



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

August 9, 2007

**RECEIVED**

AUG 09 2007

PUBLIC SERVICE  
COMMISSION

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

Case No. 2007-00362

Dear Ms. O'Donnell:

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 September 2007 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 August 29, 2007 and the NYMEX on August 7, 2007 for the month of September, 2007.

The above described schedules and GCA are effective with the final meter readings of District 1, September 2007, revenue month (i.e., final meter readings on and after August 29, 2007).

Duke's proposed GCA is \$8.416 per Mcf. This rate represents a decrease of \$0.456 per Mcf from the rate currently in effect for August 2007.

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

Very truly yours,

Lisa Steinkuhl

Enclosure

**DUKE ENERGY KENTUCKY  
GAS COST ADJUSTMENT CLAUSE**

**QUARTERLY REPORT**

**GAS COST RECOVERY RATES EFFECTIVE FROM AUGUST 29, 2007 THROUGH SEPTEMBER 27, 2007**

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	8.018
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	0.000
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.374
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.024</u>
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>8.416</u>

**EXPECTED GAS COST CALCULATION**

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	8.018

**SUPPLIER REFUND ADJUSTMENT CALCULATION**

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

**ACTUAL ADJUSTMENT CALCULATION**

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	(0.655)
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.460
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.530
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>0.039</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.374

**BALANCE ADJUSTMENT CALCULATION**

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	(0.003)
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	0.081
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.004)
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	<u>(0.050)</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	0.024

THIS QUARTERLY REPORT FILED PURSUANT TO ORDER NO. 8373 OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED APRIL 16, 1982.

DATE FILED: August 9, 2007

BY: PAUL G. SMITH

TITLE: VICE-PRESIDENT, RATES

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

**"SUMMARY" FOR THE EGC RATE IN EFFECT AS OF AUGUST 29, 2007**

		\$
<b><u>DEMAND (FIXED) COSTS:</u></b>		
Columbia Gas Transmission Corp.		2,605,713
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:		5,583,110
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	11,944,332	MCF
DEMAND (FIXED) COMPONENT OF EGC RATE:	\$5,583,110 /	11,944,332 MCF <b>\$0.467 /MCF</b>
<b><u>COMMODITY COSTS:</u></b>		
Gas Marketers		\$7.551 /MCF
Gas Storage		
Columbia Gas Transmission		\$0.000 /MCF
Propane		\$0.000 /MCF
COMMODITY COMPONENT OF EGC RATE:		<b>\$7.551 /MCF</b>
TOTAL EXPECTED GAS COST:		<b>\$8.018 /MCF</b>

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF :           AUGUST 29, 2007          

	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: 2/1/2007  
SST: 4/1/2007

BILLING DEMAND - TARIFF RATE - FSS

Max. Daily Withdrawl Quan.	1.5050	39,656	12	716,187
Seasonal Contract Quantity	0.0290	1,365,276	12	475,116

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**

**2,605,713**

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**

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

	Base Tariff Rate 1/	Transportation Cost		Electric Power Costs Adjustment Current	Annual Charge 2/	Total Effective Rate	Daily Rate
		Rate Adjustment Current	Surcharge				
Rate Schedule FSS							
Reservation Charge	\$ 1.505	-	-	-	-	1.505	0.049
Capacity	\$ 2.90	-	-	-	-	2.90	2.90
Injection	\$ 1.53	-	-	-	-	1.53	1.53
Withdrawal	\$ 1.53	-	-	-	-	1.53	1.53
Overrun	\$ 10.91	-	-	-	-	10.91	10.91
Rate Schedule ISS							
Commodity							
Maximum	\$ 5.94	-	-	-	-	5.94	5.94
Minimum	\$ 0.00	-	-	-	-	0.00	0.00
Injection	\$ 1.53	-	-	-	-	1.53	1.53
Withdrawal	\$ 1.53	-	-	-	-	1.53	1.53
Rate Schedule SIT							
Commodity							
Maximum	\$ 4.12	-	-	-	-	4.12	4.12
Minimum	\$ 1.53	-	-	-	-	1.53	1.53

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.

