40,794)	(1.6)	0	2,539,112	(1.6)
11	IT	INTERRUPTIBLE	288	1,230,362	0.8633	1,062,114	29.49	229,709	21.6	0	1,062,114	21.6
12		TOTAL TRANSP SERVICE	1,308	2,416,221	1.4904	3,601,225	7.77	188,915	5.2	0	3,601,226	5.2
13		TOTAL THROUGHPUT	1,158,686	13,246,468	3.4444	46,626,603	98.47	13,000,502	28.5	80,631,724	126,158,327	10.3
14	MISCELLANEOUS REVENUES:											
15	LATE PAYMENT CHARGES		0	0	0	0	0.00	0	0.0	0	0	0.0
16	BAD CHECK CHARGES		0	0	0	10,116	1.42	0	0	0	10,116	0
17	RECONNECTION CHARGES		0	0	0	21,876	3.08	0	0	0	21,876	0
18	RENTS		0	0	0	34,176	4.81	0	0	0	34,176	0
19	INTERDEPARTMENTAL		0	4,552	0	9,528	1.34	0	0	33,848	43,376	0
20	SPECIAL CONTRACTS		0	0	0	0	0.00	0	0.0	0	0	0
21	REVENUE TRANSP OF GAS-INTERCO		0	0	0	600,696	84.60	0	0	0	600,696	0
22	PROVISION FOR RATE REFUNDS		0	0	0	0	0.00	0	0	0	0	0
23	OTHER MISC		0	0	0	33,684	4.74	0	0	0	33,684	0
24		TOTAL MISCELLANEOUS	0	4,552	0	710,076	1.63	0	0.0	33,848	743,924	0.0
25		TOTAL COMPANY	1,158,686	13,251,020	3.4968	46,336,679	100.00	13,000,502	28.1	80,665,572	126,902,251	10.2

(1) DETAIL CONTAINED ON SCHEDULES M-2.2, PAGES 2 THROUGH 7.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.435816/MCF.
11/13/2009 11:10

DUKE ENERGY KENTUCKY
CASE NO. 2009-00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.2
PAGE 2 OF 7
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS GAS COST		% OF REV TO TOTAL LESS GAS COST		REVENUE INCR LESS GAS COST REV (F - K) (M)	% INCR IN REV LESS GAS COST REV (M / K) (N)	GAS COST REVENUE(3) (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
						REVENUE (K)	GAS COST REVENUE (L)	REVENUE (%)	GAS COST REVENUE (%)					
1	RS	RESIDENTIAL												
2		CUSTOMER CHARGE:												
3		RESIDENTIAL												
4		TOTAL MONTHLY BILLS x :	1,073,044		\$12.00	12,875,528	42.2	4,292,176	33.3			12,875,528	33.3	
5		CUSTOMER CHARGE PER MONTH												
6		COMMODITY CHARGE:		9,850,026	2.8687	18,280,864	59.9	7,210,338	38.4			60,935,533	10.4	
7		ALL CONSUMPTION		6,850,026		31,157,192	102.1	11,502,514	36.9			82,092,725	14.0	
8		RATE RS EXCLUDING RIDERS	1,073,044											
9		RIDERS:												
10		HOME ENERGY ASSISTANCE PROGRAM (HEA)			\$0.10	107,304	0.4	0	0.0			107,304	0.0	
11		DEMAND SIDE MANAGEMENT RATE (DSMR)			(0.109294)	(748,667)	(2.5)	0	0.0			(748,667)	0.0	
12		TOTAL RIDERS				(641,363)	(2.1)	0	0.0			(641,363)	0.0	
13		TOTAL RATE RS RESIDENTIAL INCLUDING RIDERS	1,073,044	6,850,026		30,515,829	100.0	11,602,514	37.7			50,935,533	14.1	

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS NORMALIZED VOLUMES.

