



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

November 9, 2006

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

RECEIVED

NOV 09 2006

Dear Ms. O'Donnell:

Case No. 2006-00470 PUBLIC SERVICE
COMMISSION

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 December 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 November 29, 2006 and the NYMEX on November 7, 2006 for the month of December 2006.

The above described schedules and GCA are effective with the final meter readings of District 1, December 2006, revenue month (i.e., final meter readings on and after November 29, 2006).

Duke's proposed GCA is \$9.846 per Mcf. This rate represents an increase of \$1.406 per Mcf from the rate currently in effect for November 2006.

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

Very truly yours,

Lisa Steinkuhl

Enclosure

THE UNION LIGHT, HEAT AND POWER COMPANY
GAS COST ADJUSTMENT CLAUSE

QUARTERLY REPORT

RECEIVED

NOV 09 2006

PUBLIC SERVICE
COMMISSIONGAS COST RECOVERY RATES EFFECTIVE FROM NOVEMBER 29, 2006 THROUGH JANUARY 2, 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	9.846

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
DUKE ENERGY KENTUCKY
EXPECTED GAS COST RATE CALCULATION (EGC)**

"SUMMARY" FOR THE EGC RATE IN EFFECT AS OF NOVEMBER 29, 2006

<u>DEMAND (FIXED) COSTS:</u>	\$
Columbia Gas Transmission Corp.	2,600,057
Texas Gas Transmission	1,304,640
Columbia Gulf Transmission Corp.	1,208,628
K O Transmission Company	307,584
Gas Marketers	156,545
TOTAL DEMAND COST:	5,577,454
 PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	 11,850,037 MCF
DEMAND (FIXED) COMPONENT OF EGC RATE:	\$5,577,454 / 11,850,037 MCF \$0.471 /MCF
 <u>COMMODITY COSTS:</u>	
Gas Marketers	\$7.884 /MCF
Gas Storage	
Columbia Gas Transmission	\$1.009 /MCF
Propane	\$0.010 /MCF
COMMODITY COMPONENT OF EGC RATE:	\$8.903 /MCF
 TOTAL EXPECTED GAS COST:	 <u><u>\$9.374 /MCF</u></u>

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : NOVEMBER 29, 2006

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
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INTERSTATE PIPELINE : **COLUMBIA GAS TRANSMISSION CORP.**

TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2006
SST: 10/1/2006

BILLING DEMAND - TARIFF RATE - FSS

Max. Daily Withdrawal Quan.	1.5000	39,656	12	713,808
Seasonal Contract Quantity	0.0288	1,365,276	12	471,839

BILLING DEMAND - TARIFF RATE - SST

Maximum Daily Quantity	3.9630	39,656	6	942,940
Maximum Daily Quantity	3.9630	19,828	6	471,470

CAPACITY RELEASE CREDIT

0

TOTAL COLUMBIA GAS TRANSMISSION CORP. DEMAND CHARGES

2,600,057

INTERSTATE PIPELINE : **TEXAS GAS TRANSMISSION**

TARIFF RATE EFFECTIVE DATE : NOT APPLICABLE

BILLING DEMAND - TARIFF RATE - STF

Max. Daily Quantity Zone 4	0.3200	27,000	151	1,304,640
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CAPACITY RELEASE CREDIT

0

TOTAL TEXAS GAS TRANSMISSION DEMAND CHARGES

1,304,640

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Currently Effective Rates
Applicable to Rate Schedule FSS, ISS, and SIT
Rate Per Dth

