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PUBLIC SERVICE
COMMISSION

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Dianne B. Kuhnell,
Senior Paralegal

VIA OVERNIGHT DELIVERY

November 5, 2008

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Case No. 2008-00464

Dear Ms. Stumbo:

Enclosed please find an original and twelve copies of an Application of Duke Energy Kentucky For Approval To Modify And Extend the Availability of Its Rate RTP, Real Time Pricing Program.

Please date-stamp the extra two copies of the Application and return in the enclosed envelope.

Sincerely,

Dianne B. Kuhnell
Senior Paralegal

cc: Dennis G. Howard II

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NOV 06 2008

COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of an Application of)	
Duke Energy Kentucky, Inc. For Approval To Modify)	Case No. 2008- 00464
And Extend the Availability of Its Rate RTP,)	
Real Time Pricing Program)	

APPLICATION

To the Honorable Kentucky Public Service Commission:

Duke Energy Kentucky, Inc, (“Duke Energy Kentucky or the Company”), Applicant herein, whose post office address is 1697 A-Monmouth Street, Newport, Kentucky 41017, is a Kentucky corporation and a public utility as defined in Section 278.010 of the Kentucky Revised Statutes, engaged in the business of furnishing gas and electric services to various municipalities and unincorporated areas in Boone, Campbell, Gallatin, Grant, Kenton and Pendleton Counties in the Commonwealth of Kentucky. Duke Energy Kentucky, in conjunction with said services and upon the facts to be set forth hereafter, requests approval to modify and extend the availability of its Rate RTP, Real Time Pricing Program. Pursuant to the Commission’s Order in Case No. 2006-172, Duke Energy Kentucky’s current Rate RTP tariff offering expires on December 31, 2008. Duke Energy Kentucky respectfully requests approval to continue to offer the program through December 31, 2010. In the event the Commission is unable to rule on this application prior to December 31, 2008, Duke Energy Kentucky respectfully requests Commission approval to continue the program on an interim basis until such time as the Commission is able to issue its ruling.

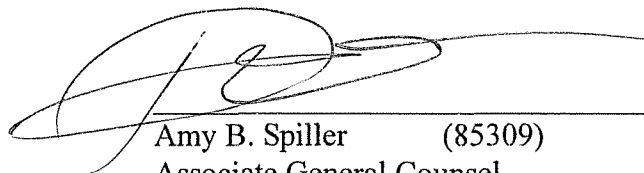
In support of this Application, pursuant to Administrative Regulation 807 KAR 5:001, Duke Energy Kentucky submits the following:

1. Duke Energy Kentucky's articles of incorporation are on file with the Commission in Case No. 2006-000563.
2. Duke Energy Kentucky's Rate RTP is a voluntary tariff offering non-residential customers the opportunity to manage their electric costs by either shifting load from higher cost to lower cost pricing periods and adding new load during lower cost pricing periods or to learn about market pricing. Binding Price Quotes are sent to each participating customer on a day-ahead basis. The program is intended to be bill neutral to each customer with respect to their historical usage through the use of a Customer Baseline Load ("CBL") and the Company's Standard Offer Rates.
3. Rate RTP is an experimental program that has been in place for several years, but which is set to expire on December 31, 2008. Currently Duke Energy Kentucky has seven customers taking service under this rate. Duke Energy Kentucky wishes to continue to provide this service to its customers and requests permission to continue the service offering through December 31, 2010.
4. Attachment A is a copy of the current electric tariff sheet, Rate RTP, Real Time Pricing Program, Sheet No. 99.
5. Attachment B is a copy of the proposed electric tariff sheet, Rate RTP, Real Time Pricing Program, Sheet No. 99.
6. Attachment C is a summary description of the proposed tariff change and reasons supporting the extension.

WHEREFORE, Duke Energy Kentucky prays that the Commission issue its Order approving the changes herein and directing Duke Energy Kentucky to file tariff in conformance therewith.

Respectfully submitted,

Duke Energy Kentucky, Inc.



Amy B. Spiller (85309)

Associate General Counsel

Rocco O. D'Ascenzo

Senior Counsel

Duke Energy Business Services, Inc.

