



2007-00478
DUKE ENERGY CORPORATION
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

November 9, 2007

RECEIVED

NOV 09 2007

PUBLIC SERVICE
COMMISSION

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

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 December 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 November 29, 2007 and the NYMEX on November 7, 2007 for the month of December, 2007.

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

Duke's proposed GCA is \$9.628 per Mcf. This rate represents an increase of \$0.790 per Mcf from the rate currently in effect for November 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, INC.
GAS COST ADJUSTMENT CLAUSE**

QUARTERLY REPORT

GAS COST RECOVERY RATES EFFECTIVE FROM NOVEMBER 29, 2007 THROUGH JANUARY 1, 2008

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	9.206
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	0.000
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.393
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.029</u>
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>9.628</u>

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	9.206

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	0.058
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.655)
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.460
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>0.530</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.393

BALANCE ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	(0.045)
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.003)
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	0.081
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	<u>(0.004)</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	0.029

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

DATE FILED: November 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 NOVEMBER 29, 2007

		\$
<u>DEMAND (FIXED) COSTS:</u>		
Columbia Gas Transmission Corp.		2,605,713
Texas Gas Transmission		494,000
Tennessee Gas Pipeline		1,281,896
Columbia Gulf Transmission Corp.		925,578
K O Transmission Company		307,584
Gas Marketers		109,803
TOTAL DEMAND COST:		5,724,574
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	10,725,931 MCF	
DEMAND (FIXED) COMPONENT OF EGC RATE:	\$5,724,574 / 10,725,931 MCF	\$0.534 /MCF
 <u>COMMODITY COSTS:</u>		
Gas Marketers		\$7.678 /MCF
Gas Storage		
Columbia Gas Transmission		\$0.989 /MCF
Propane		\$0.005 /MCF
COMMODITY COMPONENT OF EGC RATE:		\$8.672 /MCF
 TOTAL EXPECTED GAS COST:		 \$9.206 /MCF

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

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

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
INTERSTATE PIPELINE : COLUMBIA GAS TRANSMISSION CORP.				
TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2007				
SST: 10/1/2007				
<u>BILLING DEMAND - TARIFF RATE - FSS</u>				
Max. Daily Withdrawal Quan.	1.5050	39,656	12	716,187
Seasonal Contract Quantity	0.0290	1,365,276	12	475,116
<u>BILLING DEMAND - TARIFF RATE - SST</u>				
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				
<u>BILLING DEMAND - TARIFF RATE - STE</u>				
Max. Daily Quantity Zone 4	0.3250	10,000	152	494,000
CAPACITY RELEASE CREDIT				0
TOTAL TEXAS GAS TRANSMISSION DEMAND CHARGES				494,000
INTERSTATE PIPELINE : TENNESSEE GAS PIPELINE				
TARIFF RATE EFFECTIVE DATE : NOT APPLICABLE				
<u>BILLING DEMAND - TARIFF RATE - FT</u>				
Max. Daily Quantity Zone 1-2	4.5782	40,000	7	1,281,896
CAPACITY RELEASE CREDIT				0
TOTAL TENNESSEE GAS PIPELINE DEMAND CHARGES				1,281,896

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

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment Current	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Current	Surcharge				
Rate Schedule <u>FSS</u>							
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.

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

Rate Schedule Commodity	Reservation Charge 3/	Base Tariff Rate 1/	Transportation Cost		Electric Power		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
			Rate Adjustment Current	Surcharge	Current	Surcharge			
Rate Schedule (SST)	\$	5.448	0.342	-0.015	0.029	-0.007	-	DISCOUNTED TO 3.963 5.797	0.191
Maximum	¢	1.02	0.20	-0.03	0.25	0.02	0.19	1.65	1.65
Minimum	¢	1.02	0.20	-0.03	0.25	0.02	0.19	1.65	1.65
Overrun	¢	18.93	1.32	-0.08	0.35	0.00	0.19	20.71	20.71
Rate Schedule GTS									
Commodity									
Maximum	¢	74.83	2.45	-0.13	0.44	-0.03	0.19	77.75	77.75
Minimum	¢	3.08	0.20	-0.13	0.25	-0.03	0.19	3.56	3.56
MFCC	¢	71.75	2.25	0.00	0.19	0.00	-	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

