



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

May 11, 2007

**RECEIVED**

MAY 11 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. 2007-00190*

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 June 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 May 31, 2007 and the NYMEX on May 9, 2007 for the month of June, 2007.

The above described schedules and GCA are effective with the final meter readings of District 1, June 2007, revenue month (i.e., final meter readings on and after May 31, 2007).

Duke's proposed GCA is \$9.803 per Mcf. This rate represents an increase of \$0.767 per Mcf from the rate currently in effect for May 2007.

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

Very truly yours,

*Lisa Q Steinkuhl*

Lisa Steinkuhl

Enclosure

Case No. 2007-00190

DUKE ENERGY KENTUCKY  
GAS COST ADJUSTMENT CLAUSE

RECEIVED

MAY 11 2007

QUARTERLY REPORT

PUBLIC SERVICE  
COMMISSION

GAS COST RECOVERY RATES EFFECTIVE FROM MAY 31, 2007 THROUGH JUNE 28, 2007

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	9.100
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.002)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.659
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.046</u>
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA + BA	\$/MCF	<u>9.803</u>

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	9.100

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

ACTUAL ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	0.460
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.530
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.039
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>(0.370)</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.659

BALANCE ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	0.081
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.004)
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.050)
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	<u>0.019</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	0.046

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

DATE FILED: May 11, 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 MAY 31, 2007**

		\$
<b><u>DEMAND (FIXED) COSTS:</u></b>		
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		156,545
TOTAL DEMAND COST:		5,583,110
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	11,933,565 MCF	
DEMAND (FIXED) COMPONENT OF EGC RATE:	\$5,583,110 / 11,933,565 MCF	<b>\$0.468 /MCF</b>
 <b><u>COMMODITY COSTS:</u></b>		
Gas Marketers		\$8.632 /MCF
Gas Storage		
Columbia Gas Transmission		\$0.000 /MCF
Propane		\$0.000 /MCF
COMMODITY COMPONENT OF EGC RATE:		<b>\$8.632 /MCF</b>
TOTAL EXPECTED GAS COST:		<b>\$9.100 /MCF</b>

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF :           MAY 31, 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: 4/1/2007

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 Current	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Rate Current	Surcharge				
Rate Schedule <u>FSS</u>	\$ 1.505	-	-	-	-	<u>1.505</u>	0.049
Reservation Charge	\$ 2.90	-	-	-	-	<u>2.90</u>	2.90
Capacity	\$ 1.53	-	-	-	-	1.53	1.53
Injection	\$ 1.53	-	-	-	-	1.53	1.53
Withdrawal	\$ 1.53	-	-	-	-	1.53	1.53
Overrun	\$ 10.91	-	-	-	-	10.91	10.91
Rate Schedule ISS	\$ 5.94	-	-	-	-	5.94	5.94
Commodity	\$ 0.00	-	-	-	-	0.00	0.00
Maximum	\$ 1.53	-	-	-	-	1.53	1.53
Minimum	\$ 1.53	-	-	-	-	1.53	1.53
Rate Schedule SIT	\$ 4.12	-	-	-	-	4.12	4.12
Commodity	\$ 1.53	-	-	-	-	1.53	1.53
Maximum							
Minimum							

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

Commodity	Rate Schedule	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	0.342	-0.015	0.029	-0.007	-	5.797	0.191
Commodity									
Maximum		¢ 1.02	0.20	-0.03	0.25	0.02	0.16	1.62	1.62
Minimum		¢ 1.02	0.20	-0.03	0.25	0.02	0.16	1.62	1.62
Overrun		¢ 18.93	1.32	-0.08	0.35	0.00	0.16	20.68	20.68
Commodity									
Maximum		¢ 74.83	2.45	-0.13	0.44	-0.03	0.16	77.72	77.72
Minimum		¢ 3.08	0.20	-0.13	0.25	-0.03	0.16	3.53	3.53
MFCC		¢ 71.75	2.25	0.00	0.19	0.00	-	74.19	74.19

DISCOUNTED TO 3.963

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 4<sup>th</sup> 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 daily reservation rate 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 \$0.32 per

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:

