

DUKE ENERGY KENTUCKY, INC
GAS COST ADJUSTMENT CLAUSE

QUARTERLY REPORT

GAS COST RECOVERY RATES EFFECTIVE FROM December 1, 2015 THROUGH January 3, 2016

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	3.613
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	0.000
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.132
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.064)
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA + BA	\$/MCF	3.681

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	3.613

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	0.000
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	0.000

ACTUAL ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	0.040
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.369)
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.016
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.445
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.132

BALANCE ADJUSTMENT CALCULATION

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	0.028
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.045)
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.043)
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.004)
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.064)

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

DATE FILED: November 9, 2015

BY: DON WATHEN

TITLE: DIRECTOR,
Rates & Regulatory Strategy - OH/KY

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY
EXPECTED GAS COST RATE CALCULATION (EGC)**

"SUMMARY" FOR THE EGC RATE IN EFFECT AS OF December 1, 2015

<u>DEMAND (FIXED) COSTS:</u>	<u>\$</u>
Columbia Gas Transmission Corp.	3,031,317
Columbia Gulf Transmission Corp.	1,223,775
KO Transmission Company	307,584
Texas Gas Transmission	684,090
ANR Pipeline	911,370
Gas Marketers	<u>108,239</u>
TOTAL DEMAND COST:	6,266,375
 PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	 10,594,811 MCF
 DEMAND (FIXED) COMPONENT OF EGC RATE:	 \$6,266,375 / 10,594,811 MCF \$0.591 /MCF
 <u>COMMODITY COSTS:</u>	
Gas Marketers	\$2.115 /MCF
Gas Storage	
Columbia Gas Transmission	\$0.513 /MCF
ANR	\$0.369
Propane	<u>\$0.014 /MCF</u>
COMMODITY COMPONENT OF EGC RATE:	\$3.011 /MCF
 Other Costs:	
Net Charge Off ⁽¹⁾	\$17,952 / 1,565,995 \$0.011 /MCF
 TOTAL EXPECTED GAS COST:	 <u>\$3.613 /MCF</u>

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : December 1, 2015

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
INTERSTATE PIPELINE : COLUMBIA GAS TRANSMISSION, LLC				
TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2015				
SST: 5/1/2015				
<u>BILLING DEMAND - TARIFF RATE - FSS</u>				
Max. Daily Withdrawl Quan.	1.5010	39,656	12	714,284
Seasonal Contract Quantity	0.0288	1,365,276	12	471,839
<u>BILLING DEMAND - TARIFF RATE - SST</u>				
Maximum Daily Quantity	5.1700	19,828	6	615,065
Maximum Daily Quantity	5.1700	39,656	6	1,230,129
CAPACITY RELEASE CREDIT				0
TOTAL COLUMBIA GAS TRANSMISSION, LLC - DEMAND CHARGES				3,031,317

INTERSTATE PIPELINE : **COLUMBIA GULF TRANSMISSION CORP.**
TARIFF RATE EFFECTIVE DATE : FTS-1: 10/1/2013

<u>BILLING DEMAND - TARIFF RATE - FTS-1</u>				
Maximum Daily Quantity	3.3300	21,000	5	349,650
Maximum Daily Quantity	3.3300	13,500	7	314,685
Maximum Daily Quantity	3.3300	12,000	5	199,800
Maximum Daily Quantity	3.3300	9,000	12	359,640
CAPACITY RELEASE CREDIT FOR FTS-1				0
TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES				1,223,775

Currently Effective Rates
 Applicable to Rate Schedule FSS
 Rate Per Dth

	Base Tariff Rate	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 3/	\$ 1.501	-	-	-	-	-	1.501	0.0493
Capacity 3/	¢ 2.88	-	-	-	-	-	2.88 2.88	2.88
Injection	¢ 1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢ 1.53	-	-	-	-	-	1.53 1.53	1.53
Overrun 3/	¢ 10.87	-	-	-	-	-	10.87	10.87

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.