2500 Atrium II

P. O. Box 960

Cincinnati, Ohio 45201-0960

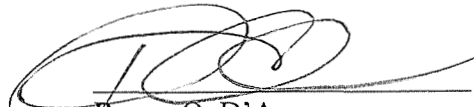
Phone: (513) 419-1852

Fax: (513) 419-1846

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via overnight mail, postage prepaid, this 5th day of November, 2008:

Dennis G. Howard II
Assistant Attorney General
The Kentucky Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602-2000



Rocco O. D'Ascenzo

CURRENT TARIFF SCHEDULE
RATE RTP, REAL TIME PRICING PROGRAM

**RATE RTP
REAL TIME PRICING PROGRAM**

APPLICABILITY

Applicable to Customers served under Rate DS, Rate DT, Rate DP or Rate TT. Service under the RTP Program will be offered on an experimental basis through December 31, 2008. The incremental cost of any special metering required for service under this Program beyond that normally provided under the applicable Standard Tariff shall be borne by the Customer. Customers must enter into a written service agreement with a minimum term of one year.

PROGRAM DESCRIPTION

The RTP Program is voluntary and offers Customers the opportunity to manage their electric costs by either shifting load from higher cost to lower cost pricing periods and adding new load during lower cost pricing periods or to learn about market pricing. Binding Price Quotes will be sent to each Customer on a day-ahead basis. The program is intended to be bill neutral to each Customer with respect to their historical usage through the use of a Customer Baseline Load (CBL) and the Company's Standard Offer Rates.

CUSTOMER BASELINE LOAD

The CBL is one complete year of Customer hourly load data that represents the electricity consumption pattern and level of the Customer's operation under the Standard Rate Schedule. The CBL is the basis for achieving bill neutrality for Customers billed under this Rate RTP, and must be mutually agreeable to both the Customer and the Company as representing the Customer's usage pattern under the Standard Rate Schedule (non-RTP). In the event that the Customer's electricity consumption pattern differs significantly from the established CBL, the Company may renegotiate the CBL with the Customer. Agreement on the CBL is a requirement for participation in the RTP Program.

RTP BILLING

Customers participating in the RTP Program will be billed monthly based on the following calculation:

$$\text{RTP Bill} = \text{BC} + \text{PC} + \sum_{t=1}^n \{ (\text{CC}_t + \text{ED}_t + \text{ASC}_t) \times (\text{AL}_t - \text{CBL}_t) \}$$

Where:

BC = Baseline Charge
PC = Program Charge

CC_t = Commodity Charge for hour t
ED_t = Energy Delivery Charge for hour t
ASC_t = Ancillary Services Charge for hour t
AL_t = Customer Actual Load for hour t
CBL_t = Customer Baseline Load in hour t
n = total number of hours in the billing period
t = an hour in the billing period

BASELINE CHARGE

The Baseline Charge is independent of Customer's currently monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

BASELINE CHARGE (Contd.)

The Baseline Charge will be calculated as follows:

$$BC = (\text{Standard Bill @ CBL})$$

Where:

BC = Baseline Charge
Standard Bill @ CBL = Customer's bill for a specific month on the applicable Rate Schedule including applicable Standard Contract Riders using the CBL to establish the applicable billing determinants.

The CBL shall be adjusted to reflect applicable metering adjustments under the Rate Schedule. All applicable riders shall be excluded from the calculation of the Baseline Charge.

PRICE QUOTES

The Company will send to Customer, within two hours after the wholesale prices are published by the Midwest Independent Transmission System Organization, Inc. ("Midwest ISO") each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one-day-ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes the day before they become effective.

COMMODITY CHARGE

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

$$\begin{aligned} \text{For kWh}_t \text{ above the CBL}_t, \quad CC_t &= \text{MVG}_t \times \text{LAF} \\ \text{For kWh}_t \text{ below the CBL}_t, \quad CC_t &= \text{MVG}_t \times 80\% \times \text{LAF} \end{aligned}$$

Where:

LAF = loss adjustment factor
= 1.0530 for Rate TS
= 1.0800 for Rate DP
= 1.1100 for Rate DS
MVG_t = Market Value Of Generation As Determined By Company for hour t

COMMODITY CHARGE (Contd.)