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

Eighty-third Revised Sheet No. 26  
 Superseding  
 Eighty-second Revised Sheet No. 26

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

Rate Schedule	Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Electric Power Costs Adjustment Current	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule <u>SST</u> Reservation Charge 3/	\$ 5.448	-0.015	-0.007	-	<b>DISCOUNTED TO 3.963</b> 5.797	0.191
Commodity						
Maximum	1.02	-0.03	0.02	0.16	1.62	1.62
Minimum	1.02	-0.03	0.02	0.16	1.62	1.62
Overrun	18.93	-0.08	0.35	0.16	20.68	20.68
Rate Schedule GTS						
Commodity						
Maximum	74.83	-0.13	0.44	0.16	77.72	77.72
Minimum	3.08	-0.13	0.25	0.16	3.53	3.53
MFCC	71.75	0.00	0.19	-	74.19	74.19

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 4<sup>th</sup> 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

*VNM  
200 924*

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  
8/22*



**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF :           AUGUST 29, 2007          

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
<b>INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP.</b>				
TARIFF RATE EFFECTIVE DATE :	FTS-1: 4/1/2007			
	FTS-2: 4/1/2007			
<b><u>BILLING DEMAND - TARIFF RATE - FTS-1</u></b>				
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
<b><u>BILLING DEMAND - TARIFF RATE - FTS-2</u></b>				
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
<b>TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES</b>				<b>1,208,628</b>
<b>INTERSTATE PIPELINE : KO TRANSMISSION COMPANY</b>				
TARIFF RATE EFFECTIVE DATE :	4/1/2007			
<b><u>BILLING DEMAND - TARIFF RATE - FT</u></b>				
Maximum Daily Quantity	0.3560	72,000	12	307,584
CAPACITY RELEASE CREDIT				0
<b>TOTAL KO TRANSMISSION CO. DEMAND CHARGES</b>				<b>307,584</b>
<b>VARIOUS GAS MARKETERS FIXED (RESERVATION) CHARGES :</b>				
November - March	0.0042	11,484,994		48,545
December - February	0.2222	486,000		108,000
<b>TOTAL GAS MARKETERS FIXED CHARGES</b>				<b>156,545</b>

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

Base Rate (1) \$	Annual Charge Adjustment (2) \$ 1/	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Unaccounted For (6) %	Company Use and Unaccounted For (7) %
3.1450	-	3.1450	3.1450	0.1034	-	-
0.0170	0.0016	0.0186	0.0186	0.0186	0.222	1.998
0.0170	0.0016	0.0186	0.0186	0.0186	0.222	1.998
0.1204	0.0016	0.1220	0.1220	0.1220	0.222	1.998

Rate Schedule FTS-1  
 Rayne, LA To Points North  
 Reservation Charge 2/  
 Commodity  
 Maximum  
 Minimum  
 Overtime

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 Schedule FTS-2  
 Rates per Dth

	Base Rate (1) \$	Annual Change Adjustment (2) \$	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Company Use and Unaccounted For (6) %
Rate Schedule <u>FTS-2</u>						
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	0.294
Minimum	0.0002	0.0016	0.0018	0.0018	0.0018	0.294
Overrun	0.0880	0.0016	0.0896	0.0896	0.0896	0.294
Onshore Laterals						
Reservation Charge 2/	1.0603	-	<u>1.0603</u>	1.0603	0.0349	-
Commodity						
Maximum	0.0017	0.0016	0.0033	0.0033	0.0033	0.388
Minimum	0.0017	0.0016	0.0033	0.0033	0.0033	0.388
Overrun	0.0366	0.0016	0.0382	0.0382	0.0382	0.388
Offsystem-Onshore						
Reservation Charge 2/	2.5255	-	2.5255	2.5255	0.0830	-
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
<b>RATE SCHEDULE FTS</b>			
Reservation Charge 2/			
Maximum 1	\$0.3560	--	\$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
<b>RATE SCHEDULE ITS</b>			
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 0.60%

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.

8/7/2007

**DUKE ENERGY KENTUCKY  
TOTAL RESERVATION COSTS FROM FIRM SUPPLIERS  
ESTIMATED FOR EGC EFFECTIVE 9/1/2007**

**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.

**DUKE ENERGY KENTUCKY  
TOTAL RESERVATION COSTS FROM NEEDLE PEAKING SUPPLIERS  
ESTIMATED FOR EGC EFFECTIVE 9/1/2007**

**TOTAL ANNUAL RESERVATION COST:**

TOTAL DOLLARS \$ 108,000 (1)

**TOTAL ANNUAL COVERAGE:**

CITY GATE VOLUMES 486,000 DTH (2)

