



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

RECEIVED

AUG 08 2008

PUBLIC SERVICE
COMMISSION

August 8, 2008

Kentucky Public Service Commission
Attn: Stephanie L. Stumbo, Executive Director
211 Sower Boulevard
Frankfort, Kentucky 40602

Case no. 2008-00328

Dear Ms. Stumbo:

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 September 2008 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 August 28, 2008 and the NYMEX on August 6, 2008 for the month of September 2008.

The above described schedules and GCA are effective with the final meter readings of District 1, September 2008, revenue month (i.e., final meter readings on and after August 28, 2008).

Duke's proposed GCA is \$10.559 per Mcf. This rate represents a decrease of \$2.413 per Mcf from the rate currently in effect for August 2008.

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

Very truly yours,

Lisa Steinkuhl

Enclosure

**DUKE ENERGY KENTUCKY
GAS COST ADJUSTMENT CLAUSE**

QUARTERLY REPORT

GAS COST RECOVERY RATES EFFECTIVE FROM AUGUST 28, 2008 THROUGH SEPTEMBER 28, 2008

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	10.410
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.001)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.030
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.120</u>
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>10.559</u>

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	10.410

SUPPLIER REFUND ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER SUPPLIER REFUND ADJ.	\$/MCF	0.000
PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	(0.001)
SECOND PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	0.000
THIRD PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	<u>0.000</u>
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.001)

ACTUAL ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	(0.969)
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.213
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.728
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>0.058</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.030

BALANCE ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	0.080
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	0.086
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.001)
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	<u>(0.045)</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	0.120

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

DATE FILED: August 8, 2008

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 AUGUST 28 2008

			<u>\$</u>
<u>DEMAND (FIXED) COSTS:</u>			
Columbia Gas Transmission Corp.			2,606,665
Texas Gas Transmission			494,000
Tennessee Gas Pipeline			1,281,896
Columbia Gulf Transmission Corp.			925,578
KO Transmission Company			307,584
Gas Marketers			<u>109,803</u>
TOTAL DEMAND COST:			<u>5,725,526</u>
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	10,626,935	MCF	
DEMAND (FIXED) COMPONENT OF EGC RATE:	\$5,725,526	/	10,626,935 MCF \$0.539 /MCF
 <u>COMMODITY COSTS:</u>			
Gas Marketers			\$9.871 /MCF
Gas Storage			
Columbia Gas Transmission			\$0.000 /MCF
Propane			<u>\$0.000 /MCF</u>
COMMODITY COMPONENT OF EGC RATE:			\$9.871 /MCF
 TOTAL EXPECTED GAS COST:			 <u><u>\$10.410 /MCF</u></u>

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : AUGUST 28, 2008

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
INTERSTATE PIPELINE : COLUMBIA GAS TRANSMISSION CORP.				
TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2008				
SST: 4/1/2008				
<u>BILLING DEMAND - TARIFF RATE - FSS</u>				
Max. Daily Withdrawl Quan.	1.5070	39,656	12	717,139
Seasonal Contract Quantity	0.0290	1,365,276	12	475,116
<u>BILLING DEMAND - TARIFF RATE - SST</u>				
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				2,606,665
INTERSTATE PIPELINE : TEXAS GAS TRANSMISSION				
TARIFF RATE EFFECTIVE DATE : NOT APPLICABLE				
<u>BILLING DEMAND - TARIFF RATE - STE</u>				
Max. Daily Quantity Zone 4	0.3250	10,000	152	494,000
CAPACITY RELEASE CREDIT				0
TOTAL TEXAS GAS TRANSMISSION DEMAND CHARGES				494,000
INTERSTATE PIPELINE : TENNESSEE GAS PIPELINE				
TARIFF RATE EFFECTIVE DATE : NOT APPLICABLE				
<u>BILLING DEMAND - TARIFF RATE - FT</u>				
Max. Daily Quantity Zone 1-2	4.5782	40,000	7	1,281,896
CAPACITY RELEASE CREDIT				0
TOTAL TENNESSEE GAS PIPELINE DEMAND CHARGES				1,281,896

