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May 2, 2008

Patty Walker
Duke Energy Kentucky, Inc.
139 East Fourth Street, EX 400
Cincinnati, OH 45202

CERTIFICATE OF SERVICE

RE: Case No. 2007-00526
Duke Energy Kentucky, Inc.

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on May 2, 2008.

Executive Director

SS/rs
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF DUKE)	CASE NO.
ENERGY KENTUCKY FROM MAY 1,)	2007-00526
2007 THROUGH OCTOBER 31, 2007)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on January 23, 2008, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Duke Energy Kentucky ("Duke Kentucky") for the 6-month period that ended on October 31, 2007.

As part of this review, Duke Kentucky, pursuant to Commission Order, submitted certain information concerning its compliance with Administrative Regulation 807 KAR 5:056. A public hearing was held on March 18, 2008. On March 28, 2008, Duke Kentucky filed a post-hearing data response to a question asked at the hearing.

The Commission has previously established Duke Kentucky's base fuel cost at 21.62 mills per kWh.¹ A review of Duke Kentucky's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low

¹ Case No. 2006-00172, An Adjustment of the Electric Rates of The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky, Inc. (Ky. PSC Dec. 21, 2006).

of 23.08 mills in October 2007 to a high of 37.43 mills in May 2007, with a 6-month average of 27.54 mills.

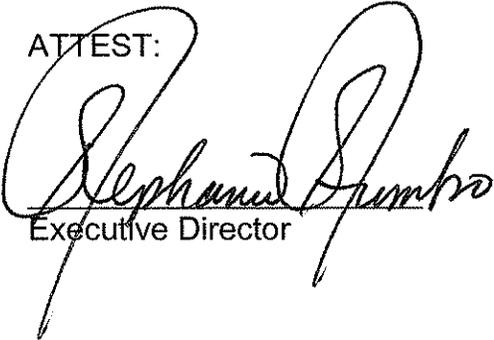
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of Duke Kentucky's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by Duke Kentucky through its FAC for the period May 1, 2007 to October 31, 2007 are approved.

Done at Frankfort, Kentucky, this 2nd day of May, 2008.

By the Commission

ATTEST:



Stephen J. Humber
Executive Director