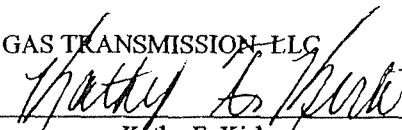
The Discounted Demand Rate is limited to quantities delivered at the Qualified Delivery Points specified above. **TO THE EXTENT THAT DUKE ENERGY OR ITS REPLACEMENT SHIPPER(S) DELIVER GAS TO AN ALTERNATE DELIVERY POINT(S) OR DELIVER MORE THAN 27,000 MMBTU ON ANY DAY, THEN THE DISCOUNTED DEMAND RATE PROVIDED 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  
Vice President, Commercial Services

*WMM 200921*

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 JJ 8/22*



**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF :           MAY 31, 2007          

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
<b>INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP.</b>				
TARIFF RATE EFFECTIVE DATE :	FTS-1: 4/1/2007			
	FTS-2: 4/1/2007			
<b><u>BILLING DEMAND - TARIFF RATE - FTS-1</u></b>				
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
<b><u>BILLING DEMAND - TARIFF RATE - FTS-2</u></b>				
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				0
CAPACITY RELEASE CREDIT FOR FTS-2				0
<b>TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES</b>				<b>1,208,628</b>
<b>INTERSTATE PIPELINE : KO TRANSMISSION COMPANY</b>				
TARIFF RATE EFFECTIVE DATE :	4/1/2007			
<b><u>BILLING DEMAND - TARIFF RATE - FT</u></b>				
Maximum Daily Quantity	0.3560	72,000	12	307,584
CAPACITY RELEASE CREDIT				0
<b>TOTAL KO TRANSMISSION CO. DEMAND CHARGES</b>				<b>307,584</b>
<b>VARIOUS GAS MARKETERS FIXED (RESERVATION) CHARGES :</b>				
November - March	0.0042	11,484,994		48,545
December - February	0.2222	486,000		108,000
<b>TOTAL GAS MARKETERS FIXED CHARGES</b>				<b>156,545</b>

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) \$	Unaccounted For (6) %	Company Use and Unaccounted For (7) %
3.1450	-	3.1450	3.1450	0.1034	-	-
0.0170	0.0016	0.0186	0.0186	0.0186	0.222	1.998
0.0170	0.0016	0.0186	0.0186	0.0186	0.222	1.998
0.1204	0.0016	0.1220	0.1220	0.1220	0.222	1.998

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) \$	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Company Use and Unaccounted For (6) %
<u>Rate Schedule FTS-2</u>						
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	0.294
Minimum	0.0002	0.0016	0.0018	0.0018	0.0018	0.294
Overrun	0.0880	0.0016	0.0896	0.0896	0.0896	0.294
<u>Onshore Laterals</u>						
Reservation Charge 2/	1.0603	-	1.0603	1.0603	0.0349	-
Commodity						
Maximum	0.0017	0.0016	0.0033	0.0033	0.0033	0.388
Minimum	0.0017	0.0016	0.0033	0.0033	0.0033	0.388
Overrun	0.0366	0.0016	0.0382	0.0382	0.0382	0.388
<u>Offsystem-Onshore</u>						
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
<b>RATE SCHEDULE FTS</b>			
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
<b>RATE SCHEDULE ITS</b>			
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 0.60%

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



5/9/2007

**DUKE ENERGY KENTUCKY  
TOTAL RESERVATION COSTS FROM NEEDLE PEAKING SUPPLIERS  
ESTIMATED FOR EGC EFFECTIVE 6/1/2007**

**TOTAL ANNUAL RESERVATION COST:**

TOTAL DOLLARS \$ 108,000 (1)

**TOTAL ANNUAL COVERAGE:**

CITY GATE VOLUMES 486,000 DTH (2)

**CALCULATED RATE:** \$ 0.2222 PER DTH

- (1) Reservation charges billed by needle peaking 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 :        MAY 31, 2007       

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

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$8.2304	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.300%	\$0.1070	\$8.3374	\$/Dth
DTH TO MCF CONVERSION	1.0353	\$0.2943	\$8.6317	\$/Mcf
ESTIMATED WEIGHTING FACTOR	1.0000		\$8.6317	\$/Mcf
<b>GAS MARKETERS COMMODITY RATE</b>			<b>\$8.632</b>	<b>\$/Mcf</b>