May 22, 2007

Mr. Jim Henning
Duke Energy Kentucky, Inc.
139 E 4th Street
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) for a discounted transportation rate for the time period listed below. Accordingly, Texas Gas is willing to offer Duke the following discount:

Contract No.:	26549
Rate Schedule:	<u>STF</u>
Time Period:	November 1, 2007 - March 31, 2008 November 1, 2008 - March 31, 2009 November 1, 2009 - March 31, 2010 November 1, 2010 - March 31, 2011
Contract Demand:	<u>10,000 MMBtu per day</u>
Qualified Delivery Points:	Duke Energy OH/Zone 4, Meter No. 1229 Duke Energy KY/Zone 4, Meter No. 1872 Lebanon-Columbia Gas/Zone 4, Meter No. 1715 Lebanon-Dominion/Zone 4, Meter No. 1247 Lebanon-Texas Eastern/Zone 4, Meter No. 1859
Discounted Demand Rate:	For each unit of its <u>daily contract demand</u> , Duke shall pay <u>\$0.325</u> (including all surcharges).
Discounted Commodity Rate:	Texas Gas' minimum STF Commodity Rate plus ACA and applicable fuel retention.



May 18, 2007

Duke Energy Kentucky, Inc
139 East Forth Street EM025
P.O. Box 960
Cincinnati, OH 45202

Attention: Mr. William (Bill) Tucker

RE: Firm Transportation Discount
Tennessee FT-A Service Package No. 64622
Open Season # (If applicable) 595

Dear Bill:

In response to the request of Duke Energy Kentucky, Inc. (DEK), and pursuant to Section 5.1 of Tennessee Gas Pipeline Company's (Tennessee) FT-A Rate Schedule, Tennessee hereby agrees to adjust its then applicable FT-A Transportation rate for FT-A service provided under the above referenced contract as follows:

1. a) If DEK, its assignee(s) or its agent(s) (hereinafter collectively referred to as "DEK") violates the terms of this agreement or the terms of the above-referenced service package, Tennessee shall have the right, in its sole discretion, to immediately terminate this discount agreement and/or assess, from the date of the violation, the maximum Tennessee monthly reservation rate for the entire contract quantity and the maximum daily commodity rates on all transactions occurring under this agreement.
- b) For the period commencing October 1, 2007, and extending through April 30, 2008, for gas delivered by Tennessee on behalf of DEK to North Means (Meter #020049) under the above referenced service package, the applicable FT-A rates for volumes received by Tennessee from to all Zone L 500 Leg and Zone 1 500 Leg receipt points, including the associated Supply Aggregation Pools., will be the lesser of:
 - i) A monthly reservation rate of \$4.5762 per Dth and a daily commodity rate of \$0.0792 per Dth. These rates are inclusive of ACA and all applicable surcharges.

or

- ii) Tennessee's maximum monthly FT-A reservation and maximum daily commodity rates.

In addition, DEK will pay applicable fuel and lost and unaccounted for charges.

- c) Receipts and/or deliveries to points other than those listed above during the term of DEK's Service Package shall result in DEK being assessed Tennessee's maximum reservation rate for the primary path divided by the number of days in the month for the entire contract TQ on the day(s) of such deliveries and the maximum daily commodity rates under Rate Schedule FT-A as well as the applicable fuel and loss charges and surcharges. In addition, deliveries exclusive of authorized overrun on any one day during the term of DEK's Service Package in excess of 40,000 Dth per

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

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

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP.				
TARIFF RATE EFFECTIVE DATE : FTS-1: 11/1/2007				
FTS-2: 10/1/2007				
<u>BILLING DEMAND - TARIFF RATE - FTS-1</u>				
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				925,578
INTERSTATE PIPELINE : KO TRANSMISSION COMPANY				
TARIFF RATE EFFECTIVE DATE : 10/1/2007				
<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	0.0031	12,063,626		37,003
December - February	0.2427	300,000		72,800
TOTAL GAS MARKETERS FIXED CHARGES				109,803

