



DUKE ENERGY CORPORATION
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

September 8, 2006

RECEIVED

SEP 08 2006

PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Dear Ms. O'Donnell:

Case No. 2006-00405

Enclosed for filing are an original and four (4) conformed copies of Duke Energy Kentucky's ("Duke") "Monthly Report of Gas Cost Calculations and Tariff Schedules," for the month commencing with the October 2006 revenue month in accordance with KPSC order dated November 6, 2003 in Case No. 2003-00386. This filing is based on supplier tariff rates expected to be in effect on September 28, 2006 and the NYMEX on September 6, 2006 for the month of October 2006.

The above described schedules and GCA are effective with the final meter readings of District 1, October 2006, revenue month (i.e., final meter readings on and after September 28, 2006).

Duke's proposed GCA is \$8.623 per Mcf. This rate represents a decrease of \$1.060 per Mcf from the rate currently in effect for September 2006.

Please stamp "FILED" on the additional enclosed copy and return for our file. Thank you.

Very truly yours,

Lisa Steinkuhl

Lisa Steinkuhl

Enclosure

COMPANY NAME: DUKE ENERGY KENTUCKY
GAS COST ADJUSTMENT CLAUSE RATE CALCULATIONS
SUPPLEMENTAL MONTHLY REPORT

PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	8.176
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.002)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.417
BALANCE ADJUSTMENT (BA)	\$/MCF	0.032
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>8.623</u>

GAS COST RECOVERY RATE EFFECTIVE DATES: SEPTEMBER 28, 2006 THROUGH OCTOBER 26, 2006

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	8.176

SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.002)
PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
SECOND PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
THIRD PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.002)

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	(0.370)
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.073)
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.873
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.013)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.417

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	0.019
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.040
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.004)
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.023)
BALANCE ADJUSTMENT (BA)	\$/MCF	0.032

THIS MONTHLY REPORT FILED PURSUANT TO CASE NO. 2003-00386
OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED November 6, 2003

DATE FILED: September 8, 2006

BY: PAUL G. SMITH

TITLE: VICE-PRESIDENT, RATES

PURCHASED GAS ADJUSTMENT
COMPANY NAME: DUKE ENERGY KENTUCKY

SUPPLEMENTAL MONTHLY REPORT

EXPECTED GAS COST RATE CALCULATION

DETAILS FOR THE EGC RATE IN EFFECT AS OF
 PROJECTED VOLUME FOR THE TWELVE MONTH PERIOD ENDED

SEPTEMBER 28, 2006
AUGUST 31, 2007

\$

DEMAND (FIXED) COSTS:

Columbia Gas Transmission Corp.	2,600,057
Tennessee Gas Pipeline	1,122,074
Columbia Gulf Transmission Corp.	1,279,391
K O Transmission Company	307,584
Gas Marketers	381,915
TOTAL DEMAND COST:	<u>5,691,021</u>

PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES: 11,857,781 MCF

DEMAND (FIXED) COMPONENT OF EGC RATE \$5,691,021 / 11,857,781 MCF **\$0.480 /MCF**

COMMODITY COSTS:

Gas Marketers	\$7.696 /MCF
Gas Storage	
Columbia Gas Transmission	\$0.000 /MCF
Propane	\$0.000 /MCF
COMMODITY COMPONENT OF EGC RATE:	<u>\$7.696 /MCF</u>

TOTAL EXPECTED GAS COST: **\$8.176 /MCF**

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : SEPTEMBER 28, 2006



GAS COMMODITY RATE FOR OCTOBER, 2006:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$7.2954	\$/Dth
DUKE FUEL	1.800%	\$0.1313	\$7.4267	\$/Dth
DTH TO MCF CONVERSION	1.0363	\$0.2696	\$7.6963	\$/Mcf
ESTIMATED WEIGHTING FACTOR	1.0000		\$7.6963	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$7.696	\$/Mcf

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$7.9453	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$7.9606	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.083%	\$0.1658	\$8.1264	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0154	\$8.1418	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0135	\$8.1553	\$/Dth
DUKE FUEL	1.800%	\$0.1468	\$8.3021	\$/Dth
DTH TO MCF CONVERSION	1.0363	\$0.3014	\$8.6035	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$0.000	\$/Mcf

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.34268	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.7427	\$5.0854	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
PROPANE COMMODITY RATE			\$0.000	\$/Mcf

(1) Weighted average cost of gas based on NYMEX prices on 09/06/2006 and contracted hedging prices.