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$8.0851	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$8.1004	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	1.989%	\$0.1611	\$8.2615	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0146	\$8.2761	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0016	\$8.2777	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.300%	\$0.1076	\$8.3853	\$/Dth
DTH TO MCF CONVERSION	1.0353	\$0.2960	\$8.6813	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
<b>GAS STORAGE COMMODITY RATE - COLUMBIA GAS</b>			<b>\$0.000</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	0.0000		\$0.0000	\$/Mcf
<b>PROPANE COMMODITY RATE</b>			<b>\$0.000</b>	<b>\$/Mcf</b>

(1) Weighted average cost of gas based on NYMEX prices on 05/09/07 and contracted hedging prices.

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

FEBRUARY 28, 2007

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD DECEMBER 1, 2006 THROUGH FEBRUARY 28, 2007	\$	0.00
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0255
REFUNDS INCLUDING INTEREST ( \$0.00 x 1.0255 )	\$	0.00
DIVIDED BY 12 MONTH PROJECTED SALES ENDED MAY 31, 2008	MCF	11,982,545
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.00</u>

DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED

FEBRUARY 28, 2007

DESCRIPTION	UNIT	AMOUNT
<u>SUPPLIER</u> There were no refunds received during the quarter ending February 28, 2006.	\$	-
TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA RAU	\$	<u>0.00</u>



GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY  
ACTUAL ADJUSTMENT

DETAILS FOR THE THREE MONTH PERIOD ENDED

FEBRUARY 28, 2007

DESCRIPTION	UNIT	DECEMBER	JANUARY	FEBRUARY
<b><u>SUPPLY VOLUME PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	MCF	1,552,165	1,964,286	2,452,953
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	879	1,958	2,158
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(3,080)	(7,720)	(4,777)
TOTAL SUPPLY VOLUMES	MCF	<u>1,549,964</u>	<u>1,958,524</u>	<u>2,450,334</u>
<b><u>SUPPLY COST PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	\$	14,205,884	16,322,235	22,167,545
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	3,497	7,664	8,265
OTHER COSTS (SPECIFY):				
CMT MANAGEMENT FEE	\$	(9,744)	(9,744)	(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	\$	<u>14,199,637</u>	<u>16,320,155</u>	<u>22,166,066</u>
<b><u>SALES VOLUMES</u></b>				
JURISDICTIONAL	MCF	1,332,080.5	1,542,179.9	2,336,074.0
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
TOTAL SALES VOLUMES	MCF	<u>1,332,080.5</u>	<u>1,542,179.9</u>	<u>2,336,074.0</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	10.660	10.583	9.489
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	<u>9.368</u>	<u>9.294</u>	<u>8.718</u>
DIFFERENCE	\$/MCF	1.292	1.289	0.771
TIMES MONTHLY JURISDICTIONAL SALES	MCF	<u>1,332,080.5</u>	<u>1,542,179.9</u>	<u>2,336,074.0</u>
EQUALS MONTHLY COST DIFFERENCE	\$	<u>1,721,048.01</u>	<u>1,987,869.89</u>	<u>1,801,113.05</u>
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			<u>5,510,030.95</u>
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			<u>5,510,030.95</u>
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED <u>MAY 31, 2008</u>	MCF			11,982,545
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			<u>0.460</u>

AAU

**GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY  
BALANCE ADJUSTMENT  
DETAILS FOR THE TWELVE MONTH PERIOD ENDED FEBRUARY 28, 2007**

