



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

February 9, 2007

RECEIVED

FEB 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:

Case No. 2007-00065

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 March 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 March 1, 2007 and the NYMEX on February 7, 2007 for the month of March, 2007.

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

Duke's proposed GCA is \$9.349 per Mcf. This rate represents an increase of \$0.165 per Mcf from the rate currently in effect for February 2007.

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

Very truly yours,

Lisa Steinkuhl

Enclosure

1ST QUARTER COVER

DUKE ENERGY KENTUCKY, INC
GAS COST ADJUSTMENT CLAUSE

Case No. 2007-00065
RECEIVED

FEB 09 2007

QUARTERLY REPORT

PUBLIC SERVICE
COMMISSION

GAS COST RECOVERY RATES EFFECTIVE FROM MARCH 1, 2007 THROUGH MARCH 29, 2007

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	9.220
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.002)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.126
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.005</u>
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>9.349</u>

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	9.220

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	(0.002)
THIRD PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	<u>0.000</u>
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.002)

ACTUAL ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	0.530
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.039
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.370)
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>(0.073)</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.126

BALANCE ADJUSTMENT CALCULATION

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

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

DATE FILED: February 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 MARCH 1, 2007

			<u>\$</u>
<u>DEMAND (FIXED) COSTS:</u>			
Columbia Gas Transmission Corp.			2,605,713
Texas Gas Transmission			1,304,640
Columbia Gulf Transmission Corp.			1,208,628
K O Transmission Company			307,584
Gas Marketers			<u>156,545</u>
TOTAL DEMAND COST:			5,583,110
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:		11,894,280	MCF
DEMAND (FIXED) COMPONENT OF EGC RATE:	\$5,583,110	/	11,894,280 MCF \$0.469 /MCF
 <u>COMMODITY COSTS:</u>			
Gas Marketers			\$7.844 /MCF
Gas Storage			
Columbia Gas Transmission			\$0.887 /MCF
Propane			<u>\$0.020 /MCF</u>
COMMODITY COMPONENT OF EGC RATE:			\$8.751 /MCF
 TOTAL EXPECTED GAS COST:			 <u><u>\$9.220 /MCF</u></u>

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : MARCH 1, 2007

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
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INTERSTATE PIPELINE : **COLUMBIA GAS TRANSMISSION CORP.**

TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2007

SST: 2/1/2007

BILLING DEMAND - TARIFF RATE - FSS

Max. Daily Withdrawl Quan.	1.5050	39,656	12	716,187
Seasonal Contract Quantity	0.0290	1,365,276	12	475,116

BILLING DEMAND - TARIFF RATE - SST

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

BILLING DEMAND - TARIFF RATE - STF

Max. Daily Quantity Zone 4	0.3200	27,000	151	1,304,640
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CAPACITY RELEASE CREDIT

0

TOTAL TEXAS GAS TRANSMISSION DEMAND CHARGES

1,304,640

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

	Base Tariff Rate	Transportation Cost		Electric Power Costs Adjustment	Annual Change	Total Effective Rate	Daily Rate
		Rate Adjustment	Surcharge				
Rate Schedule FSS							
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	Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current Surcharge	Electric Power Costs Adjustment Current Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule SST	Reservation Charge 3/	\$ 5.448	-0.017	0.029	-	DISCOUNTED TO 3.963 5.814	0.191
	Commodity						
	Maximum	¢ 1.02	0.00	0.26	0.16	1.70	1.70
	Minimum	¢ 1.02	0.00	0.26	0.16	1.70	1.70
	Overrun	¢ 18.93	-0.06	0.36	0.16	20.81	20.81
Rate Schedule GTS	Commodity						
	Maximum	¢ 74.83	-0.11	0.45	0.16	77.92	77.92
	Minimum	¢ 3.08	-0.11	0.26	0.16	3.65	3.65
	MFC	¢ 71.75	0.00	0.19	-	74.27	74.27

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

June 28, 2006

Mr. Jim Henning
Duke Energy Kentucky, Inc.
139 East 4th Street #EM025
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 Energy) for a discounted transportation rate for the time period listed below. Accordingly, Texas Gas is willing to offer Duke Energy the following discount:

Contract No.:	T025693
Rate Schedule:	<u>STF</u>
Time Period:	November 1, 2006 through March 31, 2007
Contract Demand:	<u>27,000 MMBtu per day</u>
Qualified Delivery Points:	ULH&P/Zone 4, Meter No. 1872 Lebanon-Dominion, Meter No. 1247 Lebanon-Columbia, Meter No. 1715 Lebanon-Texas Eastern, Meter No. 1859
Qualified Deliveries:	Qualified Deliveries shall include all quantities transported on any day to the Qualified Delivery Points up to a total of 27,000 MMBtu. Qualified Deliveries shall not exceed 27,000 MMBtu on any day.
Commodity Rate:	Texas Gas' effective maximum commodity rate, plus applicable fuel
Discounted Demand Rate:	Duke Energy's reservation rate will be discounted in a specified relationship to the quantities actually transported to the Qualified Delivery Points as follows: The discounted <u>daily reservation rate</u> each month applicable to the portion of Duke Energy's daily contract demand delivered to the Qualified Delivery Points (Qualified Quantities) during any month will be equal to <u>\$0.32 per</u>

MMBtu times the sum of the Qualified Quantities for such month, less the total commodity charges applicable to the sum of the Qualified Quantities for the month, divided by the sum of the Qualified Quantities for the month.

Discount Restrictions:

The Discounted Demand Rate is limited to quantities delivered at the Qualified Delivery Points specified above. **TO THE EXTENT THAT DUKE ENERGY OR ITS REPLACEMENT SHIPPER(S) DELIVER GAS TO AN ALTERNATE DELIVERY POINT(S) OR DELIVER MORE THAN 27,000 MMBTU ON ANY DAY, THEN THE DISCOUNTED DEMAND RATE PROVIDED ABOVE SHALL NOT APPLY TO AN EQUIVALENT PORTION OF DUKE ENERGY'S CONTRACT DEMAND. IN SUCH CASE, DUKE ENERGY SHALL PAY THE MAXIMUM ZONE SL TO ZONE 4 STF RESERVATION RATE PLUS THE MAXIMUM COMMODITY RATE MULTIPLIED BY THE QUANTITY TRANSPORTED USING THE ALTERNATE DELIVERY POINTS OR IN EXCESS OF 27,000 MMBTU/DAY.** Duke Energy shall continue to receive the Discounted Demand Rate for the remainder of its contract demand, if any, in excess of the quantity delivered to the alternate delivery Points.

Duke Energy will never pay more than the currently effective maximum tariff rates or less than the currently effective minimum tariff rates.

If Duke Energy is agreeable to this discount, please return this original Discount Letter within ten (10) business days to guarantee the discount rate listed above, along with the short-term firm transportation agreement between Texas Gas and Duke Energy, dated June 28, 2006. If any changes are made, please initial and forward both originals to Texas Gas.

Very truly yours,

TEXAS GAS TRANSMISSION LLC

Kathy F. Kirk
Kathy F. Kirk
Vice President, Commercial Services
WWM 07
2006 9/22

Accepted and agreed to this 1st day of SEPTEMBER, 2006.

DUKE ENERGY KENTUCKY, INC.
By Patricia K. Walker
Title GVP, OH/KY GAS OPS

OK
07
8/22

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : _____ MARCH 1, 2007 _____

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
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INTERSTATE PIPELINE : **COLUMBIA GULF TRANSMISSION CORP.**

TARIFF RATE EFFECTIVE DATE : FTS-1: 10/1/2006
FTS-2: 10/1/2006

BILLING DEMAND - TARIFF RATE - FTS-1

Maximum Daily Quantity	3.1450	18,000	5	283,050
Maximum Daily Quantity	3.1450	22,782	5	358,247
Maximum Daily Quantity	3.1450	17,598	7	387,420

BILLING DEMAND - TARIFF RATE - FTS-2

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
CAPACITY RELEASE CREDIT FOR FTS-2

0
0

TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES

1,208,628

INTERSTATE PIPELINE : **KO TRANSMISSION COMPANY**

TARIFF RATE EFFECTIVE DATE : 10/1/2006

BILLING DEMAND - TARIFF RATE - FT

Maximum Daily Quantity	0.3560	72,000	12	307,584
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CAPACITY RELEASE CREDIT