(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.436616/MMCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.2
PAGE 3 OF 7
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___ ___ UPDATED ___ ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	MOST CURRENT RATES (J) (\$/MCF)	CURRENT REVENUE LESS GAS COST		% OF REV TO GAS COST		REVENUE INCR LESS GAS COST REV (F - K) (M)		% INCR IN REV LESS GAS COST REV (M/K) (N)		GAS COST REVENUE(3) (H) (\$)	CURRENT TOTAL REVENUE (K + H) (K1) (\$)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
						REVENUE (K) (\$)	REVENUE LESS GAS COST (L) (%)	REVENUE (M) (\$)	REVENUE LESS GAS COST REV (N) (%)							
1	GS	COMMERCIAL														
2		CUSTOMER CHARGE:														
3		NON-RESIDENTIAL														
4		TOTAL MONTHLY BILLS x :														
5		CUSTOMER CHARGE PER MONTH	77,136		\$30.00	2,314,080	26.5	1,349,880	56.3					2,314,080	68.3	
6		COMMODITY CHARGE:														
7		ALL CONSUMPTION		3,070,778	2.0949	6,432,973	73.5	(128,666)	-2.0	22,833,740	29,266,713	(0.4)				
8		RATE GS COMMERCIAL EXCLUDING RIDERS	77,136	3,070,778		6,747,053	100.0	1,221,214	14.0	22,833,740	31,580,793	3.9				
9		RIDERS:														
10		DEMAND SIDE MANAGEMENT RATE (DSMR)			0.000000	0	0.0	0	0.0	0	0	0.0		0	0.0	
11		TOTAL RIDERS				0	0.0	0	0.0	0	0	0.0		0	0.0	
12		TOTAL RATE GS COMMERCIAL INCLUDING RIDERS	77,136	3,070,778		8,747,053	100.0	1,221,214	14.0	22,833,740	31,580,793	3.9				

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.436616/MCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009-00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.2
PAGE 4 OF 7
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___ ___ UPDATED ___ ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(4) (C)	SALES(2) (D)	MOST CURRENT RATES (E)	(\$/MCF)	CURRENT REVENUE LESS GAS COST		% OF REV TO TOTAL LESS GAS COST REVENUE (L)	REVENUE INCR LESS GAS COST REV (F - K)	REVENUE (M)	% INCR IN REV LESS GAS COST REV (M / K)	CURRENT TOTAL REVENUE		TOTAL REVENUE INCR (M / K1)	TOTAL REVENUE % INCREASE (O)	
							(K)	(H)					(K + H)	(O)			
1	GS	INDUSTRIAL															
2		CUSTOMER CHARGE:															
3		NON-RESIDENTIAL															
4		TOTAL MONTHLY BILLS x :	2,746		\$30.00		82,380	9.3	48,055		58.3		82,380		58.3		
5		CUSTOMER CHARGE PER MONTH															
6		COMMODITY CHARGE:															
7		ALL CONSUMPTION		385,646	2.0949		807,890	90.7	(16,159)		(2.0)		3,675,483		-0.4		
8		RATE GS INDUSTRIAL EXCLUDING RIDERS	2,746	385,646			890,270	100.0	31,896		3.6		3,757,863		0.8		
9		RIDERS:			0.000000		0	0.0	0		0.0		0		0.0		
10		DEMAND SIDE MANAGEMENT RATE (DSMR)					0	0.0	0		0.0		0		0.0		
11		TOTAL RIDERS					0	0.0	0		0.0		0		0.0		
12		TOTAL RATE GS INDUSTRIAL INCLUDING RIDERS	2,746	385,646			890,270	100.0	31,896		3.6		3,757,863		0.8		

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.435816/MCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009-00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.2
PAGE 5 OF 7
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD ___ X ___ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	MOST CURRENT RATES (J)	CURRENT ANNUALIZED		% OF REV TO		REVENUE INCR LESS		% INCR IN		CURRENT TOTAL		TOTAL REVENUE		
						(MCF)	(\$)	(MCF)	(\$)	TOTAL LESS GAS COST REVENUE (L)	(%)	REVENUE INCR LESS GAS COST REV (F - K)	(M)	(M / K)	(N)	REVENUE (K)	(\$)	REVENUE (K + H)
1	GS	OTHER PUBLIC AUTHORITIES																
2		CUSTOMER CHARGE:																
3		NON-RESIDENTIAL																
4		TOTAL MONTHLY BILLS x	4,452		\$30.00	133,560	10.9	77,910	58.3					133,560			58.3	
5		CUSTOMER CHARGE PER MONTH																
6		COMMODITY CHARGE:																
7		ALL CONSUMPTION		523,797	2.0949	1,097,302	89.1	(21,947)	(2.0)					4,992,160			(0.4)	
8		RATE GS OPA EXCLUDING RIDERS	4,452	523,797		1,230,862	100.0	55,963	4.5					5,125,720			1.1	
9		RIDERS:																
10		DEMAND SIDE MANAGEMENT RATE (DSMR)			0.000000	0	0.0	0	0.0					0			0.0	
11		TOTAL RIDERS				0	0.0	0	0.0					0			0.0	
12		TOTAL RATE GS OPA INCLUDING RIDERS	4,452	523,797		1,230,862	100.0	55,963	4.5					5,125,720			1.1	