DESCRIPTION	UNIT	AMOUNT
<b><u>RECONCILIATION OF A PREVIOUS GAS COST VARIANCE</u></b>		
GAS COST DIFFERENCE TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "AA" EFFECTIVE MARCH 1, 2006	\$	9,703,933.08
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ 0.873 /MCF APPLIED TO TOTAL SALES OF 9,990,932 MCF (TWELVE MONTHS ENDED FEBRUARY 28, 2007 )	\$	<u>8,722,084.01</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>981,849.07</u>
<b><u>RECONCILIATION OF A PREVIOUS SUPPLIER REFUND</u></b>		
SUPPLIER REFUND AMOUNT TO BE DISTRIBUTED TO CUSTOMERS WHICH WAS USED TO COMPUTE THE "RA" EFFECTIVE MARCH 1, 2006	\$	(128.69)
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ 0.000 /MCF APPLIED TO TOTAL SALES OF 9,990,932 MCF (TWELVE MONTHS ENDED FEBRUARY 28, 2007 )	\$	<u>0.00</u>
BALANCE ADJUSTMENT FOR THE "RA"		<u>(128.69)</u>
<b><u>RECONCILIATION OF A PREVIOUS BALANCE ADJUSTMENT</u></b>		
AMOUNT TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "BA" EFFECTIVE MARCH 1, 2006	\$	(48,483.94)
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ (0.004) /MCF APPLIED TO TOTAL SALES OF 9,990,932 MCF (TWELVE MONTHS ENDED FEBRUARY 28, 2007 )	\$	<u>(39,963.74)</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>(8,520.20)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>973,200.18</u>
DIVIDED BY: TWELVE MONTHS SALES ENDED MAY 31, 2008	MCF	<u>11,982,545</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u><u>0.081</u></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>	
<b><u>SERVICE REGULATIONS</u></b>				
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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	
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Gas Space Heating Regulations.....	28	10/01/06	10/01/06	
Availability of Gas Service.....	29	10/01/06	10/01/06	
<b><u>FIRM SERVICE TARIFF SCHEDULES</u></b>				
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Rate GS, General Service.....	31	05/31/07	05/31/07	(C)
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Rate FRAS, Full Requirements Aggregation Service.....	44	10/01/06	10/01/06	
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Reserved for Future Use.....	46			
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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	
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FT - Interruptible Bills – GCRT on FT Under 1 Year.....	51	10/01/06	10/01/06	
Reserved for Future Use.....	52			

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

Issued:

Effective: May 31, 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>	
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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	
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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			
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Reserved for Future Use.....	67			
Reserved for Future Use.....	68			
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Reserved for Future Use.....	72			
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Reserved for Future Use.....	74			
Reserved for Future Use.....	75			
Reserved for Future Use.....	76			
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Reserved for Future Use.....	79			
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Reserved for Future Use.....	84			
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Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_ in  
 Case No. \_\_\_\_\_.

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

KY.P.S.C. Gas No. 2  
Eighth Revised Sheet No. 30  
Cancelling and Superseding  
Seventh 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	\$0.9803	Equals	\$1.24717

(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:

Effective: May 31, 2007

Issued by Sandra P. Meyer, President

**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	\$0.9803	Equals	\$1.18979	<b>(I)</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.

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

Issued:

Effective: May 31, 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  
Third Revised Sheet No. 77  
Cancelling and Superseding  
Second Revised Sheet No. 77  
Page 1 of 1

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**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 \$0.07030 per 100 cubic feet. This rate shall be in effect during the month of June 2007 through August 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. \_\_\_\_\_.

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Issued:

Effective: May 31, 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 MAY 31, 2007

2ND QUARTER INT

DUKE ENERGY KENTUCKY  
 USED FOR GCA EFFECTIVE MAY 31, 2007  
 COMPUTATION OF THE INTEREST FACTOR  
 FOR THE GCA CALCULATION ON SCHEDULE II

TWELVE MONTHS ENDED MARCH 31, 2007  
 BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)

INTEREST RATE	0.0468
PAYMENT	0.085461
ANNUAL TOTAL	1.0255
MONTHLY INTEREST	0.003900
AMOUNT	1

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	
DECEMBER	2006	5.20	
JANUARY	2007	5.21	
FEBRUARY	2007	5.19	61.84
MARCH	2007	5.19	62.20

PRIOR ANNUAL TOTAL	61.84
PLUS CURRENT MONTHLY RATE	5.19
LESS YEAR AGO RATE	4.83
NEW ANNUAL TOTAL	62.20
AVERAGE ANNUAL RATE	5.18
LESS 0.5% (ADMINISTRATIVE)	4.68

05/08/07

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

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	14,158,026.69	
adjustments	29,705.28	
IT monthly charges entered by Gas Supply	<u>18,152.16</u>	14,205,884
 <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	3,497.39	3,497
 <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
 adjustments	<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>14,199,637</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	1,721,048.01
ACCOUNT 805-10	(1,721,048.01)