0

TOTAL KO TRANSMISSION CO. DEMAND CHARGES

307,584

VARIOUS GAS MARKETERS FIXED (RESERVATION) CHARGES :

November - March	0.0042	11,484,994		48,545
December - February	0.2222	486,000		108,000

TOTAL GAS MARKETERS FIXED CHARGES

156,545

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) \$	Company Use and Unaccounted For (6) %
3.1450	-	3.1450	3.1450	0.1034	-
0.0170	0.0016	0.0186	0.0186	0.0186	2.265
0.0170	0.0016	0.0186	0.0186	0.0186	2.265
0.1204	0.0016	0.1220	0.1220	0.1220	2.265

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	0.0016	0.0018	0.0018	0.0018	0.341
Minimum	0.0002	0.0016	0.0018	0.0018	0.0018	0.341
Overrun	0.0880	0.0016	0.0896	0.0896	0.0896	0.341
Onshore Laterals						
Reservation Charge 2/	1.0603	-	1.0603	1.0603	0.0349	-
Commodity						
Maximum	0.0017	0.0016	0.0033	0.0033	0.0033	0.571
Minimum	0.0017	0.0016	0.0033	0.0033	0.0033	0.571
Overrun	0.0366	0.0016	0.0382	0.0382	0.0382	0.571
Offsystem-Onshore						
Reservation Charge 2/	2.5255	-	2.5255	2.5255	0.0830	-
Commodity						
Maximum	0.0070	0.0016	0.0086	0.0086	0.0086	-
Minimum	0.0070	0.0016	0.0086	0.0086	0.0086	-
Overrun	0.0900	0.0016	0.0916	0.0916	0.0916	-

DISCOUNTED TO 0.9995
 1.0603

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	\$0.0016	\$0.0016
Minimum	\$0.0000	\$0.0016	\$0.0016
Overrun	\$0.0117	\$0.0016	\$0.0133

RATE SCHEDULE ITS

Commodity			
Maximum	\$0.0117	\$0.0016	\$0.0133
Minimum	\$0.0000	\$0.0016	\$0.0016

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 0.62%

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.

2/7/2007

**DUKE ENERGY KENTUCKY
TOTAL RESERVATION COSTS FROM FIRM SUPPLIERS
ESTIMATED FOR EGC EFFECTIVE 3/1/2007**

TOTAL ANNUAL RESERVATION COST:

TOTAL DOLLARS \$ 48,545 (1)

TOTAL ANNUAL COVERAGE:

CITY GATE VOLUMES 11,484,994 DTH (2)

CALCULATED RATE: \$ 0.0042 PER DTH

(1) Reservation charges billed by firm suppliers for 2006 - 2007.

(2) Contracted volumes for the 2006 - 2007 winter season.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : MARCH 1, 2007

GAS COMMODITY RATE FOR MARCH, 2007:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$8.3608	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.300%	\$0.1087	\$8.4695	\$/Dth
DTH TO MCF CONVERSION	1.0359	\$0.3041	\$8.7736	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.8940		\$7.8436	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$7.844	\$/Mcf

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 ENERGY KENTUCKY FUEL	1.300%	\$0.1077	\$8.3939	\$/Dth
DTH TO MCF CONVERSION	1.0359	\$0.3013	\$8.6952	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.1020		\$0.8869	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$0.887	\$/Mcf

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.34268	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.7427	\$5.0854	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0040		\$0.0203	\$/Mcf
PROPANE COMMODITY RATE			\$0.020	\$/Mcf

(1) Weighted average cost of gas based on NYMEX prices on 02/07/07 and contracted hedging prices.