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

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Current	Surcharge	Current	Surcharge			
Rate Schedule FSS								
Reservation Charge	\$ 1.507	-	-	-	-	-	1.507	0.050
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	¢ 5.95	-	-	-	-	-	5.95	5.95
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

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Current	Surcharge	Current	Surcharge			
Rate Schedule SST								
Reservation Charge 3/	\$ 5.466	0.323	-0.015	0.027	-0.002	-	5.799	0.1906
Commodity								
Maximum	¢ 1.02	0.23	0.04	0.32	0.13	0.19	1.93	1.93
Minimum	¢ 1.02	0.23	0.04	0.32	0.13	0.19	1.93	1.93
Overrun	¢ 18.99	1.29	-0.01	0.41	0.12	0.19	20.99	20.99
Rate Schedule GTS								
Commodity								
Maximum	¢ 75.10	2.35	-0.06	0.50	0.12	0.19	78.20	78.20
Minimum	¢ 3.08	0.23	-0.06	0.32	0.12	0.19	3.88	3.88
MFCC	¢ 72.02	2.12	0.00	0.18	0.00	-	74.32	74.32

discounted to 3.963

w/d 0.074

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.

RETAINAGE PERCENTAGES

Transportation Retainage	2.154%
Gathering Retainage	0.694%
Storage Gas Loss Retainage	0.150%
Processing Retainage	---

Issued by: Claire A. Burum, SVP Regulatory Affairs

Issued on: February 29, 2008

Effective on: April 1, 2008



3800 Frederica Street
P.O. Box 20008
Owensboro, KY 42304-0008
270/926-8686

May 22, 2007

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

Contract No.:	26549
Rate Schedule:	<u>STF</u>
Time Period:	November 1, 2007 - March 31, 2008 November 1, 2008 - March 31, 2009 November 1, 2009 - March 31, 2010 November 1, 2010 - March 31, 2011
Contract Demand:	<u>10,000 MMBtu per day</u>
Qualified Delivery Points:	Duke Energy OH/Zone 4, Meter No. 1229 Duke Energy KY/Zone 4, Meter No. 1872 Lebanon-Columbia Gas/Zone 4, Meter No. 1715 Lebanon-Dominion/Zone 4, Meter No. 1247 Lebanon-Texas Eastern/Zone 4, Meter No. 1859
Discounted Demand Rate:	For each unit of its <u>daily contract demand</u> , Duke shall pay <u>\$0.325</u> (including all surcharges).
Discounted Commodity Rate:	Texas Gas' minimum STF Commodity Rate plus ACA and applicable fuel retention.



May 18, 2007

Duke Energy Kentucky, Inc
139 East Fifth Street EM025
P.O. Box 960
Cincinnati, OH 45202

Attention: Mr. William (Bill) Tucker

RE: Firm Transportation Discount
Tennessee FT-A Service Package No. 64622
Open Season # (If applicable) 595

Dear Bill:

In response to the request of Duke Energy Kentucky, Inc. (DEK), and pursuant to Section 5.1 of Tennessee Gas Pipeline Company's (Tennessee) FT-A Rate Schedule, Tennessee hereby agrees to adjust its then applicable FT-A Transportation rate for FT-A service provided under the above referenced contract as follows:

1. a) If DEK, its assignee(s) or its agent(s) (hereinafter collectively referred to as "DEK") violates the terms of this agreement or the terms of the above-referenced service package, Tennessee shall have the right, in its sole discretion, to immediately terminate this discount agreement and/or assess, from the date of the violation, the maximum Tennessee monthly reservation rate for the entire contract quantity and the maximum daily commodity rates on all transactions occurring under this agreement.
- b) For the period commencing October 1, 2007, and extending through April 30, 2008, for gas delivered by Tennessee on behalf of DEK to North Means (Meter #020049) under the above referenced service package, the applicable FT-A rates for volumes received by Tennessee from to all Zone L 500 Leg and Zone 1 500 Leg receipt points, including the associated Supply Aggregation Pools., will be the lesser of:
 - i) A monthly reservation rate of \$4.5782 per Dth and a daily commodity rate of \$0.0792 per Dth. These rates are inclusive of ACA and all applicable surcharges.or
 - ii) Tennessee's maximum monthly FT-A reservation and maximum daily commodity rates.