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS NORMALIZED VOLUMES.

(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.435816/MCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009-00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

DATA: ___ BASE PERIOD ___ X ___ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

SCHEDULE M-2.2
PAGE 6 OF 7
WITNESS:
J. ZIOLKOWSKI

CURRENT ANNUALIZED

LINE RATE NO. CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES(1) (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS GAS COST (K)		% OF REV TO TOTAL LESS GAS COST REVENUE (L)		REVENUE INCR LESS GAS COST REV (F - K) (M)		% INCR IN REV LESS GAS COST REV (M / K) (N)		CURRENT TOTAL REVENUE (K + H) (K1)		TOTAL REVENUE % INCREASE (M / K1) (O)		
					(\$)	(MCF)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
1	FT - LARGE																
2	FIRM TRANSPORTATION - LARGE																
3	ADMINISTRATIVE CHARGE	1,020		\$430.00		438,800	17.5	0	0.0	0.0	0.0	0.0	438,800	0.0	0.0	0.0	
4	TRANSPORTATION CHARGE:																
5	ALL CONSUMPTION		1,185,859	1.7713		2,100,512	83.9	(40,794)	(1.9)	(1.9)	(1.9)	(1.9)	2,100,512	(1.9)	(1.9)	(1.9)	
6	RATE FT-LARGE EXCLUDING RIDERS	1,020	1,185,859			2,539,112	101.4	(40,794)	(1.6)	(1.6)	(1.6)	(1.6)	2,539,112	(1.6)	(1.6)	(1.6)	
7	RIDERS:																
8	GAS COST ADJUSTMENT TRANSITION (GCAT)			(0.0290)		(34,390)	(1.4)	0	0.0	0.0	0.0	0.0	(34,390)	0.0	0.0	0.0	
9	TOTAL RIDERS					(34,390)	(1.4)	0	0.0	0.0	0.0	0.0	(34,390)	0.0	0.0	0.0	
10	TOTAL RATE FT - LARGE INCLUDING RIDERS	1,020	1,185,859			2,504,722	100.0	(40,794)	(1.6)	(1.6)	(1.6)	(1.6)	2,504,722	(1.6)	(1.6)	(1.6)	

(1) REFLECTS NORMALIZED VOLUMES.

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

DATA: ___ BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

SCHEDULE M-2.2
PAGE 7 OF 7
WITNESS:
J. ZIOLKOWSKI

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS GAS COST REVENUE (K)		% OF REV TO TOTAL LESS GAS COST REVENUE (L)		REVENUE INCR LESS GAS COST REV (F - K) (M)		% INCR IN REV LESS GAS COST REV (M / K) (N)		GAS COST REVENUE (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE INCREASE (M / K1) (O)
						(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)			
1		RATE IT														
2		INTERRUPTIBLE TRANSPORTATION														
3		ADMINISTRATIVE CHARGE	288		\$430.00	123,840	11.7	0	0.0					123,840		0.0
4		COMMODITY CHARGE:														
5		ALL CONSUMPTION		1,230,362	0.7626	938,274	88.3	229,709	24.5					938,274		24.5
6		TOTAL RATE IT TRANSPORTATION	288	1,230,362		1,062,114	100.0	229,709	21.6					1,062,114		21.6

DUKE ENERGY KENTUCKY
CASE NO. 2009-0202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.3
PAGE 1 OF 7
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

