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JOHN J. FINNIGAN, JR.
Associate General Counsel

VIA TELEFAX AND OVERNIGHT MAIL

September 8, 2006

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Tariff Correction

Dear Ms. O'Donnell:

I am writing to supplement my August 24, 2006 letter relating to corrections of clerical errors in Duke Energy Kentucky's tariffs for residential gas and electric service. I understand that you are still reviewing our August 24 filing.

Yesterday we sent by overnight mail, to be filed today, a revised Rate RS for gas service, to become effective on September 28, 2006. The purpose of the new tariff is to reflect our monthly gas cost adjustment. Except for the revised gas cost, the new tariff we sent out yesterday reflects the existing language of our current tariff and does not reflect the tariff corrections for which we sought approval in our August 24, 2006 letter. We did not reflect the corrected tariff language in our revised Rate RS – gas tariff because the Commission has not yet accepted our August 24, 2006 tariff corrections for filing.

I have enclosed a copy of our revised Rate RS for gas service, to become effective September 28, 2006, with the proposed tariff corrections that we sought in our August 24, 2006 filing. We request that, if the Commission accepts our August 24, 2006 filing approving the corrected tariff language, then the Commission should approve the enclosed Rate RS for gas service to become effective on September 28, 2006, rather than the other version of Rate RS – gas that we mailed yesterday, which does not include the corrected tariff language.

Please return a file-stamped copy of this letter in the enclosed return-addressed envelope. Please contact me if you have any questions. Thank you for your consideration in this matter.

Very truly yours,

John J. Finnigan, Jr.
Associate General Counsel

JJF/sew

Hon. Elizabeth E. Blackford (w/ enclosures)

CASE NO.
2006 - 405

RECEIVED

SEP 11 2006

PUBLIC SERVICE
COMMISSION

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
 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. **(C)**

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. **(C)**

The "Customer Charge" shown above plus Rider AMRP and the EAP charge shown on Rider DSMR 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. _____.

Issued:

Issued by Sandra P. Meyer, President

Effective: September 28, 2006