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

DECEMBER, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH DECEMBER, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	1,552,165
Utility Production	MCF	0
Includable Propane	MCF	879
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(3,080)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>1,549,964</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	14,205,884
Includable Propane	\$	3,497
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>14,199,637</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,332,080.5
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	<u></u>
TOTAL SALES VOLUME	MCF	<u>1,332,080.5</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	10.660
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>9.368</u>
DIFFERENCE	\$/MCF	1.292
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,332,080.5</u>
MONTHLY COST DIFFERENCE	\$	<u><u>1,721,048.01</u></u>

## DUKE ENERGY COMPANY KENTUCKY

DECEMBER, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	1,332,080.5	12,478,734.29	9.36785299
RA		(2,657.69)	
AA		624,675.32	
BA		7,041.74	
		<u>13,107,793.66</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>13,107,793.66</u>	
TOTAL SALES VOLUME	1,332,080.5		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>1,332,080.5</u>		
<b><u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u></b>			
SUPPLIER COST - CURRENT MONTH	1,332,080.5	14,199,637.00	10.65974391
UNRECOVERED PURCHASED GAS COST		(1,096,372.69)	
ROUNDING(ADD/(DEDUCT))		<u>145.31</u>	
TOTAL GAS COST IN REVENUE		<u>13,103,409.62</u>	
TOTAL GAS COST RECOVERY(GCR)		13,107,793.66	
LESS: RA		(2,657.69)	
BA		<u>7,041.74</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                    </u>	
		<u>13,103,409.61</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(1,096,372.69)	
LESS: AA		<u>624,675.32</u>	
MONTHLY COST DIFFERENCE		(1,721,048.01)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(1,720,902.70)</u>	
ROUNDING		<u>145.31</u>	

05/08/07

**DUKE ENERGY COMPANY KENTUCKY**  
**DETERMINATION OF TOTAL SUPPLY COST**  
 MONTH OF JANUARY, 2007

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	16,365,100.76	
adjustments	(49,805.31)	
IT monthly charges entered by Gas Supply	6,939.91	16,322,235
 <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	7,663.70	7,664
 <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
adjustments	0.00	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	0.00	0
 TOTAL SUPPLY COSTS		16,320,155

**ACCOUNTING ENTRY FOR DEFERRAL ONLY****AMOUNT**

ACCOUNT 191-40	1,987,869.89
ACCOUNT 805-10	(1,987,869.89)

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

JANUARY, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH JANUARY, 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	1,964,286
Utility Production	MCF	0
Includable Propane	MCF	1,958
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(7,720)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>1,958,524</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	16,322,235
Includable Propane	\$	7,664
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>16,320,155</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,542,179.9
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>1,542,179.9</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	10.583
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>9.294</u>
DIFFERENCE	\$/MCF	1.289
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,542,179.9</u>
MONTHLY COST DIFFERENCE	\$	<u><u>1,987,869.89</u></u>

## DUKE ENERGY COMPANY KENTUCKY

JANUARY, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	1,542,179.9	14,333,396.98	9.29424445
RA		(3,073.86)	
AA		722,899.59	
BA		<u>8,083.31</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>15,061,306.02</u></u>	
TOTAL SALES VOLUME	1,542,179.9		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>1,542,179.9</u></u>		
 <b><u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u></b>			
SUPPLIER COST - CURRENT MONTH	1,542,179.9	16,320,155.00	10.58252348
UNRECOVERED PURCHASED GAS COST		(1,264,970.30)	
ROUNDING(ADD/(DEDUCT))		<u>1,111.86</u>	
TOTAL GAS COST IN REVENUE		<u><u>15,056,296.56</u></u>	
TOTAL GAS COST RECOVERY(GCR)		15,061,306.02	
LESS: RA		(3,073.86)	
BA		<u>8,083.31</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                    </u>	
		<u><u>15,056,296.57</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(1,264,970.30)	
LESS: AA		<u>722,899.59</u>	
MONTHLY COST DIFFERENCE		(1,987,869.89)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(1,986,758.03)</u>	
ROUNDING		<u><u>1,111.86</u></u>	