	Base		Transportation Cost		Electric Power		Annual Charge Adjustment ^{2/}	Total Effective Rate	Daily Rate
	Tariff Rate	Rate Current	Rate Current	Surcharge	Costs Current	Surcharge			
Rate Schedule <u>FSS</u>									
Reservation Charge	\$	1.500	-	-	-	-	-	1.500	0.049
Capacity	¢	2.88	-	-	-	-	-	2.88	2.88
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Overrun	¢	10.87	-	-	-	-	-	10.87	10.87
Rate Schedule ISS									
Commodity	¢	5.92	-	-	-	-	-	5.92	5.92
Maximum	¢	0.00	-	-	-	-	-	0.00	0.00
Minimum	¢	1.53	-	-	-	-	-	1.53	1.53
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Rate Schedule SIT									
Commodity	¢	4.11	-	-	-	-	-	4.11	4.11
Maximum	¢	1.53	-	-	-	-	-	1.53	1.53
Minimum									

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.

2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Currently Effective Rates
 Applicable to Rate Schedule SST and GTS
 Rate Per Dth

Commodity	Rate Schedule	Reservation Charge 3/	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
				Current	Surcharge	Current	Surcharge			
	Rate Schedule <u>SST</u>	\$	5.405	0.354	-0.017	0.029	0.000	-	5.771	0.190
	Commodity									
	Maximum	¢	1.02	0.25	0.00	0.26	0.01	0.16	1.70	1.70
	Minimum	¢	1.02	0.25	0.00	0.26	0.01	0.16	1.70	1.70
	Overrun	¢	18.79	1.41	-0.06	0.36	0.01	0.16	20.67	20.67
	Rate Schedule GTS									
	Commodity									
	Maximum	¢	74.23	2.58	-0.11	0.45	0.01	0.16	77.32	77.32
	Minimum	¢	3.08	0.25	-0.11	0.26	0.01	0.16	3.65	3.65
	MFCC	¢	71.15	2.33	0.00	0.19	0.00	-	73.67	73.67

DISCOUNTED TO 3.963

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations
 3/ Minimum reservation charge is \$0.00



3800 Frederica Street
P.O. Box 20008
Owensboro, KY 42304-0008
270/926-8686

June 28, 2006

Mr. Jim Henning
Duke Energy Kentucky, Inc.
139 East 4th Street #EM025
Cincinnati, OH 45202-4003

Re: Discount Agreement

Dear Jim:

Texas Gas Transmission, LLC (Texas Gas) has reviewed the request of Duke Energy Kentucky, Inc. (Duke Energy) for a discounted transportation rate for the time period listed below. Accordingly, Texas Gas is willing to offer Duke Energy the following discount:

Contract No.:	T025693
Rate Schedule:	<u>STF</u>
Time Period:	November 1, 2006 through March 31, 2007
Contract Demand:	<u>27,000 MMBtu per day</u>
Qualified Delivery Points:	ULH&P/Zone 4, Meter No. 1872 Lebanon-Dominion, Meter No. 1247 Lebanon-Columbia, Meter No. 1715 Lebanon-Texas Eastern, Meter No. 1859
Qualified Deliveries:	Qualified Deliveries shall include all quantities transported on any day to the Qualified Delivery Points up to a total of 27,000 MMBtu. Qualified Deliveries shall not exceed 27,000 MMBtu on any day.
Commodity Rate:	Texas Gas' effective maximum commodity rate, plus applicable fuel
Discounted Demand Rate:	Duke Energy's reservation rate will be discounted in a specified relationship to the quantities actually transported to the Qualified Delivery Points as follows:

The discounted daily reservation rate each month applicable to the portion of Duke Energy's daily contract demand delivered to the Qualified Delivery Points (Qualified Quantities) during any month will be equal to \$0.32 per

MMBtu times the sum of the Qualified Quantities for such month, less the total commodity charges applicable to the sum of the Qualified Quantities for the month, divided by the sum of the Qualified Quantities for the month.

