



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

November 10, 2006

RECEIVED

NOV 13 2006

PUBLIC SERVICE
COMMISSION

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

Dear Ms. O'Donnell:

Case No. 2006-00470

On November 9, 2006, Duke Energy Kentucky, Inc. filed four (4) copies of our "Monthly Report of Gas Cost Calculations and Tariff Schedules" for the month commencing December 2006. In that filing, we inadvertently used the incorrect legal company name and stated that the Gas Cost Recovery rates were effective November 29, 2006 through January 2, 2007. The correct legal name is Duke Energy Kentucky, Inc. and the correct effective dates should have been November 29, 2006 through January 1, 2007. These changes do not impact the rate filed.

I have attached 4 copies of the revised pages. Please time-stamp the extra copy that I have enclosed and return for our file.

If you have any questions, please feel free to contact me at 513-419-6954. Thank you for your timely assistance in this regard.

Very truly yours,

Lisa D. Steinkuhl

Enclosures

DUKE ENERGY KENTUCKY, INC.
GAS COST ADJUSTMENT CLAUSE

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QUARTERLY REPORT

PUBLIC SERVICE
COMMISSIONGAS COST RECOVERY RATES EFFECTIVE FROM NOVEMBER 29, 2006 THROUGH JANUARY 1, 2007

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	9.374
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.002)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.469
BALANCE ADJUSTMENT (BA)	\$/MCF	0.005
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>9.846</u>

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	9.374

SUPPLIER REFUND ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER SUPPLIER REFUND ADJ.	\$/MCF	0.000
PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	(0.002)
SECOND PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	0.000
THIRD PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	0.000
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.002)

ACTUAL ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	0.039
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.370)
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.073)
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.873
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.469

BALANCE ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	(0.050)
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	0.019
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	0.040
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.004)
BALANCE ADJUSTMENT (BA)	\$/MCF	0.005

THIS QUARTERLY REPORT FILED PURSUANT TO ORDER NO. 8373 OF THE KENTUCKY PUBLIC SERVICE
COMMISSION DATED APRIL 16, 1982.DATE FILED: November 9, 2006BY: PAUL G. SMITHTITLE: VICE-PRESIDENT, RATES

GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC.
SUPPLIER REFUND ADJUSTMENT
DETAILS FOR THE THREE MONTH PERIOD ENDED

AUGUST 31, 2006

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD JUNE 1, 2006 THROUGH AUGUST 31, 2006	\$	0.00
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0236
REFUNDS INCLUDING INTEREST (\$0.00 x 1.0236)	\$	0.00
DIVIDED BY 12 MONTH PROJECTED SALES ENDED NOVEMBER 30, 2007	MCF	11,870,939
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.00</u>

DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED

AUGUST 31, 2006

DESCRIPTION	UNIT	AMOUNT
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SUPPLIER

There were no refunds received during the quarter ending August 31, 2006.

TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA RAU 0.00

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC.
ACTUAL ADJUSTMENT
DETAILS FOR THE THREE MONTH PERIOD ENDED**

AUGUST 31, 2006

DESCRIPTION	UNIT	JUNE	JULY	AUGUST
<u>SUPPLY VOLUME PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	MCF	259,511	237,328	245,042
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	0	0	0
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(2,363)	(10,311)	(1,826)
TOTAL SUPPLY VOLUMES	MCF	<u>257,148</u>	<u>227,017</u>	<u>243,216</u>
<u>SUPPLY COST PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	\$	2,404,412	2,148,151	2,404,619
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	0	0	0
OTHER COSTS (SPECIFY):				
MIRANT MANAGEMENT FEE	\$	(20,483)	(20,483)	(20,483)
X-5 TARIFF	\$	0	0	0
TRANSPORTATION SERVICE "UNACCOUNTED FOR"	\$	0	0	0
GAS COST CREDIT	\$	0	0	0
LOSSES - DAMAGED LINES	\$	0	0	0
TRANSPORTATION TAKE-OR-PAY RECOVERY	\$	0	0	0
SALES TO REMARKETERS	\$	0	0	0
TOTAL SUPPLY COSTS	\$	<u>2,383,929</u>	<u>2,127,668</u>	<u>2,384,136</u>
<u>SALES VOLUMES</u>				
JURISDICTIONAL	MCF	300,995.1	221,738.9	204,309.7
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
TOTAL SALES VOLUMES	MCF	<u>300,995.1</u>	<u>221,738.9</u>	<u>204,309.7</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	7.920	9.595	11.669
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	<u>9.201</u>	<u>8.688</u>	<u>8.493</u>
DIFFERENCE	\$/MCF	(1.281)	0.907	3.176
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>300,995.1</u>	<u>221,738.9</u>	<u>204,309.7</u>
EQUALS MONTHLY COST DIFFERENCE	\$	<u>(385,574.72)</u>	<u>201,117.18</u>	<u>648,887.61</u>
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			<u>464,430.07</u>
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			<u>464,430.07</u>
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED NOVEMBER 30, 2007	MCF			11,870,939
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			<u>0.039</u>

