



Ernie Fletcher
Governor

Mark David Goss
Chairman

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

John W. Clay
Commissioner

Timothy J. LeDonne
Commissioner
Department of Public Protection

December 20, 2006

Lisa D. Steinkuhl
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

CERTIFICATE OF SERVICE

RE: Case No. 2006-00543
Duke Energy Kentucky, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 20, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-----------------------------|---|---------------------|
| NOTICE OF PURCHASED GAS |) | |
| ADJUSTMENT FILING OF DUKE |) | |
| ENERGY KENTUCKY, F/K/A/ THE |) | CASE NO. 2006-00543 |
| UNION LIGHT, HEAT AND POWER |) | |
| COMPANY |) | |

O R D E R

On December 22, 2005, in Case No. 2005-00042,¹ the Commission approved rates for The Union Light, Heat and Power Company ("ULH&P") and provided for their further adjustment in accordance with ULH&P's gas cost adjustment ("GCA") clause. On April 3, 2006, ULH&P changed its name to Duke Energy Kentucky ("Duke").

On December 11, 2006, Duke filed its GCA to be effective January 2, 2007. Duke previously obtained Commission approval to file its GCA within 20 days of the proposed effective date.²

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Duke's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

¹ Case No. 2005-00042, Adjustment of the Gas Rates of The Union Light, Heat and Power Company.

² Case No. 2003-00386, The Application of The Union Light, Heat and Power Company for Authority to Make Monthly Adjustments to the Expected Gas Cost Component of Its Gas Cost Adjustment Rate, Order dated November 6, 2003.

2. Duke's Expected Gas Cost ("EGC") is \$9.297 per Mcf, which is a decrease of 7.7 cents per Mcf from its previous EGC of \$9.374.

3. Duke's notice sets out no current refund adjustment ("RA"). Duke's notice sets out a total RA of (.2) cent per Mcf, which is no change from its previous total RA.

4. Duke's notice sets out no current quarter actual adjustment ("AA"). Duke's notice sets out a total AA of 46.9 cents per Mcf, which is no change from its previous total AA.

5. Duke's notice sets out no current quarter balancing adjustment ("BA"). Duke's notice sets out a total BA of .5 cent per Mcf, which is no change from its previous total BA.

6. Duke's gas cost recovery rate ("GCR") is \$9.769 per Mcf, which is a decrease of 7.7 cents per Mcf from its previous GCR of \$9.846.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Duke on and after January 2, 2007.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after January 2, 2007.

2. Within 20 days from the date of this Order, Duke shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 20th day of December, 2006.

By the Commission

ATTEST

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00543 DATED DECEMBER 20, 2006.

The following rates and charges are prescribed for the customers served by Duke Energy Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

GAS SERVICE RATES

RATE RS
RESIDENTIAL SERVICE

| | <u>Base Rate</u> | | <u>Gas Cost Adjustment</u> | <u>Total Rate</u> |
|--|----------------------|------|------------------------------------|-----------------------|
| Commodity Charge for All Ccf Consumed | \$.26687 | plus | \$.9769 | \$1.24377 |

RATE GS
GENERAL SERVICE

| | <u>Base Rate</u> | | <u>Gas Cost Adjustment</u> | <u>Total Rate</u> |
|--|----------------------|--|------------------------------------|-----------------------|
| Commodity Charge for All Ccf Consumed | \$.20949 | | \$.9769 | \$1.18639 |

RIDER GCAT
GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge or (credit) shall be \$.04720 per 100 cubic feet. This rate shall be in effect during the months of December 2006 through February 2007 and shall be updated quarterly, concurrent with the Company's GCA filings.