Discount Restrictions:

The Discounted Demand Rate is limited to quantities delivered at the Qualified Delivery Points specified above. **TO THE EXTENT THAT DUKE ENERGY OR ITS REPLACEMENT SHIPPER(S) DELIVER GAS TO AN ALTERNATE DELIVERY POINT(S) OR DELIVER MORE THAN 27,000 MMBTU ON ANY DAY, THEN THE DISCOUNTED DEMAND RATE PROVIDED ABOVE SHALL NOT APPLY TO AN EQUIVALENT PORTION OF DUKE ENERGY'S CONTRACT DEMAND. IN SUCH CASE, DUKE ENERGY SHALL PAY THE MAXIMUM ZONE SL TO ZONE 4 STF RESERVATION RATE PLUS THE MAXIMUM COMMODITY RATE MULTIPLIED BY THE QUANTITY TRANSPORTED USING THE ALTERNATE DELIVERY POINTS OR IN EXCESS OF 27,000 MMBTU/DAY.** Duke Energy shall continue to receive the Discounted Demand Rate for the remainder of its contract demand, if any, in excess of the quantity delivered to the alternate delivery Points.

Duke Energy will never pay more than the currently effective maximum tariff rates or less than the currently effective minimum tariff rates.

If Duke Energy is agreeable to this discount, please return this original Discount Letter within ten (10) business days to guarantee the discount rate listed above, along with the short-term firm transportation agreement between Texas Gas and Duke Energy, dated June 28, 2006. If any changes are made, please initial and forward both originals to Texas Gas.

Very truly yours,

TEXAS GAS TRANSMISSION, LLC
Kathy F. Kirk
Kathy F. Kirk
Vice President, Commercial Services

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Accepted and agreed to this 1st day of SEPTEMBER, 2006.

DUKE ENERGY KENTUCKY, INC.
By Patricia K. Walker
Title GVP, OH/KY GAS OPS

*OK JF
8/22*

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : NOVEMBER 29, 2006

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP.				
TARIFF RATE EFFECTIVE DATE :	FTS-1: 10/1/2006			
	FTS-2: 10/1/2006			
<u>BILLING DEMAND - TARIFF RATE - FTS-1</u>				
Maximum Daily Quantity	3.1450	18,000	5	283,050
Maximum Daily Quantity	3.1450	22,782	5	358,247
Maximum Daily Quantity	3.1450	17,598	7	387,420
<u>BILLING DEMAND - TARIFF RATE - FTS-2</u>				
Maximum Daily Quantity	0.9995	15,000	5	74,963
Maximum Daily Quantity	0.9995	15,000	7	104,948
CAPACITY RELEASE CREDIT FOR FTS-1				0
CAPACITY RELEASE CREDIT FOR FTS-2				0
TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES				1,208,628
INTERSTATE PIPELINE : KO TRANSMISSION COMPANY				
TARIFF RATE EFFECTIVE DATE :	10/1/2006			
<u>BILLING DEMAND - TARIFF RATE - FT</u>				
Maximum Daily Quantity	0.3560	72,000	12	307,584
CAPACITY RELEASE CREDIT				0
TOTAL KO TRANSMISSION CO. DEMAND CHARGES				307,584
VARIOUS GAS MARKETERS FIXED (RESERVATION) CHARGES :				
November - March	0.0042	11,484,994		48,545
December - February	0.2222	486,000		108,000
TOTAL GAS MARKETERS FIXED CHARGES				156,545

Currently Effective Rates
 Applicable to Rate Schedule FTS-1
 Rates per Dth

Base Rate (1)	Annual Charge Adjustment (2)	Subtotal (3)	Total Effective Rate (4)	Daily Rate (5)	Company Use and Unaccounted For (6)
\$ 3.1450	\$ 1/	\$ 3.1450	\$ 3.1450	\$ 0.1034	-
0.0170	0.0016	0.0186	0.0186	0.0186	2.265
0.0170	0.0016	0.0186	0.0186	0.0186	2.265
0.1204	0.0016	0.1220	0.1220	0.1220	2.265