The MVG_t will be based on the expected market price of capacity and energy for the next day. The expected market price will be based on forecasts of market conditions for the next day using publicly available market indices and/or bona fide third-party price quotes to establish the expected market price.

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

ENERGY DELIVERY CHARGE

The hourly Energy Delivery Charge is a charge for using the transmission and distribution system to deliver energy to the Customer. The applicable hourly Energy Delivery Charge (Credit) shall be applied on a hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Service	\$0.006053 per kW Per Hour
Primary Service	\$0.005540 per kW Per Hour
Transmission Service	\$0.002008 per kW Per Hour

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

ANCILLARY SERVICES CHARGE

The hourly Ancillary Services Charge is a charge for:

- Scheduling, System Control & Dispatch
- Reactive and Voltage Control
- Regulation and Frequency Response
- Spinning Reserve
- Supplemental Reserve

The applicable hourly Ancillary Services Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Delivery.....	\$0.000760 per kW Per Hour
Primary Delivery.....	\$0.000740 per kW Per Hour
Transmission Delivery	\$0.000721 per kW Per Hour

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

APPLICABLE RIDERS

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 78, Rider DSMR, Demand Side Management Rider
- Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism

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PROGRAM CHARGE

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$183.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program.

Customer may purchase from either Company or any other third-party suppliers any other necessary equipment or software packages to facilitate participation in this program. While Customers are encouraged to use such equipment or software packages to maximize benefits under this Program, it is not a requirement for program participation. It is Customer's responsibility to ensure the compatibility of third-party equipment or software packages with any Company owned equipment or software packages.

SPECIAL TERM AND CONDITIONS

Except as provided in this Rate RTP, all terms, conditions, rates, and charges outlined in the Standard Rate Schedule will apply. Participation in the RTP Program will not affect Customer's obligations for electric service under the Standard Rate Schedule.

Customers who terminate their service agreement under this Rider RTP after the initial one (1) year term shall be ineligible to return to the program for twelve (12) months from the termination date.

The primary term of service is one (1) year consisting of a consecutive twelve month period.

Customers returning to the standard tariff shall have any historical demands in excess of the CBL, waived for purposes of calculating applicable billing demands.

The supplying 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.

PROPOSED TARIFF SCHEDULE
RATE RTP, REAL TIME PRICING PROGRAM

(C)

**RATE RTP
REAL TIME PRICING PROGRAM**

APPLICABILITY

Applicable to Customers served under Rate DS, Rate DT, Rate DP or Rate TT. Service under the RTP Program will be offered on an experimental basis through December 31, 2010. The incremental cost of any special metering required for service under this Program beyond that normally provided under the applicable Standard Tariff shall be borne by the Customer. Customers must enter into a written service agreement with a minimum term of one year.

(C)

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Issued by Sandra P. Meyer, President

Effective:

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SUMMARY DESCRIPTION OF PROPOSED TARIFF CHANGE
RATE RTP, REAL TIME PRICING PROGRAM

Attachment C

Description of the Proposed Tariff Change

The Duke Energy Kentucky, Inc proposes to modify its Rate RTP, Real Time Pricing Program to extend the availability through December 31, 2010. The program is currently scheduled to run through December 31, 2008, having been extended past its original termination date of December 31, 2003 on prior occasions with Commission approval.

Rate RTP has been offered on an experimental basis since January 1999. The program is available to non-residential customers served under Rates DS, DP, DT, and TT.

Duke Energy Kentucky continues to evaluate the cost-effectiveness of the RTP Program, and the Company is considering future modifications or termination of the program.

To date Rate RTP has been a useful tool in reducing the Company's summer peak load forecast. An extension of the availability of the Rate RTP through December 31, 2010 will continue to provide the Company with more time to analyze various future program offerings and attempt to grow participation levels. In addition, the extension will allow the Company to prepare a filing and the Commission to review such filing, should the Company decide to modify the Program.