EXCLUDES ALL RIDERS
PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	PROPOSED RATES (E) (\$/MCF)	PROPOSED REVENUE LESS		% OF REV TO		PROPOSED TOTAL	
						REVENUE (F) (\$)	GAS COST REVENUE(4) (F)	TOTAL LESS GAS COST REVENUE (G) (%)	TOTAL LESS GAS COST REVENUE (H) (%)	REVENUE (F + H) (I) (\$)	REVENUE (F + H) (I) (\$)
1		SALES SERVICE:									
2	RS	RESIDENTIAL	1,073,044	6,850,028	6.2277	42,659,708	100.00	50,935,533	93,595,239		
3		TOTAL RS	1,073,044	6,850,028	6.2277	42,659,708	71.89	50,935,533	93,595,239		
4	GS	COMMERCIAL	77,138	3,070,778	3.2452	9,988,267	81.86	22,833,740	32,802,007		
5	GS	INDUSTRIAL	2,746	385,646	2.3912	922,166	7.57	2,867,593	3,789,769		
6	GS	OTH PUB AUTH	4,452	523,797	2.4587	1,286,825	10.57	3,894,868	5,181,883		
7		TOTAL GS	84,334	3,980,221	3.0584	12,177,258	20.92	29,596,191	41,773,449		
8		TOTAL SALES SERVICE	1,157,378	10,830,247	5.0633	54,836,964	92.42	80,531,724	135,368,688		
9		TRANSPORTATION SERVICE:									
10	FT-LARGE	FIRM TRANSP - LARGE	1,020	1,185,859	2.1068	2,498,318	65.92	0	2,498,318		
11	IT	INTERRUPTIBLE	288	1,230,352	1.0500	1,291,823	34.08	0	1,281,823		
12		TOTAL TRANSP SERVICE	1,308	2,416,221	1.8686	3,790,141	6.39	0	3,780,141		
13		TOTAL THROUGHPUT	1,158,686	13,246,468	4.4259	58,627,106	98.81	80,531,724	139,158,829		
14		MISCELLANEOUS REVENUES:									
15		LATE PAYMENT CHARGES	0	0	0	0	0.00	0	0		
16		BAD CHECK CHARGES	0	0	0	10,116	1.42	0	10,116		
17		RECONNECTION CHARGES	0	0	0	21,878	3.08	0	21,878		
18		RENTS	0	0	0	34,176	4.81	0	34,176		
19		INTERDEPARTMENTAL	0	4,552	0	9,628	1.34	33,848	43,376		
20		SPECIAL CONTRACTS	0	0	0	0	0.00	0	0		
21		REVENUE TRANSP OF GAS-INTERCO	0	0	0	600,696	84.90	0	600,696		
22		PROVISION FOR RATE REFUNDS	0	0	0	0	0.00	0	0		
23		OTHER MISC	0	0	0	33,684	4.74	0	33,684		
24		TOTAL MISCELLANEOUS	0	4,552		710,076	1.20	33,848	743,924		
25		TOTAL COMPANY	1,158,686	13,251,020	4.4779	59,337,181	100.00	80,565,572	139,902,753		

(1) DETAIL CONTAINED ON SCHEDULES M-2.3, PAGES 2 THROUGH 7.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.495818/MCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

DATA: ___ BASE PERIOD ___ X ___ FORECASTED PERIOD
TYPE OF FILING: ___ X ___ ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

SCHEDULE M-2.3
PAGE 2 OF 7
WITNESS:
J. ZIOLKOWSKI

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS GAS COST		% OF REV TO TOTAL LESS GAS COST REVENUE (G)	GAS COST REVENUE(3) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
						REVENUE (F)	REVENUE (G)			
						(\$)	(%)	(\$)	(\$)	
1	RS	RESIDENTIAL								
2		CUSTOMER CHARGE:								
3		RESIDENTIAL								
4		TOTAL MONTHLY BILLS x :								
5		CUSTOMER CHARGE PER MONTH	1,073,044		\$16.00	17,168,704	40.9			17,168,704
6		COMMODITY CHARGE:								
7		ALL CONSUMPTION		6,850,026	3.7213	25,491,002	60.7	50,935,533		76,426,535
8		RATE RS EXCLUDING RIDERS	1,073,044	6,850,026		42,659,706	101.5	50,935,533		93,595,239
9		RIDERS:								
10		HOME ENERGY ASSISTANCE PROGRAM (HEA)			\$0.10	107,304	0.3			107,304
11		DEMAND SIDE MANAGEMENT RATE (DSMR)			(0.109294)	(748,667)	(1.8)			(748,667)
12		TOTAL RIDERS				(641,363)	(1.5)			(641,363)
13		TOTAL RATE RS RESIDENTIAL INCLUDING RIDERS	1,073,044	6,850,026		42,018,343	100.0	50,935,533		92,953,876

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.435816/MCF.