Rate Schedule FTS-1
 Rayne, LA To Points North
 Reservation Charge 2/

Commodity
 Maximum
 Minimum
 Overrun

1/ Pursuant to Section 154.402 of the Commission's Regulations, Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation charges more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Currently Effective Rates
 Applicable to Rate Schedule FTS-2
 Rates per Dth

	Base Rate (1) \$	Annual Charge Adjustment (2) \$	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Company Use and Unaccounted For (6) %
Rate Schedule FTS-2						
Offshore Laterals						
Reservation Charge 2/	2.6700	-	2.6700	2.6700	0.0878	-
Commodity						
Maximum	0.0002	0.0016	0.0018	0.0018	0.0018	0.341
Minimum	0.0002	0.0016	0.0018	0.0018	0.0018	0.341
Overrun	0.0880	0.0016	0.0896	0.0896	0.0896	0.341
Onshore Laterals						
Reservation Charge 2/	1.0603	-	1.0603	1.0603	0.0349	-
Commodity						
Maximum	0.0017	0.0016	0.0033	0.0033	0.0033	0.571
Minimum	0.0017	0.0016	0.0033	0.0033	0.0033	0.571
Overrun	0.0366	0.0016	0.0382	0.0382	0.0382	0.571
Offsystem-Onshore						
Reservation Charge 2/	2.5255	-	2.5255	2.5255	0.0850	-
Commodity						
Maximum	0.0070	0.0016	0.0086	0.0086	0.0086	-
Minimum	0.0070	0.0016	0.0086	0.0086	0.0086	-
Overrun	0.0900	0.0016	0.0916	0.0916	0.0916	-

DISCOUNTED TO 0.9995

1/ Pursuant to Section 154.402 of the Commission's Regulations Rate applies to all Gas Delivered and is non-cumulative, i.e. when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0)

**CURRENTLY EFFECTIVE RATES
 APPLICABLE TO RATE SCHEDULES FTS AND ITS**

RATE LEVELS - RATE PER DTH

	Base Tariff Rate	Annual Charge Adjustment 1/	Total Effective Rate
RATE SCHEDULE <u>FTS</u>			
Reservation Charge 2/			
Maximum 1	<u>\$0.3560</u>	--	\$0.3560
Maximum 2	\$0.3560	--	\$0.3560
Daily Rate - Maximum 1	\$0.0117	--	\$0.0117
Daily Rate - Maximum 2	\$0.0117	--	\$0.0117
Commodity			
Maximum	\$0.0000	\$0.0016	\$0.0016
Minimum	\$0.0000	\$0.0016	\$0.0016
Overrun	\$0.0117	\$0.0016	\$0.0133

RATE SCHEDULE ITS

Commodity			
Maximum	\$0.0117	\$0.0016	\$0.0133
Minimum	\$0.0000	\$0.0016	\$0.0016

1/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's regulations and will be charged pursuant to Section 23 of the General Terms and Conditions at such time that initial and successive annual ACA assessments applicable to Transporter are made.

2/ Minimum reservation charge is \$0.00.

Transportation Retainage Adjustment 0.62%

NOTE: Utilizing GISB standards 5 3 22 and 5 3 23, Transporter's Rate Schedule FTS Reservation Charge can be converted to an applicable daily rate by dividing the above monthly rate by 30 4 days

**DUKE ENERGY KENTUCKY
TOTAL RESERVATION COSTS FROM FIRM SUPPLIERS
ESTIMATED FOR EGC EFFECTIVE 12/1/2006**

TOTAL ANNUAL RESERVATION COST:

TOTAL DOLLARS \$ 48,545 (1)

TOTAL ANNUAL COVERAGE:

CITY GATE VOLUMES 11,484,994 DTH (2)

CALCULATED RATE: \$ 0.0042 PER DTH

(1) Reservation charges billed by firm suppliers for 2006 - 2007.