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

NOVEMBER 30, 2006

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD SEPTEMBER 1, 2006 THROUGH NOVEMBER 30, 2006	\$	0.00
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0248
REFUNDS INCLUDING INTEREST (\$0.00 x 1.0248)	\$	0.00
DIVIDED BY TWELVE MONTH SALES ENDED FEBRUARY 28, 2008	MCF	11,928,242.0
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.00</u>

DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED

NOVEMBER 30, 2006

DESCRIPTION	UNIT	AMOUNT
<u>SUPPLIER</u>		
<i>There were no refunds received during the quarter ending November 30, 2006.</i>	\$	-
TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA	\$	<u>0.00</u>

RAU

GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC
ACTUAL ADJUSTMENT
DETAILS FOR THE THREE MONTH PERIOD ENDED **NOVEMBER 30, 2006**

DESCRIPTION	UNIT	SEPTEMBER	OCTOBER	NOVEMBER
<u>SUPPLY VOLUME PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	MCF	293,997	727,026	1,078,920
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	(30,802)	0	0
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(10,569)	(10,488)	(8,396)
TOTAL SUPPLY VOLUMES	MCF	252,626	716,538	1,070,524
<u>SUPPLY COST PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	\$	2,705,797	5,855,659	9,626,361
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	(122,875)	0	0
OTHER COSTS (SPECIFY):				
CMT MANAGEMENT FEE	\$	(20,483)	(20,483)	(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	\$	2,562,439	5,835,176	9,616,617
<u>SALES VOLUMES</u>				
JURISDICTIONAL	MCF	223,264.9	341,070.9	853,024.2
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
TOTAL SALES VOLUMES	MCF	223,264.9	341,070.9	853,024.2
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	11.477	17.108	11.274
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	9.181	8.227	8.009
DIFFERENCE	\$/MCF	2.296	8.881	3.265
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	223,264.9	341,070.9	853,024.2
EQUALS MONTHLY COST DIFFERENCE	\$	512,616.21	3,029,050.66	2,785,124.01
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			6,326,790.88
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			6,326,790.88
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED <u>FEBRUARY 28, 2008</u>	MCF			11,928,242.0
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			0.530
AAU				

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC
BALANCE ADJUSTMENT
DETAILS FOR THE TWELVE MONTH PERIOD ENDED NOVEMBER 30, 2006**

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 DECEMBER 1, 2005	\$	(142,564.14)
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ (0.013) /MCF APPLIED TO TOTAL SALES OF 9,989,969 MCF (TWELVE MONTHS ENDED NOVEMBER 30, 2006)	\$	<u>(129,869.60)</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>(12,694.54)</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 DECEMBER 1, 2005	\$	0.00
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ 0.000 /MCF APPLIED TO TOTAL SALES OF 9,989,969 MCF (TWELVE MONTHS ENDED NOVEMBER 30, 2006)	\$	<u>0.00</u>
BALANCE ADJUSTMENT FOR THE "RA"		<u>0.00</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 DECEMBER 1, 2005	\$	(259,828.06)
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ (0.023) /MCF APPLIED TO TOTAL SALES OF 9,989,969 MCF (TWELVE MONTHS ENDED NOVEMBER 30, 2006)	\$	<u>(229,769.26)</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>(30,058.80)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(42,753.34)</u>
DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED FEBRUARY 28, 2008	MCF	<u>11,928,242</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u>(0.004)</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	03/01/07	03/01/07	(C)
Reserved for Future Use.....	32			
Reserved for Future Use.....	33			
Reserved for Future Use.....	34			
Reserved for Future Use.....	35			
Reserved for Future Use.....	36			
Reserved for Future Use.....	37			
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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			
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<u>TRANSPORTATION TARIFF SCHEDULE</u>				
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Summer Minimum Service.....	50	10/01/06	10/01/06	
Unauthorized Delivery.....	50	10/01/06	10/01/06	
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FT Bills – No GCRT.....	51	10/01/06	10/01/06	
FT Bills – With GCRT.....	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: March 1, 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	
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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	
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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	
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.....	74			
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Rider GCAT, Gas Cost Adjustment Transition Rider.....	77	03/01/07	03/01/07	(C)
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Issued by authority of an Order of the Kentucky Public Service Commission dated _____
 in Case No. _____.

Issued:

Effective: March 1, 2007

Issued by Sandra P. Meyer, President

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

KY.P.S.C. Gas No. 2
 Fifth Revised Sheet No. 30
 Cancelling and Superseding
 Fourth Revised Sheet No. 30
 Page 1 of 1

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	\$0.9349	Equals	\$1.20177	(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.