05/08/07

**DUKE ENERGY COMPANY KENTUCKY  
DETERMINATION OF TOTAL SUPPLY COST  
MONTH OF FEBRUARY, 2007**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	22,222,437.31	
adjustments	(47,343.90)	
IT monthly charges entered by Gas Supply	<u>(7,547.98)</u>	22,167,545
 <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	8,265.10	8,265
 <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
 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>22,166,066</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	1,801,113.05
ACCOUNT 805-10	(1,801,113.05)

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

FEBRUARY, 2007

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH FEBRUARY, 2007</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	2,452,953
Utility Production	MCF	0
Includable Propane	MCF	2,158
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(4,777)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>2,450,334</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	22,167,545
Includable Propane	\$	8,265
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>22,166,066</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	2,336,074.0
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	<u>                    </u>
TOTAL SALES VOLUME	MCF	<u>2,336,074.0</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.489
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>8.718</u>
DIFFERENCE	\$/MCF	0.771
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>2,336,074.0</u>
MONTHLY COST DIFFERENCE	\$	<u><u>1,801,113.05</u></u>

## DUKE ENERGY COMPANY KENTUCKY

FEBRUARY, 2007

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	2,336,074.0	20,365,653.02	8.71789722
RA		(4,669.34)	
AA		1,095,664.31	
BA		<u>11,954.42</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>21,468,602.41</u></u>	
TOTAL SALES VOLUME	2,336,074.0		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>2,336,074.0</u></u>		
<b><u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u></b>			
SUPPLIER COST - CURRENT MONTH	2,336,074.0	22,166,066.00	9.48859754
UNRECOVERED PURCHASED GAS COST		(705,448.74)	
ROUNDING(ADD/(DEDUCT))		<u>700.07</u>	
TOTAL GAS COST IN REVENUE		<u><u>21,461,317.33</u></u>	
TOTAL GAS COST RECOVERY(GCR)		21,468,602.41	
LESS: RA		(4,669.34)	
BA		<u>11,954.42</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                          </u>	
		<u><u>21,461,317.33</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(705,448.74)	
LESS: AA		<u>1,095,664.31</u>	
MONTHLY COST DIFFERENCE		(1,801,113.05)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(1,800,412.98)</u>	
ROUNDING		<u><u>700.07</u></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-06	016	12.135	0.000	(0.004)	(0.002)	0.000	(0.013)	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	12.163
Feb-06	036	10.308	0.000	(0.004)	(0.002)	0.000	(0.013)	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	10.336
Mar-06	046	8.948	0.000	0.000	(0.004)	0.000	0.873	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	9.487
Apr-06	066	8.391	0.000	0.000	(0.004)	0.000	0.873	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	8.930
May-06	076	9.131	0.000	0.000	(0.004)	0.000	0.873	(0.013)	(0.420)	0.070	(0.004)	(0.023)	0.010	0.052	9.670
Jun-06	086	9.142	0.000	0.000	0.000	(0.004)	(0.073)	0.873	(0.013)	(0.420)	0.040	(0.004)	(0.023)	0.010	9.528
Jul-06	106	8.596	0.000	0.000	0.000	(0.004)	(0.073)	0.873	(0.013)	(0.420)	0.040	(0.004)	(0.023)	0.010	8.982
Aug-06	116	8.388	0.000	0.000	0.000	(0.004)	(0.073)	0.873	(0.013)	(0.420)	0.040	(0.004)	(0.023)	0.010	8.774
Sep-06	126	9.236	(0.002)	0.000	0.000	0.000	(0.370)	(0.073)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	9.683
Oct-06	146	8.176	(0.002)	0.000	0.000	0.000	(0.370)	(0.073)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	8.623
Nov-06	156	7.993	(0.002)	0.000	0.000	0.000	(0.370)	(0.073)	0.873	(0.013)	0.019	0.040	(0.004)	(0.023)	8.440
Dec-06	166	9.374	0.000	(0.002)	0.000	0.000	0.039	(0.370)	(0.073)	0.873	(0.050)	0.019	0.040	(0.004)	9.846
Jan-07	017	9.297	0.000	(0.002)	0.000	0.000	0.039	(0.370)	(0.073)	0.873	(0.050)	0.019	0.040	(0.004)	9.769
Feb-07	037	8.712	0.000	(0.002)	0.000	0.000	0.039	(0.370)	(0.073)	0.873	(0.050)	0.019	0.040	(0.004)	9.184