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) \$	Unaccounted For (6) %	Company Use and Unaccounted For (7) %
3.1450	-	3.1450	3.1450	0.1034	-	-
0.0170	0.0019	0.0189	0.0189	0.0189	0.222	2.499
0.0170	0.0019	0.0189	0.0189	0.0189	0.222	2.499
0.1204	0.0019	0.1223	0.1223	0.1223	0.222	2.499

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 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 Charge Adjustment (2) \$ 1/	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	0.0019	0.0021	0.0021	0.0021	0.294
Minimum	0.0002	0.0019	0.0021	0.0021	0.0021	0.294
Overrun	0.0880	0.0019	0.0899	0.0899	0.0899	0.294
Onshore Laterals						
Reservation Charge 2/	1.0603	-	1.0603	1.0603	0.0349	-
Commodity						
Maximum	0.0017	0.0019	0.0036	0.0036	0.0036	0.388
Minimum	0.0017	0.0019	0.0036	0.0036	0.0036	0.388
Overrun	0.0366	0.0019	0.0385	0.0385	0.0385	0.388
Offsystem-Onshore						
Reservation Charge 2/	2.5255	-	2.5255	2.5255	0.0830	-
Commodity						
Maximum	0.0070	0.0019	0.0089	0.0089	0.0089	-
Minimum	0.0070	0.0019	0.0089	0.0089	0.0089	-
Overrun	0.0900	0.0019	0.0919	0.0919	0.0919	-

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 FTS			
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	\$0.0019	\$0.0019
Minimum	\$0.0000	\$0.0019	\$0.0019
Overrun	\$0.0117	\$0.0019	\$0.0136
RATE SCHEDULE ITS			
Commodity			
Maximum	\$0.0117	\$0.0019	\$0.0136
Minimum	\$0.0000	\$0.0019	\$0.0019

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.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

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

GAS COMMODITY RATE FOR DECEMBER, 2007:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$8.1225	\$/Dth
DUKE ENERGY KENTUCKY FUEL	3.100%	\$0.2518	\$8.3743	\$/Dth
DTH TO MCF CONVERSION	1.0348	\$0.2914	\$8.6657	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.8860		\$7.6778	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$7.678	\$/Mcf

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$8.0154	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$8.0307	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	1.989%	\$0.1597	\$8.1904	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0146	\$8.2050	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0019	\$8.2069	\$/Dth
DUKE ENERGY KENTUCKY FUEL	3.100%	\$0.2544	\$8.4613	\$/Dth
DTH TO MCF CONVERSION	1.0348	\$0.2945	\$8.7558	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.1130		\$0.9894	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$0.989	\$/Mcf

PROPANE :

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

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

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

AUGUST 31, 2007

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD JUNE 1, 2007 THROUGH AUGUST 31, 2007	\$	0.00
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0254
REFUNDS INCLUDING INTEREST (\$0.00 x 1.0254)	\$	0.00
DIVIDED BY 12 MONTH PROJECTED SALES ENDED NOVEMBER 30, 2008	MCF	10,784,229
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.000</u>

DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED

AUGUST 31, 2007

DESCRIPTION	UNIT	AMOUNT
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SUPPLIER

There were no refunds received during the quarter ending August 31, 2007.

TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA RAU 0.00

GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC.
ACTUAL ADJUSTMENT

DETAILS FOR THE THREE MONTH PERIOD ENDED

AUGUST 31, 2007

DESCRIPTION	UNIT	JUNE	JULY	AUGUST
<u>SUPPLY VOLUME PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	MCF	263,407	241,907	256,446
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	0	0	0
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(8,114)	(4,133)	2,042
TOTAL SUPPLY VOLUMES	MCF	<u>255,293</u>	<u>237,774</u>	<u>258,488</u>
<u>SUPPLY COST PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	\$	2,433,107	2,176,976	2,281,088
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	0	0	0
OTHER COSTS (SPECIFY):				
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>2,423,363</u>	<u>2,167,232</u>	<u>2,271,344</u>
<u>SALES VOLUMES</u>				
JURISDICTIONAL	MCF	266,143.4	225,137.3	212,962.5
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
TOTAL SALES VOLUMES	MCF	<u>266,143.4</u>	<u>225,137.3</u>	<u>212,962.5</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.105	9.626	10.665
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	<u>9.052</u>	<u>9.318</u>	<u>8.119</u>
DIFFERENCE	\$/MCF	0.053	0.308	2.546
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>266,143.4</u>	<u>225,137.3</u>	<u>212,962.5</u>
EQUALS MONTHLY COST DIFFERENCE	\$	<u>14,105.60</u>	<u>69,342.29</u>	<u>542,202.53</u>
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			625,650.42
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			<u>625,650.42</u>
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED NOVEMBER 30, 2008	MCF			10,784,229
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			<u>0.058</u>
AAU				

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

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, 2006	\$	(4,390,444.23)
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ (0.370) /MCF APPLIED TO TOTAL SALES OF 10,493,493 MCF (TWELVE MONTHS ENDED AUGUST 31, 2007)	\$	<u>(3,882,592.28)</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>(507,851.95)</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, 2006	\$	(24,250.64)
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ (0.002) /MCF APPLIED TO TOTAL SALES OF 10,493,493 MCF (TWELVE MONTHS ENDED AUGUST 31, 2007)	\$	<u>(20,986.96)</u>
BALANCE ADJUSTMENT FOR THE "RA"		<u>(3,263.68)</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, 2006	\$	229,490.67
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ 0.019 /MCF APPLIED TO TOTAL SALES OF 10,493,493 MCF (TWELVE MONTHS ENDED AUGUST 31, 2007)	\$	<u>199,376.38</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>30,114.29</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(481,001.34)</u>
DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED NOVEMBER 30, 2008	MCF	<u>10,784,229</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u>(0.045)</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>	
<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>				
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Rate GS, General Service.....	31	11/29/07	11/29/07	(C)
Reserved for Future Use.....	32			
Reserved for Future Use.....	33			
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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	
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FT - Interruptible Bills – No GCRT on FT over 1 Year.....	51	10/01/06	10/01/06	
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Reserved for Future Use.....	52			

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

Issued:

Effective: November 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>	
<u>TRANSPORTATION TARIFF SCHEDULES (Contd.)</u>				
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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	
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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	
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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			
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Reserved for Future Use.....	69			
<u>GAS COST RECOVERY RIDERS</u>				
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Reserved for Future Use.....	71			
Reserved for Future Use.....	72			
Reserved for Future Use.....	73			
Reserved for Future Use.....	74			
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Rider GCAT, Gas Cost Adjustment Transition Rider.....	77	11/29/07	11/29/07	(C)
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<u>MISCELLANEOUS</u>				
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 in Case No. _____.

Issued:

Effective: November 29, 2007

Issued by Sandra P. Meyer, President

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	\$0.9628	Equals	\$1.22967

(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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Issued: _____

Effective: November 29, 2007

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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	\$0.9628	Equals	\$1.17229

(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: _____

Issued by Sandra P. Meyer, President

Effective: November 29, 2007

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

KY.P.S.C. Gas No. 2
Fifth Revised Sheet No. 77
Cancelling and Superseding
Fourth Revised 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 \$0.04220 per 100 cubic feet. This rate shall be in effect during the month of December 2007 through February 2008 and shall be updated quarterly, concurrent with the Company's GCA filings.

