

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF DUKE)
ENERGY KENTUCKY, F/K/A/ THE) CASE NO. 2006-00347
UNION LIGHT, HEAT AND POWER)
COMPANY)

O R D E R

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

On July 11, 2006, Duke filed its GCA to be effective July 31, 2006. Duke previously obtained Commission approval to file its GCA within 20 days of the proposed effective date.²

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

1. Duke's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Duke's Expected Gas Cost ("EGC") is \$8.388 per Mcf, which is a decrease of 20.8 cents per Mcf from its previous EGC of \$8.596.

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

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

3. Duke's notice sets out no current refund adjustment ("RA"). Duke's notice sets out a total RA of (.4) cent per Mcf, which is no change from its previous total RA.

4. Duke's notice sets out no current quarter actual adjustment ("AA"). Duke's notice sets out a total AA of 36.7 cents per Mcf, which is no change from its previous total AA.

5. Duke's notice sets out no current quarter balancing adjustment ("BA"). Duke's notice sets out a total BA of 2.3 cents per Mcf, which is no change from its previous total BA.

6. Duke's gas cost recovery rate ("GCR") is \$8.774 per Mcf, which is a decrease of 20.8 cents per Mcf from its previous GCR of \$8.982.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Duke on and after July 31, 2006.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after July 31, 2006.

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

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

By the Commission

~~ATTEST~~


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00347 DATED JULY 20, 2006

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

GAS SERVICE RATES

RATE RS
RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.26687	plus	\$.8774	\$1.14427

RATE GS
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.20949		\$.8774	\$1.08689

RIDER GCAT
GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge or (credit) shall be .03860 cents per 100 cubic feet. This rate shall be in effect during the months of June 2006 through August 2006 and shall be updated quarterly, concurrent with the Company's GCA filings.