



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

October 6, 2006

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

RECEIVED  
OCT 06 2006  
PUBLIC SERVICE  
COMMISSION

Dear Ms. O'Donnell:

Case No. 2006-00439

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 November 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 October 27, 2006 and the NYMEX on October 4, 2006 for the month of November 2006.

The above described schedules and GCA are effective with the final meter readings of District 1, November 2006, revenue month (i.e., final meter readings on and after October 27, 2006).

Duke's proposed GCA is \$8.440 per Mcf. This rate represents a decrease of \$0.1830 per Mcf from the rate currently in effect for October 2006.

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

Very truly yours,

Lisa Steinkuhl

Enclosure

Case No. 7006-00439  
**RECEIVED**  
 OCT 06 2006

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

**PUBLIC SERVICE  
 COMMISSION**

PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	7.993
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>8.440</u>

GAS COST RECOVERY RATE EFFECTIVE DATES: OCTOBER 27, 2006 THROUGH NOVEMBER 28, 2006

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	7.993

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	<u>0.000</u>
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	<u>(0.013)</u>
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	<u>(0.023)</u>
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: October 6, 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

OCTOBER 27, 2006  
AUGUST 31, 2007

**DEMAND (FIXED) COSTS:**

	\$
Columbia Gas Transmission Corp.	2,600,057
Tennessee Gas Pipeline	1,304,640
Columbia Gulf Transmission Corp.	1,208,628
K O Transmission Company	307,584
Gas Marketers	156,534
<b>TOTAL DEMAND COST:</b>	<u>5,577,443</u>

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

**DEMAND (FIXED) COMPONENT OF EGC RATE \$5,577,443 / 11,857,781 MCF \$0.470 /MCF**

**COMMODITY COSTS:**

Gas Marketers	\$6.751 /MCF
Gas Storage	
Columbia Gas Transmission	\$0.767 /MCF
Propane	\$0.005 /MCF
<b>COMMODITY COMPONENT OF EGC RATE:</b>	<u><u>\$7.523 /MCF</u></u>

**TOTAL EXPECTED GAS COST: \$7.993 /MCF**

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

**DETAILS FOR THE EGC RATE IN EFFECT AS OF : OCTOBER 27, 2006**



**GAS COMMODITY RATE FOR NOVEMBER, 2006:**

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$7.0241	\$/Dth
DUKE FUEL	1.800%	\$0.1264	\$7.1505	\$/Dth
DTH TO MCF CONVERSION	1.0364	\$0.2603	\$7.4108	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.9110		\$6.7512	\$/Mcf
<b>GAS MARKETERS COMMODITY RATE</b>			<b>\$6.751</b>	<b>\$/Mcf</b>

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$8.0645	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$8.0798	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.083%	\$0.1683	\$8.2481	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0154	\$8.2635	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0016	\$8.2651	\$/Dth
DUKE FUEL	1.800%	\$0.1488	\$8.4139	\$/Dth
DTH TO MCF CONVERSION	1.0364	\$0.3063	\$8.7202	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0880		\$0.7674	\$/Mcf
<b>GAS STORAGE COMMODITY RATE - COLUMBIA GAS</b>			<b>\$0.767</b>	<b>\$/Mcf</b>

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.34268	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.7427	\$5.0854	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0010		\$0.0051	\$/Mcf
<b>PROPANE COMMODITY RATE</b>			<b>\$0.005</b>	<b>\$/Mcf</b>

(1) Weighted average cost of gas based on NYMEX prices on 10/04/2006 and contracted hedging prices.

## Revised Tariff Schedules

**INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED**

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>	
<b><u>SERVICE REGULATIONS</u></b>				
Service Agreements.....	20	10/01/06	10/01/06	
Supplying and Taking of Service.....	21	10/01/06	10/01/06	
Customer's Installation.....	22	10/01/06	10/01/06	
Company's Installation.....	23	10/01/06	10/01/06	
Metering.....	24	10/01/06	10/01/06	
Billing and Payment.....	25	10/01/06	10/01/06	
Deposits.....	26	10/01/06	10/01/06	
Application.....	27	10/01/06	10/01/06	
Gas Space Heating Regulations.....	28	10/01/06	10/01/06	
Availability of Gas Service.....	29	10/01/06	10/01/06	
<b><u>FIRM SERVICE TARIFF SCHEDULES</u></b>				
Rate RS, Residential Service.....	30	10/27/06	10/27/06	(C)
Rate GS, General Service.....	31	10/27/06	10/27/06	(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	10/01/06	10/01/06	
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			
<b><u>TRANSPORTATION TARIFF SCHEDULE</u></b>				
Rate IT, Interruptible Transportation Service.....	50	10/01/06	10/01/06	
Purchased Service.....	50	10/01/06	10/01/06	
Summer Minimum Service.....	50	10/01/06	10/01/06	
Unauthorized Delivery.....	50	10/01/06	10/01/06	
Rate FT-L, Firm Transportation Service.....	51	10/01/06	10/01/06	
FT Bills – No GCRT.....	51	10/01/06	10/01/06	
FT Bills – With GCRT.....	51	10/01/06	10/01/06	
FT - Interruptible Bills – No GCRT on FT over 1 Year.....	51	10/01/06	10/01/06	
FT - Interruptible Bills – GCRT on FT Under 1 Year.....	51	10/01/06	10/01/06	
Reserved for Future Use.....	52			

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

Issued:

Effective: October 27, 2006

Issued by Sandra P. Meyer, President

**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>
<b><u>TRANSPORTATION TARIFF SCHEDULES (Contd.)</u></b>			
Rate SSIT, Spark Spread Interruptible Transportation Rate.....	53	10/01/06	10/01/06
Reserved for Future Use.....	54		
Rate AS, Pooling Service for Interruptible Transportation.....	55	10/01/06	10/01/06
Reserved for Future Use.....	56		
Rate GTS, Gas Trading Service.....	57	10/01/06	10/01/06
Rate IMBS, Interruptible Monthly Balancing Service.....	58	10/01/06	10/01/06
Imbalance Trades.....	58	10/01/06	10/01/06
Cash Out – Sell to Pool.....	58	10/01/06	10/01/06
Cash Out – Buy from Pool.....	58	10/01/06	10/01/06
Pipeline Penalty.....	58	10/01/06	10/01/06
Rate DGS, Distributed Generation Service.....	59	10/01/06	10/01/06
<b><u>RIDERS</u></b>			
Rider X, Main Extension Policy.....	60	10/01/06	10/01/06
Rider DSM, Demand Side Management Cost Recovery Program	61	10/01/06	10/01/06
Rider DSMR, Demand Side Management Rate.....	62	10/01/06	10/01/06
Rider AMRP, Accelerated Main Replacement Program Rider.....	63	10/01/06	10/01/06
Rider MSR-G.....	64	10/01/06	10/01/06
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		
<b><u>GAS COST RECOVERY RIDERS</u></b>			
Gas Cost Adjustment Clause.....	70	10/01/06	10/01/06
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	10/01/06	10/01/06
Reserved for Future Use.....	78		
Reserved for Future Use.....	79		
<b><u>MISCELLANEOUS</u></b>			
Bad Check Charge.....	80	10/01/06	10/01/06
Charge for Reconnection of Service.....	81	10/01/06	10/01/06
Local Franchise Fee.....	82	10/01/06	10/01/06
Curtailed Plan.....	83	10/01/06	10/01/06
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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**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	\$0.8440	Equals	\$1.11087

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.

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.

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.

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Effective: October 27, 2006



**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	\$0.8440	Equals	\$1.05349

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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