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COMMISSION

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John J. Finnigan, Jr.
Associate General Counsel

VIA OVERNIGHT MAIL

January 4, 2008

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

Re: *In the Matter of the Application of Duke Energy Kentucky, Inc. for an Order to Enter Into up to \$25,000,000 Principal Amount of Capital Lease Obligations, Case No. 2006-00562*

Dear Ms. O'Donnell:

Duke Energy Kentucky, Inc. recently entered into the following meter lease:

Date:	December 31, 2007
Lessee:	Duke Energy Kentucky, Inc.
Lessor:	Banc of America Leasing & Capital, LLC
Assigned to:	Winmark Special Finance, LLC
Amount:	\$3,066,954.76
Term:	10 years
Monthly Rental:	\$31,633.80
Payable:	January 31, 2008 and the of each month thereafter
Early Buy Out Date:	December 31, 2016
Early Buy Out Amount:	\$528,013.07
Early Buy Out Implicit Rate:	5.11%

The Company is reporting this transaction, as required by the Commission's January 31, 2007 Order in this case.

Sincerely,

John J. Finnigan, Jr.
Associate General Counsel

JJF/bjl

cc: Mr. Joachim W. Castelsky