Total Excl Rider
Target
Difference
93,595,239
93,594,931
308

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

DATA: ___ BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___ ___ UPDATED ___ ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

SCHEDULE M-2.3
PAGE 3 OF 7
WITNESS:
J. ZIOLKOWSKI

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS		% OF REV TO		PROPOSED TOTAL	
						REVENUE (F)	GAS COST REVENUE (H)	TOTAL GAS COST REVENUE (G)	TOTAL REVENUE (F + H)	GAS COST REVENUE (H)	REVENUE (I)
						(\$)	(\$)	(%)	(%)	(\$)	(\$)
1	GS	COMMERCIAL									
2		CUSTOMER CHARGE:									
3		NON-RESIDENTIAL									
4		TOTAL MONTHLY BILLS x :									
5		CUSTOMER CHARGE PER MONTH	77,136		\$47.50	3,663,960		36.8			3,663,960
6		COMMODITY CHARGE:									
7		ALL CONSUMPTION		3,070,778	2.0530	6,304,307		63.2		22,833,740	29,138,047
8		RATE GS COMMERCIAL EXCLUDING RIDERS	77,136	3,070,778		9,968,267		100.0		22,833,740	32,802,007
9		RIDERS:									
10		DEMAND SIDE MANAGEMENT RATE (DSMR)			0.000000	0		0.0			0
11		TOTAL RIDERS				0		0.0			0
12		TOTAL RATE GS COMMERCIAL INCLUDING RIDERS	77,136	3,070,778		9,968,267		100.0		22,833,740	32,802,007

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.435816/MCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

SCHEDULE M-2.3
PAGE 4 OF 7
WITNESS:
J. ZIOLKOWSKI

DATA: ___ BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS		% OF REV TO		PROPOSED TOTAL REVENUE (F + H)
						REVENUE (F)	GAS COST (G)	REVENUE (F)	TOTAL LESS GAS COST (G)	
						(\$)	(%)	(\$)	(\$)	(\$)
1	GS	INDUSTRIAL								
2		CUSTOMER CHARGE:								
3		NON-RESIDENTIAL								
4		TOTAL MONTHLY BILLS x :								
5		CUSTOMER CHARGE PER MONTH	2,746		\$47.50	130,435	14.1			130,435
6		COMMODITY CHARGE:								
7		ALL CONSUMPTION		385,646	2.0530	791,731	85.9	2,867,593		3,659,324
8		RATE GS INDUSTRIAL EXCLUDING RIDERS	2,746	385,646		922,166	100.0	2,867,593		3,789,759
9		RIDERS:								
10		DEMAND SIDE MANAGEMENT RATE (DSMR)			0.000000	0	0.0			0
11		TOTAL RIDERS				0	0.0			0
12		TOTAL RATE GS INDUSTRIAL INCLUDING RIDERS	2,746	385,646		922,166	100.0	2,867,593		3,789,759

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.435816/MCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

DATA: ___ BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___ ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

SCHEDULE M-2.3
PAGE 5 OF 7
WITNESS:
J. ZIOLKOWSKI

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES(2) (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS GAS COST		% OF REV TO TOTAL LESS GAS COST		GAS COST REVENUE(3) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
						REVENUE (F)	REVENUE (G)	REVENUE (G)	REVENUE (H)		
					(\$/MCF)	(\$)	(%)	(\$)	(\$)		
1	GS	OTHER PUBLIC AUTHORITIES									
2		CUSTOMER CHARGE:									
3		NON-RESIDENTIAL									
4		TOTAL MONTHLY BILLS x :									
5		CUSTOMER CHARGE PER MONTH	4,452		\$47.50	211,470	16.4				211,470
6		COMMODITY CHARGE:									
7		ALL CONSUMPTION		523,797	2.0530	1,075,355	83.6			3,894,858	4,970,213
8		RATE GS OPA EXCLUDING RIDERS	4,452	523,797		1,286,825	100.0			3,894,858	5,181,683
9		RIDERS:									
10		DEMAND SIDE MANAGEMENT RATE (DSMR)			0.000000	0	0.0				0
11		TOTAL RIDERS				0	0.0				0
12		TOTAL RATE GS OPA INCLUDING RIDERS	4,452	523,797		1,286,825	100.0			3,894,858	5,181,683

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.
(2) REFLECTS NORMALIZED VOLUMES.
(3) REFLECTS AVERAGE EXPECTED GAS COST OF \$7.435816/MCF.

