



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

RECEIVED

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**PUBLIC SERVICE
COMMISSION**

February 23, 2009

Kentucky Public Service Commission
Attn: Mr. Jeff Derouen, Executive Director
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 2006-00172

Dear Mr. Derouen:

Enclosed, pursuant to the above referenced case, are four (4) copies of Rider PSM, Profit Sharing Mechanism, for Duke Energy Kentucky. Also attached is an updated Index.

Please time-stamp the enclosed extra copies and return for our file. Thank you.

Very truly yours,

A handwritten signature in cursive script that reads 'Lisa Steinkuhl'.

Lisa Steinkuhl

Enclosure

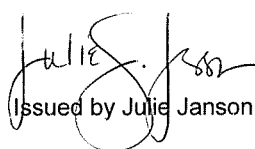
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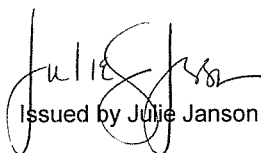
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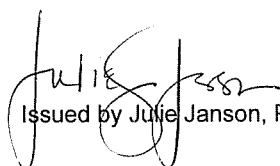
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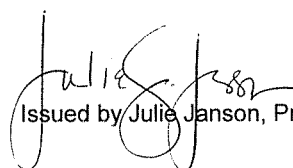
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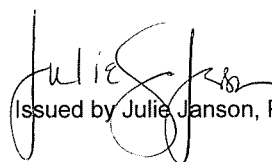
INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

COMMUNITIES SERVED:

Alexandria	Highland Heights
Bellevue	Independence
Boone County	Kenton County
Bromley	Kenton Vale
Campbell County	Lakeside Park
Cold Spring	Latonia Lakes
Covington	Ludlow
Crescent Park	Melbourne
Crescent Springs	Newport
Crestview	Park Hills
Crestview Hills	Pendleton County
Crittenden	Ryland Heights
Dayton	Silver Grove
Dry Ridge	Southgate
Edgewood	Taylor Mill
Elsmere	Union
Erlanger	Villa Hills
Fairview	Walton
Florence	Wilder
Fort Mitchell	
Fort Thomas	Woodlawn
Fort Wright	
Grant County	

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**RIDER PSM
OFF-SYSTEM POWER SALES AND EMISSION ALLOWANCE SALES
PROFIT SHARING MECHANISM**

APPLICABILITY

Applicable to all retail sales in the Company's electric service area, excluding interdepartmental sales, beginning with the billing month March 2009.

PROFIT SHARING RIDER FACTORS

The Applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of profits on off-system power sales and the net margins on sales of emission allowances.

The Company will compute its profits on off-system power sales and margins on emission allowance sales in the following manner:

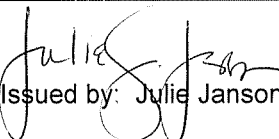
$$\text{Rider PSM Factor} = (P + E + R)/S$$

where:

- P = Eligible profits from off-system power sales for applicable month subject to sharing provisions established by the Commission in its Order in Case No. 2003-00252, dated December 5, 2003. The first 100% of profits up to \$1 million during the current year are credited 100% to customers. Cumulative profits for the current year in excess of \$1 million are shared between customers and shareholders on a 50%/50% basis. After December 31st of each year, the sharing mechanism will be reset.
- E = All net margins on sales of emission allowances are credited to customers per the Commission's Order in Case No. 2006-00172, dated December 21, 2006.
- R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.
- S = Current month sales in kWh used in the current month Rider FAC calculation.

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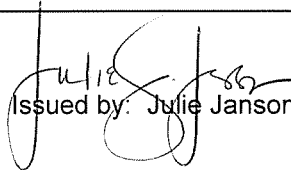
<u>Rate Group</u>	<u>Rate</u> (\$/ kWh)
Rate RS, Residential Service	(0.000477)
Rate DS, Service at Secondary Distribution Voltage	(0.000477)
Rate DP, Service at Primary Distribution Voltage	(0.000477)
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	(0.000477)
Rate EH, Optional Rate for Electric Space Heating	(0.000477)
Rate GS-FL, General Service Rate for Small Fixed Loads	(0.000477)
Rate SP, Seasonal Sports Service	(0.000477)
Rate SL, Street Lighting Service	(0.000477)
Rate TL, Traffic Lighting Service	(0.000477)
Rate UOLS, Unmetered Outdoor Lighting	(0.000477)
Rate OL, Outdoor Lighting Service	(0.000477)
Rate NSU, Street Lighting Service for Non-Standard Units	(0.000477)
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	(0.000477)
Rate SC, Street Lighting Service – Customer Owned	(0.000477)
Rate SE, Street Lighting Service – Overhead Equivalent	(0.000477)
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	(0.000477)
Other	(0.000477)

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 the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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