In addition, DEK will pay applicable fuel and lost and unaccounted for charges.

- c) Receipts and/or deliveries to points other than those listed above during the term of DEK's Service Package shall result in DEK being assessed Tennessee's maximum reservation rate for the primary path divided by the number of days in the month for the entire contract TQ on the day(s) of such deliveries and the maximum daily commodity rates under Rate Schedule FT-A as well as the applicable fuel and loss charges and surcharges. In addition, deliveries exclusive of authorized overrun on any one day during the term of DEK's Service Package in excess of 40,000 Dth per

Tennessee Gas Pipeline
1001 Louisiana Street Houston, Texas 77002
PO Box 2511 Houston, Texas 772522511
Tel 713.420.2131

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : AUGUST 28, 2008

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP.				
TARIFF RATE EFFECTIVE DATE :		FTS-1: 6/1/2008		
		FTS-2: 6/1/2008		
<u>BILLING DEMAND - TARIFF RATE - FTS-1</u>				
Maximum Daily Quantity	3.1450	22,782	5	358,247
Maximum Daily Quantity	3.1450	17,598	7	387,420
<u>BILLING DEMAND - TARIFF RATE - FTS-2</u>				
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
TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES				925,578
INTERSTATE PIPELINE : KO TRANSMISSION COMPANY				
TARIFF RATE EFFECTIVE DATE :		4/1/2008		
<u>BILLING DEMAND - TARIFF RATE - FT</u>				
Maximum Daily Quantity	0.3560	72,000	12	307,584
CAPACITY RELEASE CREDIT				0
TOTAL KO TRANSMISSION CO. DEMAND CHARGES				307,584
VARIOUS GAS MARKETERS FIXED (RESERVATION) CHARGES :				
November - March	0.0031	12,063,626		37,003
December - February	0.2427	300,000		72,800
TOTAL GAS MARKETERS FIXED CHARGES				109,803

Currently Effective Rates
 Applicable to Rate Schedule FTS-1
 Rates per Dth

	Base Rate (1) \$	Annual Charge Adjustment (2) \$ 1/	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Unaccounted For (6) %	Company Use and Unaccounted For (7) %
Rate Schedule <u>FTS-1</u> Rayne, LA To Points North							
Reservation Charge 2/ Commodity	<u>3.1450</u>	-	3.1450	3.1450	0.1034		-
Maximum	0.0170	0.0019	0.0189	0.0189	0.0189	0.365	2.826
Minimum	0.0170	0.0019	0.0189	0.0189	0.0189	0.365	2.826
Overrun	0.1204	0.0019	0.1223	0.1223	0.1223	0.365	2.826

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 <u>FTS-2</u>						
Offshore Laterals						
Reservation Charge 2/ Commodity	2.6700	-	2.6700	2.6700	0.0878	-
Maximum	0.0002	0.0019	0.0021	0.0021	0.0021	0.449
Minimum	0.0002	0.0019	0.0021	0.0021	0.0021	0.449
Overrun	0.0880	0.0019	0.0899	0.0899	0.0899	0.449
Onshore Laterals						
Reservation Charge 2/ Commodity	1.0603	-	<u>1.0603</u>	1.0603	0.0349	-
Maximum	0.0017	0.0019	0.0036	0.0036	0.0036	0.599
Minimum	0.0017	0.0019	0.0036	0.0036	0.0036	0.599
Overrun	0.0366	0.0019	0.0385	0.0385	0.0385	0.599
Offsystem-Onshore						
Reservation Charge 2/ Commodity	2.5255	-	2.5255	2.5255	0.0830	-
Maximum	0.0070	0.0019	0.0089	0.0089	0.0089	-
Minimum	0.0070	0.0019	0.0089	0.0089	0.0089	-
Overrun	0.0900	0.0019	0.0919	0.0919	0.0919	-

DISCOUNTED TO 0.9995

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	\$0.0019	\$0.0019
Minimum	\$0.0000	\$0.0019	\$0.0019
Overrun	\$0.0117	\$0.0019	\$0.0136
RATE SCHEDULE ITS			
Commodity			
Maximum	\$0.0117	\$0.0019	\$0.0136
Minimum	\$0.0000	\$0.0019	\$0.0019

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 0.77%

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.