DUKE ENERGY KENTUCKY
CASE NO. 2009- 00202
ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011
(GAS SERVICE)
25 Year Normalized

DATA: ___ BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S):
12 MOS FORECASTED

SCHEDULE M-2.3
PAGE 6 OF 7
WITNESS:
J. ZIOLKOWSKI

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES(1) (D)	PROPOSED RATES (E)	PROPOSED LESS		% OF REV TO	PROPOSED TOTAL	
						REVENUE (F)	GAS COST REVENUE (G)		REVENUE (F + H)	GAS COST REVENUE (I)
						(\$)	(%)	(\$)	(\$)	
1	FT - LARGE									
2	FIRM TRANSPORTATION - LARGE		1,020		\$430.00	438,600	17.8			438,600
3	ADMINISTRATIVE CHARGE									
4	TRANSPORTATION CHARGE:									
5	ALL CONSUMPTION			1,185,859	1.7369	2,059,718	83.6			2,059,718
6	RATE FT-LARGE EXCLUDING RIDERS		1,020	1,185,859		2,498,318	101.4			2,498,318
7	RIDERS:									
8	GAS COST ADJUSTMENT TRANSITION (GCAT)				(0.0290)	(34,390)	(1.4)			(34,390)
9	TOTAL RIDERS					(34,390)	(1.4)			(34,390)
10	TOTAL RATE FT - LARGE INCLUDING RIDERS		1,020	1,185,859		2,463,928	100.0			2,463,928

(1) REFLECTS NORMALIZED VOLUMES.

Total	2,498,318
Target	2,498,276

DUKE ENERGY KENTUCKY

CASE NO. 2009- 00202

ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011

(GAS SERVICE)

25 Year Normalized

DATA: ___ BASE PERIOD ___ X ___ FORECASTED PERIOD

TYPE OF FILING: ___ X ___ ORIGINAL ___ UPDATED ___ REVISED

WORK PAPER REFERENCE NO(S):

12 MOS FORECASTED

SCHEDULE M-2.3

PAGE 7 OF 7

WITNESS:

J. ZIOLKOWSKI

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED		PROPOSED TOTAL REVENUE (F + H) (I)
						REVENUE (F)	LESS GAS COST REVENUE (G)	
						(\$)	(%)	(\$)
1	IT							
2		INTERRUPTIBLE TRANSPORTATION						
3		ADMINISTRATIVE CHARGE	288		\$430.00	123,840	9.6	123,840
4		COMMODITY CHARGE:						
5		ALL CONSUMPTION		1,230,362	0.9493	1,167,983	90.4	1,167,983
6		TOTAL RATE IT TRANSPORTATION	288	1,230,362		1,291,823	100.0	1,291,823

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00202 DATED DEC 29 2009

The following rates and charges are prescribed for the customers in the area 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 this Commission prior to the effective date of this Order.

	<u>Commodity Charge</u>	+	<u>Gas Cost Adjustment Rate</u>	=	<u>Total Rate</u>
Rate RS Residential Service					
Monthly Customer Charge					\$16.00
All Ccf	\$.37213		\$.7166		\$1.08873
Rate GS General Service					
Monthly Customer Charge					\$47.50
All Ccf	\$.20530		\$.7166		\$.9219
Rate FT-L Firm Transportation Service					
Monthly Administrative Charge					\$430.00
All Ccf	\$.17369				\$.17369
Rate IT Interruptible Transportation Service					
Monthly Administrative Charge					\$430.00
All Ccf	\$.09493				\$.09493
Rate MPS Meter Pulse Service					
Installation of Meter Pulse Equipment					\$500.00
Replacement of Meter Index					\$155.00
Additional Site Visit					\$ 60.00

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