Revised Tariff Schedules

Duke Energy Kentucky
 1697-A Monmouth Street
 Newport, Kentucky 41071

INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>	
<u>SERVICE REGULATIONS</u>				
Service Agreements.....	20	04/03/06	04/03/06	
Supplying and Taking of Service.....	21	04/03/06	04/03/06	
Customer's Installation.....	22	04/03/06	04/03/06	
Company's Installation.....	23	04/03/06	04/03/06	
Metering.....	24	04/03/06	04/03/06	
Billing and Payment.....	25	04/03/06	04/03/06	
Deposits.....	26	04/03/06	04/03/06	
Application.....	27	04/03/06	04/03/06	
Gas Space Heating Regulations.....	28	04/03/06	04/03/06	
Availability of Gas Service.....	29	04/03/06	04/03/06	
<u>FIRM SERVICE TARIFF SCHEDULES</u>				
Rate RS, Residential Service.....	30	09/28/06	09/28/06	(C)
Rate GS, General Service.....	31	09/28/06	09/28/06	(C)
Reserved for Future Use.....	32			
Reserved for Future Use.....	33			
Reserved for Future Use.....	34			
Reserved for Future Use.....	35			
Reserved for Future Use.....	36			
Reserved for Future Use.....	37			
Reserved for Future Use.....	38			
Reserved for Future Use.....	39			
Reserved for Future Use.....	40			
Reserved for Future Use.....	41			
Reserved for Future Use.....	42			
Reserved for Future Use.....	43			
Rate FRAS, Full Requirements Aggregation Service.....	44	04/03/06	04/03/06	
Reserved for Future Use.....	45			
Reserved for Future Use.....	46			
Reserved for Future Use.....	47			
Reserved for Future Use.....	48			
Reserved for Future use.....	49			
<u>TRANSPORTATION TARIFF SCHEDULE</u>				
Rate IT, Interruptible Transportation Service.....	50	04/03/06	04/03/06	
Purchased Service.....	50	04/03/06	04/03/06	
Summer Minimum Service.....	50	04/03/06	04/03/06	
Unauthorized Delivery.....	50	04/03/06	04/03/06	
Rate FT-L, Firm Transportation Service.....	51	04/03/06	04/03/06	
FT Bills – No GCRT.....	51	04/03/06	04/03/06	
FT Bills – With GCRT.....	51	04/03/06	04/03/06	
FT - Interruptible Bills – No GCRT on FT over 1 Year.....	51	04/03/06	04/03/06	
FT - Interruptible Bills – GCRT on FT Under 1 Year.....	51	04/03/06	04/03/06	
Reserved for Future Use.....	52			

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

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Issued by Sandra P. Meyer, President

Duke Energy Kentucky
 1697-A Monmouth Street
 Newport, Kentucky 41071

INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>
<u>TRANSPORTATION TARIFF SCHEDULES (Contd.)</u>			
Rate SSIT, Spark Spread Interruptible Transportation Rate.....	53	04/03/06	04/03/06
Reserved for Future Use.....	54		
Rate AS, Pooling Service for Interruptible Transportation.....	55	04/03/06	04/03/06
Reserved for Future Use.....	56		
Rate GTS, Gas Trading Service.....	57	04/03/06	04/03/06
Rate IMBS, Interruptible Monthly Balancing Service.....	58	04/03/06	04/03/06
Imbalance Trades.....	58	04/03/06	04/03/06
Cash Out – Sell to Pool.....	58	04/03/06	04/03/06
Cash Out – Buy from Pool.....	58	04/03/06	04/03/06
Pipeline Penalty.....	58	04/03/06	04/03/06
Rate DGS, Distributed Generation Service.....	59	04/03/06	04/03/06
<u>RIDERS</u>			
Rider X, Main Extension Policy.....	60	04/03/06	04/03/06
Rider DSM, Demand Side Management Cost Recovery Program	61	04/03/06	04/03/06
Rider DSMR, Demand Side Management Rate.....	62	04/03/06	04/03/06
Rider AMRP, Accelerated Main Replacement Program Rider.....	63	04/03/06	04/03/06
Rider MSR-G.....	64	05/01/06	05/01/06
Reserved for Future Use.....	65		
Reserved for Future Use.....	66		
Reserved for Future Use.....	67		
Reserved for Future Use.....	68		
Reserved for Future Use.....	69		
<u>GAS COST RECOVERY RIDERS</u>			
Gas Cost Adjustment Clause.....	70	04/03/06	04/03/06
Reserved for Future Use.....	71		
Reserved for Future Use.....	72		
Reserved for Future Use.....	73		
Reserved for Future Use.....	74		
Reserved for Future Use.....	75		
Reserved for Future Use.....	76		
Rider GCAT, Gas Cost Adjustment Transition Rider.....	77	08/29/06	08/29/06
Reserved for Future Use.....	78		
Reserved for Future Use.....	79		
<u>MISCELLANEOUS</u>			
Bad Check Charge.....	80	04/03/06	04/03/06
Charge for Reconnection of Service.....	81	04/03/06	04/03/06
Local Franchise Fee.....	82	04/03/06	04/03/06
Curtailement Plan.....	83	04/03/06	04/03/06
Reserved for Future Use.....	84		
Reserved for Future Use.....	85		
Reserved for Future Use.....	86		
Reserved for Future Use.....	87		
Reserved for Future Use.....	88		
Reserved for Future Use.....	89		

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Duke Energy Kentucky
1697-A Monmouth Street
Newport, Kentucky 41071

KY.P.S.C. Gas No. 1
Sixth Revised Sheet No. 30
Cancelling and Superseding
Fifth 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: \$12.10
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	\$0.26687	plus	\$0.86230	Equals	\$1.12917	(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. In addition, the EAP charge shown on Rider DSMR shall be added to the monthly Customer Charge shown above.

The "Customer Charge" shown above plus Rider AMRP 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.

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Duke Energy Kentucky
 1697-A Monmouth Street
 Newport, Kentucky 41071

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
 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	Plus	\$0.86230	Equals	\$1.07179	(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.

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.

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