



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

Case No.

2006-00543

December 11, 2006

RECEIVED

DEC 11 2006

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 January 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 January 2, 2007 and the NYMEX on December 7, 2006 for the month of January, 2007.

The above described schedules and GCA are effective with the final meter readings of District 1, January 2007, revenue month (i.e., final meter readings on and after January 2, 2007).

Duke's proposed GCA is \$9.769 per Mcf. This rate represents a decrease of \$0.077 per Mcf from the rate currently in effect for December 2006.

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

Very truly yours,

Lisa Steinkuhl

Enclosure

COMPANY NAME: DUKE ENERGY KENTUCKY, INC.  
GAS COST ADJUSTMENT CLAUSE RATE CALCULATIONS  
SUPPLEMENTAL MONTHLY REPORT

PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	9.297
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.002)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.469
BALANCE ADJUSTMENT (BA)	\$/MCF	0.005
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA + BA	\$/MCF	<u>9.769</u>

GAS COST RECOVERY RATE EFFECTIVE DATES: JANUARY 2, 2007 THROUGH JANUARY 30, 2007

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	9.297

SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.002)
SECOND PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
THIRD PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	<u>0.000</u>
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.002)

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	0.039
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.370)
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.073)
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>0.873</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.469

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	(0.050)
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.019
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.040
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>(0.004)</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	0.005

THIS MONTHLY REPORT FILED PURSUANT TO CASE NO. 2003-00386  
OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED November 6, 2003

DATE FILED: December 11, 2006

BY: PAUL G. SMITH  
TITLE: VICE-PRESIDENT, RATES

**PURCHASED GAS ADJUSTMENT**  
**COMPANY NAME: DUKE ENERGY KENTUCKY, INC.**

**SUPPLEMENTAL MONTHLY REPORT**

**EXPECTED GAS COST RATE CALCULATION**

DETAILS FOR THE EGC RATE IN EFFECT AS OF  
PROJECTED VOLUME FOR THE TWELVE MONTH PERIOD ENDED

JANUARY 2, 2007  
NOVEMBER 30, 2007

\$

**DEMAND (FIXED) COSTS:**

Columbia Gas Transmission Corp.	2,600,057
Tennessee Gas Pipeline	1,304,640
Columbia Gulf Transmission Corp.	1,208,628
K O Transmission Company	307,584
Gas Marketers	156,545
<b>TOTAL DEMAND COST:</b>	<u>5,577,454</u>

PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES: 11,850,037 MCF

**DEMAND (FIXED) COMPONENT OF EGC RATE**    \$5,577,454    /    11,850,037 MCF    **\$0.471 /MCF**

**COMMODITY COSTS:**

Gas Marketers	\$7.393 /MCF
Gas Storage	
Columbia Gas Transmission	\$1.392 /MCF
Propane	\$0.041 /MCF
<b>COMMODITY COMPONENT OF EGC RATE:</b>	<u><b>\$8.826 /MCF</b></u>

**TOTAL EXPECTED GAS COST:**    **\$9.297 /MCF**

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY, INC.**

**DETAILS FOR THE EGC RATE IN EFFECT AS OF : JANUARY 2, 2007**

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

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$8.4633	\$/Dth
DUKE FUEL	1.300%	\$0.1100	\$8.5733	\$/Dth
DTH TO MCF CONVERSION	1.0365	\$0.3129	\$8.8862	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.8320		\$7.3933	\$/Mcf
<b>GAS MARKETERS COMMODITY RATE</b>			<b>\$7.393</b>	<b>\$/Mcf</b>

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$8.0852	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$8.1005	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.083%	\$0.1687	\$8.2692	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0154	\$8.2846	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0016	\$8.2862	\$/Dth
DUKE FUEL	1.300%	\$0.1077	\$8.3939	\$/Dth
DTH TO MCF CONVERSION	1.0365	\$0.3064	\$8.7003	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.1600		\$1.3920	\$/Mcf
<b>GAS STORAGE COMMODITY RATE - COLUMBIA GAS</b>			<b>\$1.392</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	0.0080		\$0.0407	\$/Mcf
<b>PROPANE COMMODITY RATE</b>			<b>\$0.041</b>	<b>\$/Mcf</b>

(1) Weighted average cost of gas based on NYMEX prices on 12/07/2006 and contracted hedging prices.

## 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	
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Gas Space Heating Regulations.....	28	10/01/06	10/01/06	
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<b><u>FIRM SERVICE TARIFF SCHEDULES</u></b>				
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Rate GS, General Service.....	31	01/02/07	01/02/07	(C)
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<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	
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Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued:

Effective: January 2, 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
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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
Cash Out – Buy from Pool.....	58	10/01/06	10/01/06
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	10/01/06	10/01/06
Rider AMRP, Accelerated Main Replacement Program Rider.....	63	10/01/06	10/01/06
Rider MSR-G.....	64	10/01/06	10/01/06
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Local Franchise Fee.....	82	10/01/06	10/01/06
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**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</u> <u>Rate</u>		<u>Gas Cost</u> <u>Adjustment</u>		<u>Total Rate</u>	
Plus a commodity Charge for all CCF at	\$0.26687	plus	\$0.9769	Equals	\$1.24377	(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.

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Effective: January 2, 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	\$0.9769	Equals	\$1.18639	<b>(R)</b>

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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