(2) Contracted volumes for the 2006 - 2007 winter season.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : NOVEMBER 29, 2006

GAS COMMODITY RATE FOR DECEMBER, 2006:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$8.5124	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.300%	\$0.1107	\$8.6231	\$/Dth
DTH TO MCF CONVERSION	1.0366	\$0.3156	\$8.9387	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.8820		\$7.8839	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$7.884	\$/Mcf

GAS STORAGE :

COLUMBIA GAS TRANS - STORAGE INVENTORY RATE			\$8.0852	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$8.1005	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.083%	\$0.1687	\$8.2692	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0154	\$8.2846	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0016	\$8.2862	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.300%	\$0.1077	\$8.3939	\$/Dth
DTH TO MCF CONVERSION	1.0366	\$0.3072	\$8.7011	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.1160		\$1.0093	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$1.009	\$/Mcf

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.34268	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.7427	\$5.0854	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0020		\$0.0102	\$/Mcf
PROPANE COMMODITY RATE			\$0.010	\$/Mcf

(1) Weighted average cost of gas based on NYMEX prices on 11/07/06 and contracted hedging prices.

GAS COST ADJUSTMENT CLAUSE
 THE UNION LIGHT, HEAT AND POWER COMPANY
 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
THE UNION LIGHT, HEAT AND POWER COMPANY
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	<u>(2,363)</u>	<u>(10,311)</u>	<u>(1,826)</u>
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	\$	<u>0</u>	<u>0</u>	<u>0</u>
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	<u>0</u>	<u>0</u>	<u>0</u>
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
THE UNION LIGHT, HEAT AND POWER COMPANY
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><u>(0.050)</u></u>
BAU		

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>	
<u>SERVICE REGULATIONS</u>				
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	
<u>FIRM SERVICE TARIFF SCHEDULES</u>				
Rate RS, Residential Service.....	30	11/29/06	11/29/06	(C)
Rate GS, General Service.....	31	11/29/06	11/29/06	(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			
<u>TRANSPORTATION TARIFF SCHEDULE</u>				
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			

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Issued:

Effective: November 29, 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>	
<u>TRANSPORTATION TARIFF SCHEDULES (Contd.)</u>				
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	
<u>RIDERS</u>				
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			
<u>GAS COST RECOVERY RIDERS</u>				
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	11/29/06	11/29/06	(C)
Reserved for Future Use.....	78			
Reserved for Future Use.....	79			
<u>MISCELLANEOUS</u>				
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	
Curtailment Plan.....	83	10/01/06	10/01/06	
Reserved for Future Use.....	84			
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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</u> <u>Rate</u>		<u>Gas Cost</u> <u>Adjustment</u>		<u>Total Rate</u>	
Plus a commodity Charge for all CCF at	\$0.26687	plus	\$0.9846	Equals	\$1.25147	(I)

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: November 29, 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	\$0.9846	Equals	\$1.19409	(I)

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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Issued:

Effective: November 29, 2006

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

KY.P.S.C. Gas No. 2
First Revised Sheet No. 77
Cancelling and Superseding
Original Sheet No. 77
Page 1 of 1

RIDER GCAT

GAS COST ADJUSTMENT TRANSITION RIDER

APPLICABILITY

Applicable to all customers served under Rate FT-L after the effective date of this tariff who paid gas supply costs through the Company's Gas Cost Adjustment (GCA) mechanism during the twelve month period immediately preceding the date on which the customer began receiving service under Rate FT-L.

GCA TRANSITION RIDER

A charge or credit shall be applied to all volumes transported pursuant to Rate FT-L in order to pass through to former GCA customers the Company's quarterly Actual Adjustment (AA), Balance Adjustment (BA), and Supplier Refund and Reconciliation Adjustment (RA) costs or credits during the first twelve months that the former sales customer participates in the Company's firm transportation program.

The amount of this charge or (credit) shall be \$0.04720 per 100 cubic feet. This rate shall be in effect during the month of December 2006 through February 2007 and shall be updated quarterly, concurrent with the Company's GCA filings.