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

Issued:

Issued by Sandra P. Meyer, President

Effective: March 1, 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	\$0.9349	Equals	\$1.14439	(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.

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

Issued:

Effective: March 1, 2007

Issued by Sandra P. Meyer, President

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

KY.P.S.C. Gas No. 2
Second Revised Sheet No. 77
Cancelling and Superseding
First 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 \$0.01290 per 100 cubic feet. This rate shall be in effect during the month of March 2007 through May 2007 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: March 1, 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 MARCH 1, 2007

1ST QUARTER INT

DUKE ENERGY Kentucky, Inc.
USED FOR GCA EFFECTIVE MARCH 1, 2007

COMPUTATION OF THE INTEREST FACTOR
FOR THE GCA CALCULATION ON SCHEDULE II

TWELVE MONTHS ENDED DECEMBER 31, 2006
BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)

INTEREST RATE	0.0455
PAYMENT	0.085401
ANNUAL TOTAL	1.0248
MONTHLY INTEREST	0.003792
AMOUNT	1

DECEMBER	2005	4.38	
JANUARY	2006	4.54	
FEBRUARY	2006	4.66	
MARCH	2006	4.83	
APRIL	2006	4.93	
MAY	2006	5.05	
JUNE	2006	5.31	
JULY	2006	5.30	
AUGUST	2006	5.22	
SEPTEMBER	2006	5.19	
OCTOBER	2006	5.20	
NOVEMBER	2006	5.21	59.82
DECEMBER	2006	5.20	60.64

PRIOR ANNUAL TOTAL	59.82
PLUS CURRENT MONTHLY RATE	5.20
LESS YEAR AGO RATE	4.38
NEW ANNUAL TOTAL	60.64
AVERAGE ANNUAL RATE	5.05
LESS 0.5% (ADMINISTRATIVE)	4.55

DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST
MONTH OF SEPTEMBER, 2006

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,806,474.94	
adjustments	(92,414.55)	
IT monthly charges entered by Gas Supply	(8,263.27)	2,705,797
<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	(122,875.11)	(122,875)
<u>LESS: X-5 TARIFF</u>	0.00	0
LESS CMT MANAGEMENT FEE	20,483.00	(20,483)
LESS: TOP TRANSP. RECOVERIES	0.00	0
LESS: GAS LOSSES - DAMAGED LINES	0.00	0
adjustments	0.00	
	0.00	0
LESS: GAS COST CREDIT	0.00	0
<u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	0.00	0
TOTAL SUPPLY COSTS		2,562,439

ACCOUNTING ENTRY FOR DEFERRAL ONLY

	<u>AMOUNT</u>
ACCOUNT 191-40	512,616.21
ACCOUNT 805-10	(512,616.21)

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

SEPTEMBER, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH SEPTEMBER, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	293,997
Utility Production	MCF	0
Includable Propane	MCF	(30,802)
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(10,569)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>252,626</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,705,797
Includable Propane	\$	(122,875)
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(20,483)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>2,562,439</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	223,264.9
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	<u></u>
TOTAL SALES VOLUME	MCF	<u>223,264.9</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	11.477
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>9.181</u>
DIFFERENCE	\$/MCF	2.296
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>223,264.9</u>
MONTHLY COST DIFFERENCE	\$	<u><u>512,616.21</u></u>

DUKE ENERGY COMPANY KENTUCKY

SEPTEMBER, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	223,264.9	2,049,845.24	9.18122481
RA		(359.08)	
AA		106,556.24	
BA		<u>5,964.46</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>2,162,006.86</u>	
TOTAL SALES VOLUME	223,264.9		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>223,264.9</u>		
<u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	223,264.9	2,562,439.00	11.47712426
UNRECOVERED PURCHASED GAS COST		(406,059.97)	
ROUNDING(ADD/(DEDUCT))		<u>22.45</u>	
TOTAL GAS COST IN REVENUE		<u>2,156,401.48</u>	
TOTAL GAS COST RECOVERY(GCR)		2,162,006.86	
LESS: RA		(359.08)	
BA		<u>5,964.46</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u> </u>	
		<u>2,156,401.48</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(406,059.97)	
LESS: AA		<u>106,556.24</u>	
MONTHLY COST DIFFERENCE		(512,616.21)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(512,593.76)</u>	
ROUNDING		<u>22.45</u>	

**DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST
MONTH OF OCTOBER, 2006**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$.
current month	5,951,921.10	
adjustments	(88,647.50)	
IT monthly charges entered by Gas Supply	<u>(7,614.19)</u>	5,855,659
 <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>	20,483.00	(20,483)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
adjustments	0.00	
	<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>5,835,176</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	3,029,050.66
ACCOUNT 805-10	(3,029,050.66)

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

OCTOBER, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH OCTOBER, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	727,026
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(10,488)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>716,538</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	5,855,659
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	\$	(20,483)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>5,835,176</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	341,070.9
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	<u> </u>
TOTAL SALES VOLUME	MCF	<u>341,070.9</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	17.108
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>8.227</u>
DIFFERENCE	\$/MCF	8.881
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>341,070.9</u>
MONTHLY COST DIFFERENCE	\$	<u><u>3,029,050.66</u></u>

DUKE ENERGY COMPANY KENTUCKY

OCTOBER, 2006

	<u>Applied MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	341,070.9	2,805,864.16	8.22663018
RA		(662.03)	
AA		143,166.81	
BA		<u>10,461.36</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>2,958,830.30</u></u>	
TOTAL SALES VOLUME	341,070.9		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>341,070.9</u></u>		
 <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	341,070.9	5,835,176.00	17.10839594
UNRECOVERED PURCHASED GAS COST		(2,885,883.85)	
ROUNDING(ADD/(DEDUCT))		<u>(261.18)</u>	
TOTAL GAS COST IN REVENUE		<u><u>2,949,030.97</u></u>	
TOTAL GAS COST RECOVERY(GCR)		2,958,830.30	
LESS: RA		(662.03)	
BA		<u>10,461.36</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u> </u>	
		<u><u>2,949,030.97</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(2,885,883.85)	
LESS: AA		<u>143,166.81</u>	
MONTHLY COST DIFFERENCE		(3,029,050.66)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(3,029,311.84)</u>	
ROUNDING		<u><u>(261.18)</u></u>	

DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST
MONTH OF NOVEMBER, 2006

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	9,697,275.54	
adjustments	(70,693.72)	
IT monthly charges entered by Gas Supply	(221.08)	
	<hr/>	9,626,361
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	0.00	
	<hr/>	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
	0.00	
adjustments	0.00	
	<hr/>	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	0.00	
	<hr/>	0
 TOTAL SUPPLY COSTS		 <hr/> <hr/> 9,616,617

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	2,785,124.01
ACCOUNT 805-10	(2,785,124.01)

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

NOVEMBER, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH NOVEMBER, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	1,078,920
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(8,396)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>1,070,524</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	9,626,361
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	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>9,616,617</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	853,024.2
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>853,024.2</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	11.274
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>8.009</u>
DIFFERENCE	\$/MCF	3.265
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>853,024.2</u>
MONTHLY COST DIFFERENCE	\$	<u><u>2,785,124.01</u></u>