8/7/2008

**DUKE ENERGY KENTUCKY
TOTAL RESERVATION COSTS FROM FIRM SUPPLIERS
ESTIMATED FOR EGC EFFECTIVE 9/1/2008**

TOTAL ANNUAL RESERVATION COST:

TOTAL DOLLARS \$ 37,003 (1)

TOTAL ANNUAL COVERAGE:

CITY GATE VOLUMES 12,063,626 DTH (2)

CALCULATED RATE: \$ 0.0031 PER DTH

(1) Reservation charges billed by firm suppliers for 2007 - 2008.

(2) Contracted volumes for the 2007 - 2008 winter season.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : AUGUST 28, 2008

GAS COMMODITY RATE FOR SEPTEMBER, 2008:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$9.2972	\$/Dth
DUKE ENERGY KENTUCKY FUEL	3.100%	\$0.2882	\$9.5854	\$/Dth
DTH TO MCF CONVERSION	1.0298	\$0.2859	\$9.8713	\$/Mcf
ESTIMATED WEIGHTING FACTOR	1.0000		\$9.8713	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$9.871	\$/Mcf

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$9.9277	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$9.9430	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.154%	\$0.2142	\$10.1572	\$/Dth
COLUMBIA GAS TRANS. SST COMMODITY RATE		\$0.0174	\$10.1746	\$/Dth
KO TRANS. COMMODITY RATE		\$0.0019	\$10.1765	\$/Dth
DUKE ENERGY KENTUCKY FUEL	3.100%	\$0.3155	\$10.4920	\$/Dth
DTH TO MCF CONVERSION	1.0298	\$0.3130	\$10.8050	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$0.000	\$/Mcf

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.35230	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.8758	\$5.2281	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
PROPANE COMMODITY RATE			\$0.000	\$/Mcf

(1) Weighted average cost of gas based on NYMEX prices on 08/06/08 and contracted hedging prices.

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

MAY 31, 2008

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD MARCH 1, 2008 THROUGH MAY 31, 2008	\$	2,235.18
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0178
REFUNDS INCLUDING INTEREST (\$2,235.18 x 1.0178)	\$	2,274.97
DIVIDED BY 12 MONTH PROJECTED SALES ENDED AUGUST 31, 2009	MCF	10,651,318
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.000</u>

DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED

MAY 31, 2008

DESCRIPTION	UNIT	AMOUNT
<u>SUPPLIER</u>		
Columbia Gulf Transmission Company - Refund Dated April 16, 2008	\$	2,235.18
0		-
TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA RAU	\$	<u>2,235.18</u>