(I)

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

Issued:

Effective: November 29, 2006

Issued by Sandra P. Meyer, President

DUKE ENERGY KENTUCKY
SUPPLEMENTAL INFORMATION
FOR THE EXPECTED GAS COST (EGC) RATE CALCULATION
OF THE GAS COST RECOVERY RATE
IN EFFECT AS OF NOVEMBER 29, 2006

4TH QUARTER INT

THE UNION LIGHT, HEAT AND POWER COMPANY
 USED FOR GCA EFFECTIVE DECEMBER 1, 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

**DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST
MONTH OF JUNE, 2006**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,407,415.79	
adjustments	(3,709.61)	
IT monthly charges entered by Gas Supply	705.66	2,404,412
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	0.00	0
 PLUS: INCLUDABLE PROPANE		
a/c 728-3 Erlanger	0.00	0
 <u>LESS: X-5 TARIFF</u>	0.00	0
LESS CMT MANAGEMENT FEE	20,483.00	(20,483)
 LESS: TOP TRANSP. RECOVERIES	0.00	0
LESS: GAS LOSSES - DAMAGED LINES	0.00	0
	0.00	
adjustments	0.00	0
LESS: GAS COST CREDIT	CREDIT	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	0.00	0
 TOTAL SUPPLY COSTS		2,383,929

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	(385,574.72)
ACCOUNT 805-10	385,574.72

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

JUNE, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH JUNE, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	259,511
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(2,363)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>257,148</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,404,412
Includable Propane	\$	0
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(20,483)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>2,383,929</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	300,995.1
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	<u></u>
TOTAL SALES VOLUME	MCF	<u>300,995.1</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	7.920
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>9.201</u>
DIFFERENCE	\$/MCF	(1.281)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>300,995.1</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(385,574.72)</u></u>

DUKE ENERGY COMPANY KENTUCKY

JUNE, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	300,995.1	2,769,523.00	9.20122288
RA		(1,199.27)	
AA		102,296.30	
BA		<u>5,459.51</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>2,876,079.54</u></u>	
TOTAL SALES VOLUME	300,995.1		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>300,995.1</u></u>		
 <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	300,995.1	2,383,929.00	7.92015883
UNRECOVERED PURCHASED GAS COST		487,871.02	
ROUNDING(ADD/(DEDUCT))		<u>19.28</u>	
TOTAL GAS COST IN REVENUE		<u><u>2,871,819.30</u></u>	
TOTAL GAS COST RECOVERY(GCR)		2,876,079.54	
LESS: RA		(1,199.27)	
BA		<u>5,459.51</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u> </u>	
		<u><u>2,871,819.30</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		487,871.02	
LESS: AA		<u>102,296.30</u>	
MONTHLY COST DIFFERENCE		385,574.72	
EXTENDED MONTHLY COST DIFFERENCE		<u>385,594.00</u>	
ROUNDING		<u><u>19.28</u></u>	

**DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST
MONTH OF JULY, 2006**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,232,046.41	
adjustments	(85,411.17)	
IT monthly charges entered by Gas Supply	<u>1,516.22</u>	2,148,151
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
 PLUS: INCLUDABLE PROPANE		
a/c 728-3 Erlanger	0.00	0
 <u>LESS: X-5 TARIFF</u>	0.00	0
 LESS CMT MANAGEMENT FEE	20,483.00	(20,483)
 LESS: TOP TRANSP. RECOVERIES	0.00	0
 LESS: GAS LOSSES - DAMAGED LINES	0.00	0
	0.00	
adjustments	<u>0.00</u>	0
 LESS: GAS COST CREDIT	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
 TOTAL SUPPLY COSTS		<u><u>2,127,668</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	201,117.18
ACCOUNT 805-10	(201,117.18)