**CALCULATED RATE:** \$ 0.2222 PER DTH

(1) Reservation charges billed by needle peaking 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 :           AUGUST 29, 2007          



**GAS COMMODITY RATE FOR SEPTEMBER, 2007:**

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$7.2030	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.300%	\$0.0936	\$7.2966	\$/Dth
DTH TO MCF CONVERSION	1.0348	\$0.2539	\$7.5505	\$/Mcf
ESTIMATED WEIGHTING FACTOR	1.0000		\$7.5505	\$/Mcf
<b>GAS MARKETERS COMMODITY RATE</b>			<b>\$7.551</b>	<b>\$/Mcf</b>

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$8.2046	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$8.2199	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	1.989%	\$0.1635	\$8.3834	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0146	\$8.3980	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0016	\$8.3996	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.300%	\$0.1092	\$8.5088	\$/Dth
DTH TO MCF CONVERSION	1.0348	\$0.2961	\$8.8049	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
<b>GAS STORAGE COMMODITY RATE - COLUMBIA GAS</b>			<b>\$0.000</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	0.0000		\$0.0000	\$/Mcf
<b>PROPANE COMMODITY RATE</b>			<b>\$0.000</b>	<b>\$/Mcf</b>

(1) Weighted average cost of gas based on NYMEX prices on 08/07/07 and contracted hedging prices.

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

MAY 31, 2007

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD MARCH 1, 2007 THROUGH MAY 31, 2007	\$	2,288.23
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0257
REFUNDS INCLUDING INTEREST ( \$2,288.23 x 1.0257 )	\$	2,347.04
DIVIDED BY 12 MONTH PROJECTED SALES ENDED AUGUST 31, 2008	MCF	12,001,797
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.000</u>

**DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED**

MAY 31, 2007

DESCRIPTION	UNIT	AMOUNT
<u>SUPPLIER</u>		
Columbia Gas Transmission Corporation - Refund Dated March 19, 2007	\$	2,288.23
TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA RAU	\$	<u>2,288.23</u>



GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY  
ACTUAL ADJUSTMENT  
DETAILS FOR THE THREE MONTH PERIOD ENDED      MAY 31,      2007

DESCRIPTION	UNIT	MARCH	APRIL	MAY
<b><u>SUPPLY VOLUME PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	MCF	1,128,597	865,687	308,900
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	0	0	0
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	5,985	(2,070)	(623)
TOTAL SUPPLY VOLUMES	MCF	<u>1,134,582</u>	<u>863,617</u>	<u>308,277</u>
<b><u>SUPPLY COST PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	\$	10,451,393	7,561,939	2,838,639
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	0	0	0
OTHER COSTS (SPECIFY):				
MIRANT MANAGEMENT FEE	\$	(9,744)	(9,744)	(9,744)
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>10,441,649</u>	<u>7,552,195</u>	<u>2,828,895</u>
<b><u>SALES VOLUMES</u></b>				
JURISDICTIONAL	MCF	1,814,392.0	891,266.6	475,561.8
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
TOTAL SALES VOLUMES	MCF	<u>1,814,392.0</u>	<u>891,266.6</u>	<u>475,561.8</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	5.755	8.474	5.949
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	<u>9.209</u>	<u>8.690</u>	<u>8.906</u>
DIFFERENCE	\$/MCF	(3.454)	(0.216)	(2.957)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,814,392.0</u>	<u>891,266.6</u>	<u>475,561.8</u>
EQUALS MONTHLY COST DIFFERENCE	\$	<u>(6,266,909.97)</u>	<u>(192,513.59)</u>	<u>(1,406,236.24)</u>
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			(7,865,659.80)
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			<u>(7,865,659.80)</u>
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED <u>AUGUST 31, 2008</u>	MCF			12,001,797
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			<u>(0.655)</u>

**GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY  
BALANCE ADJUSTMENT  
DETAILS FOR THE TWELVE MONTH PERIOD ENDED      MAY 31,      2007**