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY
ACTUAL ADJUSTMENT
DETAILS FOR THE THREE MONTH PERIOD ENDED**

MAY 31, 2008

DESCRIPTION	UNIT	MARCH	APRIL	MAY
<u>SUPPLY VOLUME PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	MCF	1,415,237	522,082	299,028
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	0	0	0
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(17,475)	440	(8,248)
TOTAL SUPPLY VOLUMES	MCF	<u>1,397,762</u>	<u>522,522</u>	<u>290,780</u>
<u>SUPPLY COST PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	\$	14,085,830	5,877,457	3,517,442
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	0	0	0
OTHER COSTS (SPECIFY):				
MIRANT MANAGEMENT FEE	\$	(32,292)	(32,292)	(32,292)
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>14,053,538</u>	<u>5,845,165</u>	<u>3,485,150</u>
<u>SALES VOLUMES</u>				
JURISDICTIONAL	MCF	1,832,664.6	1,020,549.9	438,485.2
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
TOTAL SALES VOLUMES	MCF	<u>1,832,664.6</u>	<u>1,020,549.9</u>	<u>438,485.2</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	7.668	5.727	7.948
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	<u>9.490</u>	<u>11.295</u>	<u>10.912</u>
DIFFERENCE	\$/MCF	(1.822)	(5.568)	(2.964)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,832,664.6</u>	<u>1,020,549.9</u>	<u>438,485.2</u>
EQUALS MONTHLY COST DIFFERENCE	\$	<u>(3,339,114.90)</u>	<u>(5,682,421.84)</u>	<u>(1,299,670.13)</u>
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			(10,321,206.87)
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			<u>(10,321,206.87)</u>
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED <u>AUGUST 31, 2009</u>	MCF			10,651,318
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			<u>(0.969)</u>

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY
BALANCE ADJUSTMENT
DETAILS FOR THE TWELVE MONTH PERIOD ENDED MAY 31, 2008**

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 JUNE 1, 2007	\$	5,510,030.95
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ <u>0.460</u> /MCF APPLIED TO TOTAL SALES OF <u>10,400,996</u> MCF (TWELVE MONTHS ENDED MAY 31, 2008)	\$	<u>4,784,458.25</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>725,572.70</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 JUNE 1, 2007	\$	0.00
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ <u>0.000</u> /MCF APPLIED TO TOTAL SALES OF <u>10,400,996</u> MCF (TWELVE MONTHS ENDED MAY 31, 2008)	\$	<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 JUNE 1, 2007	\$	973,200.18
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ <u>0.081</u> /MCF APPLIED TO TOTAL SALES OF <u>10,400,996</u> MCF (TWELVE MONTHS ENDED MAY 31, 2008)	\$	<u>842,480.70</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>130,719.48</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>856,292.18</u>
DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED AUGUST 31, 2009	MCF	<u>10,651,318</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u>0.080</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>	
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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	
<u>FIRM SERVICE TARIFF SCHEDULES</u>				
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Rate GS, General Service.....	31	08/28/08	08/28/08	(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			
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Reserved for Future Use.....	46			
Reserved for Future Use.....	47			
Reserved for Future Use.....	48			
Reserved for Future use.....	49			
<u>TRANSPORTATION TARIFF SCHEDULE</u>				
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Purchased Service.....	50	10/01/06	10/01/06	
Summer Minimum Service.....	50	10/01/06	10/01/06	
Unauthorized Delivery.....	50	10/01/06	10/01/06	
Rate FT-L, Firm Transportation Service.....	51	10/01/06	10/01/06	
FT Bills – No GCRT.....	51	10/01/06	10/01/06	
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Issued by authority of an Order of the Kentucky Public Service Commission dated _____
 in Case No. _____.

Issued:

Effective: August 28, 2008

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
Rate IMBS, Interruptible Monthly Balancing Service.....	58	10/01/06	10/01/06
Imbalance Trades.....	58	10/01/06	10/01/06
Cash Out – Sell to Pool.....	58	10/01/06	10/01/06
Cash Out – Buy from Pool.....	58	10/01/06	10/01/06
Pipeline Penalty.....	58	10/01/06	10/01/06
Rate DGS, Distributed Generation Service.....	59	10/01/06	10/01/06
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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	05/30/08	05/30/08
Rider AMRP, Accelerated Main Replacement Program Rider.....	63	10/01/06	10/01/06
Rider MSR-G.....	64	10/01/06	10/01/06
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Reserved for Future Use.....	72		
Reserved for Future Use.....	73		
Reserved for Future Use.....	74		
Reserved for Future Use.....	75		
Reserved for Future Use.....	76		
Rider GCAT, Gas Cost Adjustment Transition Rider.....	77	08/28/08	08/28/08
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(C)

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

Issued:

Effective: August 28, 2008

Issued by Sandra P. Meyer, President

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

KY.P.S.C. Gas No. 2
Twenty-Third Revised Sheet No. 30
Cancelling and Superseding
Twenty-Second 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 Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Plus a commodity Charge for all CCF at	\$0.26687	plus	\$1.0559	Equals	\$1.32277

(R)

Plus, all delivered gas shall be subject to an adjustment per CCF as set forth on Sheet No. 62, Rider DSMR, Demand Side Management Rate.