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH JULY, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH JULY, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	237,328
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(10,311)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>227,017</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,148,151
Includable Propane	\$	0
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(20,483)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>2,127,668</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	221,738.9
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	<u></u>
TOTAL SALES VOLUME	MCF	<u>221,738.9</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.595
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>8.688</u>
DIFFERENCE	\$/MCF	0.907
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>221,738.9</u>
MONTHLY COST DIFFERENCE	\$	<u><u>201,117.18</u></u>

DUKE ENERGY COMPANY KENTUCKY

JULY, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	221,738.9	1,926,384.52	8.68762549
RA		(886.47)	
AA		77,416.64	
BA		4,670.18	
		<u>2,007,584.87</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>2,007,584.87</u>	
TOTAL SALES VOLUME	221,738.9		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>221,738.9</u>		
<u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	221,738.9	2,127,668.00	9.59537546
UNRECOVERED PURCHASED GAS COST		(123,700.54)	
ROUNDING(ADD/(DEDUCT))		(166.30)	
		<u>2,003,801.16</u>	
TOTAL GAS COST IN REVENUE		<u>2,003,801.16</u>	
TOTAL GAS COST RECOVERY(GCR)		2,007,584.87	
LESS: RA		(886.47)	
BA		4,670.18	
		<u>2,002,028.22</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>166.30</u>	
		<u>2,003,801.16</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(123,700.54)	
LESS: AA		77,416.64	
		<u>(46,283.90)</u>	
MONTHLY COST DIFFERENCE		(201,117.18)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(201,283.48)</u>	
ROUNDING		<u>(166.30)</u>	

**DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST
MONTH OF AUGUST, 2006**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,414,099.43	
adjustments	(13,652.66)	
IT monthly charges entered by Gas Supply	4,172.34	2,404,619
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	0.00	0
 <u>PLUS: INCLUDABLE PROPANE</u>		
a/c 728-3 Erlanger	0.00	0
 <u>LESS: X-5 TARIFF</u>	0.00	0
 <u>LESS CMT MANAGEMENT FEE</u>	20,483.00	(20,483)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
	0.00	
adjustments	0.00	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	0.00	0
 TOTAL SUPPLY COSTS		2,384,136

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	648,887.61
ACCOUNT 805-10	(648,887.61)

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

AUGUST, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH AUGUST, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	245,042
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	(1,826)
TOTAL SUPPLY VOLUMES	MCF	<u>243,216</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,404,619
Includable Propane	\$	0
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(20,483)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	0
TOTAL SUPPLY COST	\$	<u>2,384,136</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	204,309.7
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>204,309.7</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	11.669
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>8.493</u>
DIFFERENCE	\$/MCF	3.176
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>204,309.7</u>
MONTHLY COST DIFFERENCE	\$	<u><u>648,887.61</u></u>

DUKE ENERGY COMPANY KENTUCKY

AUGUST, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	204,309.7	1,735,120.00	8.49259727
RA		(815.33)	
AA		70,975.88	
BA		4,354.22	
		<u>1,809,634.77</u>	
TOTAL GAS COST RECOVERY(GCR)			
TOTAL SALES VOLUME	204,309.7		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>204,309.7</u>		
 <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	204,309.7	2,384,136.00	11.66922569
UNRECOVERED PURCHASED GAS COST		(577,911.73)	
ROUNDING(ADD)/(DEDUCT))		<u>(128.39)</u>	
TOTAL GAS COST IN REVENUE		<u>1,806,095.88</u>	
TOTAL GAS COST RECOVERY(GCR)		1,809,634.77	
LESS: RA		(815.33)	
BA		<u>4,354.22</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>1,806,095.88</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(577,911.73)	
LESS: AA		<u>70,975.88</u>	
MONTHLY COST DIFFERENCE		(648,887.61)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(649,016.00)</u>	
ROUNDING		<u>(128.39)</u>	

