



Ernie Fletcher  
Governor

Mark David Goss  
Chairman

LaJuana S. Wilcher, Secretary  
Environmental and Public  
Protection Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Teresa J. Hill  
Vice Chairman

Christopher L. Lilly  
Commissioner  
Department of Public Protection

Gregory Coker  
Commissioner

June 9, 2006

Honorable John J. Finnigan, Jr.  
Senior Counsel  
The Union Light, Heat and Power Company  
139 East Fourth Street  
Cincinnati, OH 45202

CERTIFICATE OF SERVICE

RE: Case No. 2006-00246  
Duke Energy Kentucky, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on June 9, 2006.

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Executive Director

BOD/jc  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT, HEAT	)	
AND POWER COMPANY D/B/A DUKE ENERGY	)	
KENTUCKY, INC. FOR A CERTIFICATE OF	)	CASE NO.
CONVENIENCE AND NECESSITY TO APPLY	)	2006-00246
FOR AND OBTAIN A FRANCHISE TO PROVIDE	)	
NATURAL GAS SERVICE IN THE CITY OF	)	
OWENTON, KENTUCKY	)	

O R D E R

On June 5, 2006, The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky, Inc. ("Duke Energy") filed with the Commission its application seeking a Certificate of Convenience and Necessity to qualify it to bid on a franchise for gas service offered by the city of Owenton, Kentucky. Under the provisions of KRS 278.020(4), no utility may apply for a franchise from any governmental agency until it has obtained a Certificate of Convenience and Necessity from this Commission based on our finding that there is a need and demand for the service sought to be rendered.

In light of the ordinance of the city of Owenton creating a gas distribution franchise, the Commission determines that there is evidence of a need and demand for gas service in the above-mentioned city. Since the Commission's authority in such matters is limited by statute to finding only whether there is a need and demand for the service sought to be rendered, no finding or determination is made as to the qualifications of the bidder, the validity of any of the provisions of the franchises offered by said city, or the manner in which any franchise fee is to be treated for rate purposes.

IT IS THEREFORE ORDERED that:

1. Duke Energy is granted a Certificate of Convenience and Necessity that authorizes it to bid on a franchise for gas service offered by the above-mentioned city.

2. Duke Energy, if it becomes the successful bidder, shall file with this Commission two copies of the franchise agreement.

3. This Order shall not be construed as granting a Certificate of Convenience and Necessity to construct utility facilities in said city.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of June, 2006.

By the Commission

ATTEST:

  
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Executive Director

Case No. 2006-00246