DESCRIPTION	UNIT	AMOUNT
<b><u>RECONCILIATION OF A PREVIOUS GAS COST VARIANCE</u></b>		
GAS COST DIFFERENCE TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "AA" EFFECTIVE      JUNE 1,      2006	\$	(860,225.22)
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$      (0.073)      /MCF APPLIED TO TOTAL SALES OF      10,514,352      MCF (TWELVE MONTHS ENDED      MAY 31,      2007      )	\$	<u>(767,547.75)</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>(92,677.47)</u>
<b><u>RECONCILIATION OF A PREVIOUS SUPPLIER REFUND</u></b>		
SUPPLIER REFUND AMOUNT TO BE DISTRIBUTED TO CUSTOMERS WHICH WAS USED TO COMPUTE THE "RA" EFFECTIVE      JUNE 1,      2006	\$	0.00
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$      0.000      /MCF APPLIED TO TOTAL SALES OF      10,514,352      MCF (TWELVE MONTHS ENDED      MAY 31,      2007      )	\$	<u>0.00</u>
BALANCE ADJUSTMENT FOR THE "RA"		<u>0.00</u>
<b><u>RECONCILIATION OF A PREVIOUS BALANCE ADJUSTMENT</u></b>		
AMOUNT TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "BA" EFFECTIVE      JUNE 1,      2006	\$	473,535.97
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$      0.040      /MCF APPLIED TO TOTAL SALES OF      10,514,352      MCF (TWELVE MONTHS ENDED      MAY 31,      2007      )	\$	<u>420,574.09</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>52,961.88</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(39,715.59)</u>
DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED AUGUST 31,      2008	MCF	<u>12,001,797</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u><u>(0.003)</u></u>
BAU		

## Revised Tariffs

**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>				
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Rate GS, General Service.....	31	08/29/07	08/29/07	(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>				
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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: August 29, 2007

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	
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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	05/31/07	05/31/07	
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>				
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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	08/29/07	08/29/07	(C)
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Reserved for Future Use.....	79			
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Charge for Reconnection of Service.....	81	10/01/06	10/01/06	
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Curtailment Plan.....	83	10/01/06	10/01/06	
Reserved for Future Use.....	84			
Reserved for Future Use.....	85			
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Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_  
 in Case No. \_\_\_\_\_.

Issued:

Effective: August 29, 2007

Issued by Sandra P. Meyer, President

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

KY.P.S.C. Gas No. 2  
Eleventh Revised Sheet No. 30  
Cancelling and Superseding  
Tenth Revised Sheet No. 30  
Page 1 of 1

**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	\$0.8416	Equals	\$1.10847

**(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.

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.

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

Issued:

Issued by Sandra P. Meyer, President

Effective: August 29, 2007

**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	\$0.8416	Equals	\$1.05109	(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 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.

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

Issued:

Effective: August 29, 2007

Issued by Sandra P. Meyer, President

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

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

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**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 \$0.03980 per 100 cubic feet. This rate shall be in effect during the month of September 2007 through November 2007 and shall be updated quarterly, concurrent with the Company's GCA filings.

(R)

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

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Issued:

Effective: August 29, 2007

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 AUGUST 29, 2007

3RD QUARTER INT

THE UNION LIGHT, HEAT AND POWER COMPANY  
USED FOR GCA EFFECTIVE AUGUST 29, 2007  
COMPUTATION OF THE INTEREST FACTOR  
FOR THE GCA CALCULATION ON SCHEDULE II

TWELVE MONTHS ENDED JUNE 30, 2007  
BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)

INTEREST RATE	0.0471
PAYMENT	0.085475
ANNUAL TOTAL	1.0257
MONTHLY INTEREST AMOUNT	0.003925 1

JUNE	2006	5.31	
JULY	2006	5.30	
AUGUST	2006	5.22	
SEPTEMBER	2006	5.19	
OCTOBER	2006	5.20	
NOVEMBER	2006	5.21	
DECEMBER	2006	5.20	
JANUARY	2007	5.21	
FEBRUARY	2007	5.19	
MARCH	2007	5.19	
APRIL	2007	5.20	
MAY	2007	5.20	62.62
JUNE	2007	5.21	62.52

PRIOR ANNUAL TOTAL	62.62
PLUS CURRENT MONTHLY RATE	5.21
LESS YEAR AGO RATE	5.31
NEW ANNUAL TOTAL	62.52
AVERAGE ANNUAL RATE	5.21
LESS 0.5% (ADMINISTRATIVE)	4.71

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**DUKE ENERGY COMPANY KENTUCKY  
DETERMINATION OF TOTAL SUPPLY COST  
MONTH OF MARCH, 2007**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	10,415,238.19	
adjustments	45,187.00	
IT monthly charges entered by Gas Supply	<u>(9,032.67)</u>	10,451,393
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	<u>0.00</u>	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>	9,744.00	(9,744)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
 adjustments	0.00	
	<u>0.00</u>	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
 TOTAL SUPPLY COSTS		 <u><u>10,441,649</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	(6,266,909.97)
ACCOUNT 805-10	6,266,909.97