AAU

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC.
BALANCE ADJUSTMENT
DETAILS FOR THE TWELVE MONTH PERIOD ENDED AUGUST 31, 2006**

DESCRIPTION	UNIT	AMOUNT
<u>RECONCILIATION OF A PREVIOUS GAS COST VARIANCE</u>		
GAS COST DIFFERENCE TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "AA" EFFECTIVE SEPTEMBER 1, 2005	\$	(4,664,327.00)
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ (0.420) /MCF APPLIED TO TOTAL SALES OF 9,674,354 MCF (TWELVE MONTHS ENDED AUGUST 31, 2006)	\$	<u>(4,063,228.49)</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>(601,098.51)</u>
<u>RECONCILIATION OF A PREVIOUS SUPPLIER REFUND</u>		
SUPPLIER REFUND AMOUNT TO BE DISTRIBUTED TO CUSTOMERS WHICH WAS USED TO COMPUTE THE "RA" EFFECTIVE SEPTEMBER 1, 2005	\$	(46,959.38)
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ (0.004) /MCF APPLIED TO TOTAL SALES OF 9,674,354 MCF (TWELVE MONTHS ENDED AUGUST 31, 2006)	\$	<u>(38,697.43)</u>
BALANCE ADJUSTMENT FOR THE "RA"		<u>(8,261.95)</u>
<u>RECONCILIATION OF A PREVIOUS BALANCE ADJUSTMENT</u>		
AMOUNT TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "BA" EFFECTIVE SEPTEMBER 1, 2005	\$	115,921.58
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ 0.010 /MCF APPLIED TO TOTAL SALES OF 9,674,354 MCF (TWELVE MONTHS ENDED AUGUST 31, 2006)	\$	<u>96,743.57</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>19,178.01</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(590,182.45)</u>
DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED NOVEMBER 30, 2007	MCF	<u>11,870,939</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u>(0.050)</u>

4TH QUARTER INT

DUKE ENERGY KENTUCKY, INC.
 USED FOR GCA EFFECTIVE NOVEMBER 29, 2006
 COMPUTATION OF THE INTEREST FACTOR
 FOR THE GCA CALCULATION ON SCHEDULE II

TWELVE MONTHS ENDED SEPTEMBER 30, 2006
 BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)

INTEREST RATE	0.0432
PAYMENT	0.085296
ANNUAL TOTAL	1.0236
MONTHLY INTEREST	0.003600
AMOUNT	1

SEPTEMBER 2005	3.88	
OCTOBER 2005	4.12	
NOVEMBER 2005	4.27	
DECEMBER 2005	4.38	
JANUARY 2006	4.54	
FEBRUARY 2006	4.66	
MARCH 2006	4.83	
APRIL 2006	4.93	
MAY 2006	5.05	
JUNE 2006	5.31	
JULY 2006	5.30	
AUGUST 2006	5.22	56.49
SEPTEMBER 2006	5.19	57.80

PRIOR ANNUAL TOTAL	56.49
PLUS CURRENT MONTHLY RATE	5.19
LESS YEAR AGO RATE	3.88
NEW ANNUAL TOTAL	57.80
AVERAGE ANNUAL RATE	4.82
LESS 0.5% (ADMINISTRATIVE)	4.32