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 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: August 28, 2008

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	\$1.0559	Equals	\$1.26539

(R)

Plus all delivered gas shall be subject to an adjustment per CCF as set forth on:
 Sheet No. 62, Rider DSMR, Demand Side Management Rate 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:

Issued by Sandra P. Meyer, President

Effective: August 28, 2008

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

KY.P.S.C. Gas No. 2
Eighth Revised Sheet No. 77
Cancelling and Superseding
Seventh 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 \$0.0149 per 100 cubic feet. This rate shall be in effect during the month of September 2008 through November 2008 and shall be updated quarterly, concurrent with the Company's GCA filings.

(R)

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

Issued:

Effective: August 28, 2008

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 AUGUST 28, 2008

3RD QUARTER INT

THE UNION LIGHT, HEAT AND POWER COMPANY
 USED FOR GCA EFFECTIVE AUGUST 28, 2008
 COMPUTATION OF THE INTEREST FACTOR
 FOR THE GCA CALCULATION ON SCHEDULE II

TWELVE MONTHS ENDED JUNE 30, 2008
 BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)

INTEREST RATE 0.0327
 PAYMENT 0.084817
 ANNUAL TOTAL 1.0178
 MONTHLY INTEREST 0.002725
 AMOUNT 1

JUNE	2007	5.21	
JULY	2007	5.20	
AUGUST	2007	5.24	
SEPTEMBER	2007	4.71	
OCTOBER	2007	4.59	
NOVEMBER	2007	4.80	
DECEMBER	2007	4.28	
JANUARY	2008	2.86	
FEBRUARY	2008	2.91	
MARCH	2008	2.77	
APRIL	2008	2.72	
MAY	2008	2.54	47.83
JUNE	2008	2.67	45.29

PRIOR ANNUAL TOTAL 47.83
 PLUS CURRENT MONTHLY RATE 2.67
 LESS YEAR AGO RATE 5.21
 NEW ANNUAL TOTAL 45.29
 AVERAGE ANNUAL RATE 3.77
 LESS 0.5% (ADMINISTRATIVE) 3.27

DUKE ENERGY COMPANY KENTUCKY
 DETERMINATION OF TOTAL SUPPLY COST
 MONTH OF MARCH 2008

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	14,200,411.54	
adjustments	(120,683.80)	
IT monthly charges entered by Gas Supply	<u>6,102.56</u>	14,085,830
<u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
PLUS: INCLUDABLE PROPANE		
a/c 728-3 Erlanger	0.00	0
<u>LESS: X-5 TARIFF</u>	0.00	0
LESS CMT MANAGEMENT FEE	32,292.00	(32,292)
LESS: TOP TRANSP. RECOVERIES	0.00	0
LESS: GAS LOSSES - DAMAGED LINES	0.00	0
adjustments	<u>0.00</u>	0
LESS: GAS COST CREDIT	0.00	0
<u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
TOTAL SUPPLY COSTS		<u><u>14,053,538</u></u>

<u>ACCOUNTING ENTRY FOR DEFERRAL ONLY</u>	<u>AMOUNT</u>
ACCOUNT 191-40	(3,339,114.90)
ACCOUNT 805-10	3,339,114.90

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

MARCH 2008

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH MARCH 2008</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	1,415,237
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(17,475)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>1,397,762</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	14,085,830
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	\$	(32,292)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>14,053,538</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,832,664.6
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	<u> </u>
TOTAL SALES VOLUME	MCF	<u>1,832,664.6</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	7.668
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>9.490</u>
DIFFERENCE	\$/MCF	(1.822)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,832,664.6</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(3,339,114.90)</u></u>