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

MARCH, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH MARCH, 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	1,128,597
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	5,985
		<hr/>
TOTAL SUPPLY VOLUMES	MCF	1,134,582
		<hr/>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	10,451,393
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	\$	(9,744)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	0
		<hr/>
TOTAL SUPPLY COST	\$	10,441,649
		<hr/>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,814,392.0
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
		<hr/>
TOTAL SALES VOLUME	MCF	1,814,392.0
		<hr/>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	5.755
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	9.209
		<hr/>
DIFFERENCE	\$/MCF	(3.454)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	1,814,392.0
		<hr/>
MONTHLY COST DIFFERENCE	\$	(6,266,909.97)
		<hr/> <hr/>

## DUKE ENERGY COMPANY KENTUCKY

MARCH, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	1,814,392.0	16,708,177.38	9.20869216
RA		(3,624.15)	
AA		197,771.08	
BA		<u>9,518.56</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>16,911,842.87</u></u>	
TOTAL SALES VOLUME	1,814,392.0		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>1,814,392.0</u></u>		
<b><u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u></b>			
SUPPLIER COST - CURRENT MONTH	1,814,392.0	10,441,649.00	5.75490247
UNRECOVERED PURCHASED GAS COST		6,464,681.05	
ROUNDING(ADD/(DEDUCT))		<u>(381.59)</u>	
TOTAL GAS COST IN REVENUE		<u><u>16,905,948.46</u></u>	
TOTAL GAS COST RECOVERY(GCR)		16,911,842.87	
LESS: RA		(3,624.15)	
BA		<u>9,518.56</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u><u>16,905,948.46</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		6,464,681.05	
LESS: AA		<u>197,771.08</u>	
MONTHLY COST DIFFERENCE		6,266,909.97	
EXTENDED MONTHLY COST DIFFERENCE		<u>6,266,528.38</u>	
ROUNDING		<u><u>(381.59)</u></u>	

**DUKE ENERGY COMPANY KENTUCKY  
DETERMINATION OF TOTAL SUPPLY COST  
MONTH OF April, 2007**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	7,566,274.41	
adjustments	12,180.35	
IT monthly charges entered by Gas Supply	<u>(16,515.39)</u>	7,561,939
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	<u>0.00</u>	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>	9,744.00	(9,744)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
 adjustments	0.00	
	<u>0.00</u>	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
 TOTAL SUPPLY COSTS		 <u><u>7,552,195</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLY

	<u>AMOUNT</u>
ACCOUNT 191-40	(192,513.59)
ACCOUNT 805-10	192,513.59

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

April, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH</u> <u>April, 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	865,687
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	(2,070)
TOTAL SUPPLY VOLUMES	MCF	<u>863,617</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	7,561,939
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	\$	(9,744)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	0
TOTAL SUPPLY COST	\$	<u>7,552,195</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	891,266.6
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>891,266.6</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	8.474
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>8.690</u>
DIFFERENCE	\$/MCF	(0.216)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>891,266.6</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(192,513.59)</u></u>

## DUKE ENERGY COMPANY KENTUCKY

April, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	891,266.6	7,745,024.01	8.68990716
RA		(1,793.25)	
AA		92,073.25	
BA		<u>4,912.65</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>7,840,216.66</u></u>	
TOTAL SALES VOLUME	891,266.6		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>891,266.6</u></u>		

**PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY**

SUPPLIER COST - CURRENT MONTH	891,266.6	7,552,195.00	8.47355326
UNRECOVERED PURCHASED GAS COST		284,586.84	
ROUNDING(ADD/(DEDUCT))		<u>315.41</u>	
TOTAL GAS COST IN REVENUE		<u><u>7,837,097.25</u></u>	
TOTAL GAS COST RECOVERY(GCR)		7,840,216.66	
LESS: RA		(1,793.25)	
BA		<u>4,912.65</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u><u>7,837,097.26</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		284,586.84	
LESS: AA		<u>92,073.25</u>	
MONTHLY COST DIFFERENCE		192,513.59	
EXTENDED MONTHLY COST DIFFERENCE		<u>192,829.00</u>	
ROUNDING		<u><u>315.41</u></u>	