DUKE ENERGY COMPANY KENTUCKY

NOVEMBER, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	853,024.2	6,831,507.06	8.00857357
RA		(1,693.09)	
AA		356,297.68	
BA		26,999.95	
		<u>7,213,111.60</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>7,213,111.60</u>	
TOTAL SALES VOLUME	853,024.2		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>853,024.2</u>		
<u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>			
SUPPLIER COST - CURRENT MONTH	853,024.2	9,616,617.00	11.27355707
UNRECOVERED PURCHASED GAS COST		(2,428,826.33)	
ROUNDING(ADD/(DEDUCT))		14.07	
		<u>7,187,804.74</u>	
TOTAL GAS COST IN REVENUE		<u>7,187,804.74</u>	
TOTAL GAS COST RECOVERY(GCR)		7,213,111.60	
LESS: RA		(1,693.09)	
BA		26,999.95	
		<u>7,187,804.74</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>7,187,804.74</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(2,428,826.33)	
LESS: AA		356,297.68	
		<u>(2,072,528.65)</u>	
MONTHLY COST DIFFERENCE		(2,785,124.01)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(2,785,109.94)</u>	
ROUNDING		<u>14.07</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	3RD PREV		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Jan-05	015	7.611	0.000	(0.001)	0.000	0.000	(0.320)	0.144	0.347	(0.013)	0.023	(0.041)	0.031	0.031	0.031	0.031	7.736
Feb-05	035	7.277	0.000	(0.001)	0.000	0.000	(0.320)	0.144	0.347	(0.013)	0.023	(0.041)	0.031	0.031	0.031	0.031	7.402
Mar-05	045	7.305	0.000	0.000	(0.001)	0.000	(0.045)	0.362	(0.320)	(0.004)	(0.013)	0.023	(0.041)	(0.041)	(0.041)	(0.041)	7.410
Apr-05	065	7.941	0.000	0.000	(0.001)	0.000	(0.045)	0.362	(0.320)	(0.004)	(0.013)	0.023	(0.041)	(0.041)	(0.041)	(0.041)	8.046
May-05	075	8.193	0.000	0.000	(0.001)	0.000	(0.045)	0.362	(0.320)	(0.004)	(0.013)	0.023	(0.041)	(0.041)	(0.041)	(0.041)	8.298
Jun-05	085	7.764	(0.002)	0.000	0.000	(0.001)	0.070	0.362	(0.045)	0.052	(0.004)	(0.013)	0.023	0.023	0.023	0.023	7.886
Jul-05	105	8.015	(0.002)	0.000	0.000	(0.001)	0.070	0.362	(0.045)	0.052	(0.004)	(0.013)	0.023	0.023	0.023	0.023	8.137
Aug-05	115	8.389	(0.002)	0.000	0.000	(0.001)	0.070	0.362	(0.045)	0.052	(0.004)	(0.013)	0.023	0.023	0.023	0.023	8.511
Sep-05	125	9.339	(0.004)	(0.002)	0.000	0.000	(0.420)	0.362	(0.045)	0.010	0.052	(0.004)	(0.013)	(0.013)	(0.013)	(0.013)	9.345
Oct-05	145	11.591	(0.004)	(0.002)	0.000	0.000	(0.420)	0.362	(0.045)	0.010	0.052	(0.004)	(0.013)	(0.013)	(0.013)	(0.013)	11.597
Nov-05	155	13.010	(0.004)	(0.002)	0.000	0.000	(0.420)	0.362	(0.045)	0.010	0.052	(0.004)	(0.013)	(0.013)	(0.013)	(0.013)	13.016
Dec-05	165	12.219	0.000	(0.004)	(0.002)	0.000	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	(0.004)	(0.004)	(0.004)	12.247
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)	(0.004)	(0.004)	(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)	(0.004)	(0.004)	(0.004)	10.336
Mar-06	046	8.948	0.000	0.000	(0.004)	(0.002)	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	0.052	0.052	0.052	9.487
Apr-06	066	8.391	0.000	0.000	(0.004)	(0.002)	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	0.052	0.052	0.052	8.930
May-06	076	9.131	0.000	0.000	(0.004)	(0.002)	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	0.052	0.052	0.052	9.670
Jun-06	086	9.142	0.000	0.000	0.000	(0.004)	(0.013)	(0.420)	0.070	0.040	(0.004)	(0.023)	0.010	0.010	0.010	0.010	9.528
Jul-06	106	8.596	0.000	0.000	0.000	(0.004)	(0.013)	(0.420)	0.070	0.040	(0.004)	(0.023)	0.010	0.010	0.010	0.010	8.982
Aug-06	116	8.388	0.000	0.000	0.000	(0.004)	(0.013)	(0.420)	0.070	0.040	(0.004)	(0.023)	0.010	0.010	0.010	0.010	8.774
Sep-06	126	9.236	(0.002)	0.000	0.000	0.000	(0.073)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	(0.023)	(0.023)	(0.023)	9.683
Oct-06	146	8.176	(0.002)	0.000	0.000	0.000	(0.073)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	(0.023)	(0.023)	(0.023)	8.623
Nov-06	156	7.993	(0.002)	0.000	0.000	0.000	(0.073)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	(0.023)	(0.023)	(0.023)	8.440