MARCH 2008

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	1,832,664.6	17,391,594.75	9.48978594
RA		0.00	
AA		1,082,714.35	
BA		<u>58,820.20</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>18,533,129.30</u>	
TOTAL SALES VOLUME	1,832,664.6		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>1,832,664.6</u>		

PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY

SUPPLIER COST - CURRENT MONTH	1,832,664.6	14,053,538.00	7.66836332
UNRECOVERED PURCHASED GAS COST		4,421,829.25	
ROUNDING(ADD/(DEDUCT))		<u>(1,058.14)</u>	
TOTAL GAS COST IN REVENUE		<u>18,474,309.11</u>	
TOTAL GAS COST RECOVERY(GCR)		18,533,129.30	
LESS: RA		0.00	
BA		<u>58,820.20</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>18,474,309.10</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		4,421,829.25	
LESS: AA		<u>1,082,714.35</u>	
MONTHLY COST DIFFERENCE		3,339,114.90	
EXTENDED MONTHLY COST DIFFERENCE		<u>3,338,056.76</u>	
ROUNDING		<u>(1,058.14)</u>	

DUKE ENERGY COMPANY KENTUCKY
 DETERMINATION OF TOTAL SUPPLY COST
 MONTH OF APRIL 2008

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	5,859,401.70	
adjustments	4,735.61	
IT monthly charges entered by Gas Supply	13,319.88	5,877,457
<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	0.00	0
<u>LESS: X-5 TARIFF</u>	0.00	0
<u>LESS CMT MANAGEMENT FEE</u>	32,292.00	(32,292)
<u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
<u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
adjustments	0.00	
	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		5,845,165

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	(5,682,421.84)
ACCOUNT 805-10	5,682,421.84

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

APRIL 2008

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH APRIL 2008</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	522,082
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	440
TOTAL SUPPLY VOLUMES	MCF	<u>522,522</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	5,877,457
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	\$	(32,292)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	0
TOTAL SUPPLY COST	\$	<u>5,845,165</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,020,549.9
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>1,020,549.9</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	5.727
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>11.295</u>
DIFFERENCE	\$/MCF	(5.568)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,020,549.9</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(5,682,421.84)</u></u>

APRIL 2008

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>			
EGC	1,020,549.9	11,526,868.97	11.29476273
RA		0.00	
AA		606,426.28	
BA		<u>32,907.96</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>12,166,203.21</u>	
TOTAL SALES VOLUME	1,020,549.9		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>1,020,549.9</u>		

PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY

SUPPLIER COST - CURRENT MONTH	1,020,549.9	5,845,165.00	5.72746614
UNRECOVERED PURCHASED GAS COST		6,288,848.12	
ROUNDING(ADD/(DEDUCT))		<u>(717.86)</u>	
TOTAL GAS COST IN REVENUE		<u>12,133,295.26</u>	
TOTAL GAS COST RECOVERY(GCR)		12,166,203.21	
LESS: RA		0.00	
BA		<u>32,907.96</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>12,133,295.25</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		6,288,848.12	
LESS: AA		<u>606,426.28</u>	
MONTHLY COST DIFFERENCE		5,682,421.84	
EXTENDED MONTHLY COST DIFFERENCE		<u>5,681,703.98</u>	
ROUNDING		<u>(717.86)</u>	

**DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST
MONTH OF MAY 2008**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	3,600,044.92	
adjustments	(81,628.27)	
IT monthly charges entered by Gas Supply	(974.65)	
	<hr/>	3,517,442
 <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>	32,292.00	(32,292)
 <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		 <u><u>3,485,150</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	(1,299,670.13)
ACCOUNT 805-10	1,299,670.13

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH MAY 2008

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH MAY 2008</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	299,028
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(8,248)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>290,780</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	3,517,442
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	\$	(32,292)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>3,485,150</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	438,485.2
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>438,485.2</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	7.948
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>10.912</u>
DIFFERENCE	\$/MCF	(2.964)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>438,485.2</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(1,299,670.13)</u></u>