08/08/07

## DUKE ENERGY COMPANY KENTUCKY

May, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	475,561.8	4,235,374.89	8.90604521
RA		(953.16)	
AA		45,631.77	
BA		<u>2,630.37</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>4,282,683.87</u></u>	
TOTAL SALES VOLUME	475,561.8		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>475,561.8</u></u>		

**PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY**

SUPPLIER COST - CURRENT MONTH	475,561.8	2,828,895.00	5.94853287
UNRECOVERED PURCHASED GAS COST		1,451,868.01	
ROUNDING(ADD/(DEDUCT))		<u>243.65</u>	
TOTAL GAS COST IN REVENUE		<u><u>4,281,006.66</u></u>	
TOTAL GAS COST RECOVERY(GCR)		4,282,683.87	
LESS: RA		(953.16)	
BA		<u>2,630.37</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                    </u>	
		<u><u>4,281,006.66</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		1,451,868.01	
LESS: AA		<u>45,631.77</u>	
MONTHLY COST DIFFERENCE		1,406,236.24	
EXTENDED MONTHLY COST DIFFERENCE		<u>1,406,479.89</u>	
ROUNDING		<u><u>243.65</u></u>	

**DUKE ENERGY COMPANY KENTUCKY**  
**DETERMINATION OF TOTAL SUPPLY COST**  
**MONTH OF** **May, 2007**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,856,151.14	
adjustments	(15,941.81)	
IT monthly charges entered by Gas Supply	<u>(1,570.79)</u>	2,838,639
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	<u>0.00</u>	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>	9,744.00	(9,744)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
 adjustments	0.00	
	<u>0.00</u>	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
 <b>TOTAL SUPPLY COSTS</b>		<u><u>2,828,895</u></u>

**ACCOUNTING ENTRY FOR DEFERRAL ONLY**

**AMOUNT**

ACCOUNT 191-40	(1,406,236.24)
ACCOUNT 805-10	1,406,236.24

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

## DETAILS FOR THE MONTH

May, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH</u> <u>May, 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	308,900
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	(623)
		<hr/>
TOTAL SUPPLY VOLUMES	MCF	308,277
		<hr/>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,838,639
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	\$	(9,744)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	0
		<hr/>
TOTAL SUPPLY COST	\$	2,828,895
		<hr/>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	475,561.8
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
		<hr/>
TOTAL SALES VOLUME	MCF	475,561.8
		<hr/>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	5.949
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	8.906
		<hr/>
DIFFERENCE	\$/MCF	(2.957)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	475,561.8
		<hr/>
MONTHLY COST DIFFERENCE	\$	(1,406,236.24)
		<hr/> <hr/>

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

MONTH	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
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)	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)	10.336
Mar-06	046	8.948	0.000	0.000	(0.004)	0.002	(0.420)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	9.487
Apr-06	066	8.391	0.000	0.000	(0.004)	0.002	(0.420)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	8.930
May-06	076	9.131	0.000	0.000	(0.004)	0.002	(0.420)	(0.420)	0.070	(0.004)	(0.023)	0.010	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	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	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	8.774
Sep-06	126	9.236	(0.002)	0.000	0.000	0.000	(0.370)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	9.683
Oct-06	146	8.176	(0.002)	0.000	0.000	0.000	(0.370)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	8.623
Nov-06	156	7.993	(0.002)	0.000	0.000	0.000	(0.370)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	8.440
Dec-06	166	9.374	0.000	(0.002)	0.000	0.000	(0.370)	(0.073)	0.873	(0.050)	0.019	0.040	(0.004)	9.846
Jan-07	017	9.297	0.000	(0.002)	0.000	0.000	(0.370)	(0.073)	0.873	(0.050)	0.019	0.040	(0.004)	9.769
Feb-07	037	8.712	0.000	(0.002)	0.000	0.000	(0.370)	(0.073)	0.873	(0.050)	0.019	0.040	(0.004)	9.184
Mar-07	047	9.220	0.000	0.000	(0.002)	0.000	0.039	(0.370)	(0.073)	(0.004)	(0.050)	0.019	0.040	9.349
Apr-07	067	8.653	0.000	0.000	(0.002)	0.000	0.039	(0.370)	(0.073)	(0.004)	(0.050)	0.019	0.040	8.782
May-07	077	8.907	0.000	0.000	(0.002)	0.000	0.039	(0.370)	(0.073)	(0.004)	(0.050)	0.019	0.040	9.036