DUKE ENERGY KENTUCKY
SUMMARY OF GAS COST RECOVERY COMPONENTS
BY BILLING CODE

MON/YR	BILLING CODE	ESTD. GAS COST	QUARTERLY RECONCILIATION ADJUSTMENT			QUARTERLY ACTUAL ADJUSTMENT			BALANCE ADJUSTMENT			TOTAL GCR FACTOR				
			CURRENT	PREVIOUS	2ND PREV	3RD PREV	CURRENT	PREVIOUS	2ND PREV	3RD PREV	CURRENT		PREVIOUS	2ND PREV	3RD PREV	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Jan-05	015	7.611	0.000	(0.001)	0.000	0.000	(0.320)	0.144	0.347	(0.013)	0.023	(0.041)	0.031	0.031	7.736	
Feb-05	035	7.277	0.000	(0.001)	0.000	0.000	(0.320)	0.144	0.347	(0.013)	0.023	(0.041)	0.031	0.031	7.402	
Mar-05	045	7.305	0.000	0.000	(0.001)	0.000	(0.045)	(0.320)	0.144	(0.004)	(0.013)	0.023	(0.041)	(0.041)	7.410	
Apr-05	065	7.941	0.000	0.000	(0.001)	0.000	(0.045)	(0.320)	0.144	(0.004)	(0.013)	0.023	(0.041)	(0.041)	8.046	
May-05	075	8.193	0.000	0.000	(0.001)	0.000	(0.045)	(0.320)	0.144	(0.004)	(0.013)	0.023	(0.041)	(0.041)	8.298	
Jun-05	085	7.764	(0.002)	0.000	0.000	(0.001)	0.362	(0.045)	(0.320)	0.052	(0.004)	(0.013)	0.023	0.023	7.886	
Jul-05	105	8.015	(0.002)	0.000	0.000	(0.001)	0.362	(0.045)	(0.320)	0.052	(0.004)	(0.013)	0.023	0.023	8.137	
Aug-05	115	8.389	(0.002)	0.000	0.000	(0.001)	0.362	(0.045)	(0.320)	0.052	(0.004)	(0.013)	0.023	0.023	8.511	
Sep-05	125	9.339	(0.004)	(0.002)	0.000	0.000	0.362	(0.045)	(0.320)	0.010	0.052	(0.004)	(0.013)	(0.013)	9.345	
Oct-05	145	11.591	(0.004)	(0.002)	0.000	0.000	0.362	(0.045)	(0.320)	0.010	0.052	(0.004)	(0.013)	(0.013)	11.597	
Nov-05	155	13.010	(0.004)	(0.002)	0.000	0.000	0.362	(0.045)	(0.320)	0.010	0.052	(0.004)	(0.013)	(0.013)	13.016	
Dec-05	165	12.219	0.000	(0.004)	(0.002)	0.000	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	(0.004)	12.247	
Jan-06	016	12.135	0.000	(0.004)	(0.002)	0.000	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	(0.004)	12.163	
Feb-06	036	10.308	0.000	(0.004)	(0.002)	0.000	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	(0.004)	10.336	
Mar-06	046	8.948	0.000	0.000	(0.004)	(0.002)	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	0.052	9.487	
Apr-06	066	8.391	0.000	0.000	(0.004)	(0.002)	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	0.052	8.930	
May-06	076	9.131	0.000	0.000	(0.004)	(0.002)	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	0.052	9.670	
Jun-06	086	9.142	0.000	0.000	0.000	(0.004)	0.873	(0.013)	(0.420)	0.040	(0.004)	(0.023)	0.010	0.010	9.528	
Jul-06	106	8.596	0.000	0.000	0.000	(0.004)	0.873	(0.013)	(0.420)	0.040	(0.004)	(0.023)	0.010	0.010	8.982	
Aug-06	116	8.388	0.000	0.000	0.000	(0.004)	0.873	(0.013)	(0.420)	0.040	(0.004)	(0.023)	0.010	0.010	8.774	