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

Issued: _____

Effective: November 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 NOVEMBER 29, 2007

4TH QUARTER INT

DUKE ENERGY KENTUCKY, INC.
USED FOR GCA EFFECTIVE NOVEMBER 29, 2007
COMPUTATION OF THE INTEREST FACTOR
FOR THE GCA CALCULATION ON SCHEDULE II

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

INTEREST RATE	0.0466
PAYMENT	0.085452
ANNUAL TOTAL	1.0254
MONTHLY INTEREST	0.003883
AMOUNT	1

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	
JUNE 2007	5.21	
JULY 2007	5.20	
AUGUST 2007	5.24	62.44
SEPTEMBER 2007	4.71	61.96

PRIOR ANNUAL TOTAL	62.44
PLUS CURRENT MONTHLY RATE	4.71
LESS YEAR AGO RATE	5.19
NEW ANNUAL TOTAL	61.96
AVERAGE ANNUAL RATE	5.16
LESS 0.5% (ADMINISTRATIVE)	4.66

11/07/07

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

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,487,788.26	
adjustments	(66,954.32)	
IT monthly charges entered by Gas Supply	12,273.50	2,433,107
 <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>	9,744.00	(9,744)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
general ledger account 495030	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		2,423,363

ACCOUNTING ENTRY FOR DEFERRAL ONLY

	<u>AMOUNT</u>
ACCOUNT 191-40	14,105.60
ACCOUNT 805-10	(14,105.60)

11/07/07

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH June, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH June 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	263,407
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	(8,114)
TOTAL SUPPLY VOLUMES	MCF	<u>255,293</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,433,107
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>2,423,363</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	266,143.4
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>266,143.4</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.105
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>9.052</u>
DIFFERENCE	\$/MCF	0.053
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>266,143.4</u>
MONTHLY COST DIFFERENCE	\$	<u><u>14,105.60</u></u>

11/07/07

DUKE ENERGY COMPANY KENTUCKY

June, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	266,143.4	2,409,215.73	9.05232191
RA		(531.94)	
AA		136,260.81	
BA		<u>6,828.51</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>2,551,773.11</u></u>	
TOTAL SALES VOLUME	266,143.4		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>266,143.4</u></u>		
 <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	266,143.4	2,423,363.00	9.10547848
UNRECOVERED PURCHASED GAS COST		122,155.21	
ROUNDING(ADD/(DEDUCT))		<u>(41.67)</u>	
TOTAL GAS COST IN REVENUE		<u><u>2,545,476.54</u></u>	
TOTAL GAS COST RECOVERY(GCR)		2,551,773.11	
LESS: RA		(531.94)	
BA		<u>6,828.51</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u> </u>	
		<u><u>2,545,476.54</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		122,155.21	
LESS: AA		<u>136,260.81</u>	
MONTHLY COST DIFFERENCE		(14,105.60)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(14,147.27)</u>	
ROUNDING		<u><u>(41.67)</u></u>	

11/07/07

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

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,209,647.75	
adjustments	(44,124.74)	
IT monthly charges entered by Gas Supply	<u>11,452.66</u>	2,176,976
 <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
general ledger account 495030	0.00	
adjustments	<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>2,167,232</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLY

AMOUNT

ACCOUNT 191-40	69,342.29
ACCOUNT 805-10	(69,342.29)

11/07/07

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH July, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH</u> <u>July 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	241,907
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	(4,133)
TOTAL SUPPLY VOLUMES	MCF	<u>237,774</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,176,976
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>2,167,232</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	225,137.3
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>225,137.3</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.626
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>9.318</u>
DIFFERENCE	\$/MCF	0.308
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>225,137.3</u>
MONTHLY COST DIFFERENCE	\$	<u><u>69,342.29</u></u>

11/07/07

DUKE ENERGY COMPANY KENTUCKY

July, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	225,137.3	2,097,760.63	9.31769471
RA		(450.07)	
AA		135,015.00	
BA		<u>8,776.64</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>2,241,102.20</u></u>	
TOTAL SALES VOLUME	225,137.3		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>225,137.3</u></u>		
 <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	225,137.3	2,167,232.00	9.62626806
UNRECOVERED PURCHASED GAS COST		65,672.71	
ROUNDING(ADD/(DEDUCT))		<u>(129.08)</u>	
TOTAL GAS COST IN REVENUE		<u><u>2,232,775.63</u></u>	
TOTAL GAS COST RECOVERY(GCR)		2,241,102.20	
LESS: RA		(450.07)	
BA		<u>8,776.64</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u> </u>	
		<u><u>2,232,775.63</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		65,672.71	
LESS: AA		<u>135,015.00</u>	
MONTHLY COST DIFFERENCE		(69,342.29)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(69,471.37)</u>	
ROUNDING		<u><u>(129.08)</u></u>	

11/07/07

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

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,288,227.63	
adjustments	10,114.63	
IT monthly charges entered by Gas Supply	<u>(17,254.76)</u>	2,281,088
 <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	9,744.00	(9,744)
 LESS: TOP TRANSP. RECOVERIES	0.00	0
 LESS: GAS LOSSES - DAMAGED LINES	0.00	0
general ledger account 495030	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>2,271,344</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	542,202.53
ACCOUNT 805-10	(542,202.53)

11/07/07

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

August, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH</u> <u>August 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	256,446
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	2,042
TOTAL SUPPLY VOLUMES	MCF	258,488
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,281,088
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	\$	2,271,344
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	212,962.5
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	212,962.5
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	10.665
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	8.119
DIFFERENCE	\$/MCF	2.546
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	212,962.5
MONTHLY COST DIFFERENCE	\$	542,202.53

11/07/07

DUKE ENERGY COMPANY KENTUCKY

August, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	212,962.5	1,729,083.25	8.11919117
RA		(425.83)	
AA		143,058.09	
BA		<u>10,231.66</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>1,881,947.17</u></u>	
TOTAL SALES VOLUME	212,962.5		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>212,962.5</u></u>		
 <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	212,962.5	2,271,344.00	10.66546458
UNRECOVERED PURCHASED GAS COST		(399,144.44)	
ROUNDING(ADD/(DEDUCT))		<u>(58.22)</u>	
TOTAL GAS COST IN REVENUE		<u><u>1,872,141.34</u></u>	
TOTAL GAS COST RECOVERY(GCR)		1,881,947.17	
LESS: RA		(425.83)	
BA		<u>10,231.66</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u> </u>	
		<u><u>1,872,141.34</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(399,144.44)	
LESS: AA		<u>143,058.09</u>	
MONTHLY COST DIFFERENCE		(542,202.53)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(542,260.75)</u>	
ROUNDING		<u><u>(58.22)</u></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
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)	0.873	(0.013)	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)	0.873	(0.013)	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)	0.873	(0.013)	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	0.039	(0.370)	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	0.039	(0.370)	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	0.039	(0.370)	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	0.530	0.039	(0.370)	(0.004)	(0.050)	0.019	0.040	9.349
Apr-07	067	8.653	0.000	0.000	(0.002)	0.000	0.530	0.039	(0.370)	(0.004)	(0.050)	0.019	0.040	8.782
May-07	077	8.907	0.000	0.000	(0.002)	0.000	0.530	0.039	(0.370)	(0.004)	(0.050)	0.019	0.040	9.036
Jun-07	087	9.100	0.000	0.000	0.000	(0.002)	0.460	0.530	(0.370)	0.081	(0.004)	(0.050)	0.019	9.803
Jul-07	107	9.357	0.000	0.000	0.000	(0.002)	0.460	0.530	(0.370)	0.081	(0.004)	(0.050)	0.019	10.060
Aug-07	117	8.169	0.000	0.000	(0.002)	0.000	0.460	0.530	(0.370)	0.081	(0.004)	(0.050)	0.019	8.872
Sep-07	127	8.018	0.000	0.000	0.000	0.000	(0.655)	0.460	0.530	(0.003)	0.081	(0.004)	(0.050)	8.416
Oct-07	147	7.492	0.000	0.000	0.000	0.000	(0.655)	0.460	0.530	(0.003)	0.081	(0.004)	(0.050)	7.890
Nov-07	157	8.440	0.000	0.000	0.000	0.000	(0.655)	0.460	0.530	(0.003)	0.081	(0.004)	(0.050)	8.838