3/ Shippers utilizing the Eastern Market Expansion (EME) facilities for FSS service will pay a total FSS MDSQ reservation charge of \$4.130 and a total FSS SCQ capacity rate of 6.80 cents. If EME customers incur an overrun for FSS services that is provided under their EME Project service agreements, they will pay a total FSS overrun rate of 23.44 cents. The additional EME demand charges and EME overrun charges can be added to the applicable surcharges above to develop the EME Total Effective Rate.

4.451 + .119 = 5.170

Currently Effective Rates
 Applicable to Rate Schedule SST
 Rate Per Dth

	Base Tariff Rate 1/2/	TCRA Rates	EPCA Rates	OTRA Rates	CCRM Rates	Total Effective Rate 2/	Daily Rate 2/
Rate Schedule SST							
Reservation Charge 3/4/ Commodity	\$ 4.774	0.258	0.059	0.151	0.719	5.961	0.1960
Maximum	1.02	-0.02	0.78	0.00	0.00	1.78	1.78
Minimum	1.02	-0.02	0.78	0.00	0.00	1.78	1.78
Overrun 4/							
Maximum	16.72	0.83	0.97	0.50	2.36	21.38	21.38
Minimum	1.02	-0.02	0.78	0.00	0.00	1.78	1.78

- 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/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.
- 4/ Shippers utilizing the Eastern Market Expansion (EME) facilities for Rate Schedule SST service will pay a total SST reservation charge of \$17.625. If EME customers incur an overrun for SST services that is provided under their EME Project service agreements, they will pay a total overrun rate of 58.97 cents. The applicable EME demand charge and EME overrun charge can be added to the applicable surcharges above to calculate the EME Total Effective Rates.

0.178
 + 0.0014 ACA
 = 0.192 injection rate



1700 MacCorkle Avenue SE
Charleston, WV 25314
Phone: 304-357-2514
Fax: 304-357-2654
jsydnor@nisource.com

June 10, 2013

Mr. Jeff Kern
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

RE: SST Service Agreement No. 79977
Discount Letter Amendment

Dear Mr. Kern:

This letter will serve as an amendment to the SST Service Agreement No. 79977 between Columbia Gas Transmission, LLC (Transporter) and Duke Energy Kentucky, Inc. (Shipper). Transporter and Shipper hereby agree that Section 3 of the above-referenced service agreement is amended to provide the following:

1. The rate for service, for the period from 7/01/2013 to 3/31/2020, will include a discounted demand rate, inclusive of demand surcharges, of \$4.451 for deliveries to the primary delivery point 834696 (KOT DEK MLI); for deliveries to the secondary delivery point STOR (RP Storage Point TCO); and for any receipts into Columbia's pipeline system.
2. Except to the extent Federal Energy Regulatory Commission ("FERC") policies, rules and/or regulations, and/or Transporter's FERC Gas Tariff provide otherwise, for service under the above-referenced Service Agreement to secondary delivery points other than STOR, in lieu of the rate set forth above, Transporter will charge and Shipper will pay the then existing maximum Recourse Rate set forth in Transporter's FERC Gas Tariff from time to time.
3. Notwithstanding the foregoing, the charge to be paid by Shipper to Transporter will be no lower than the applicable total effective minimum charges or higher than the applicable total effective maximum charges as set forth in Transporter's FERC Gas Tariff from time to time.

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4. The discounted reservation rate will be apportioned in accordance with Section 20 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
5. In addition to the reservation charges set forth above, Shipper must provide all applicable commodity charges, surcharges, overrun charges and retainage charges set forth in Transporter's FERC Gas Tariff from time to time.
6. In addition to the reservation charges set forth above, commencing on 4/1/2015, Shipper will pay all applicable Capital Cost Recovery Mechanism ("CCRM") charges.

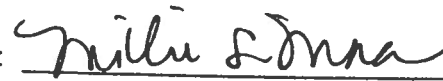
If you are in agreement with the above amendment, please execute both originals of this letter and return one to Transporter at the above address, Attention: Jackie Sydnor, 8th floor North.

Executed and agreed to this 10 day of June, 2013.

DUKE ENERGY KENTUCKY, INC.

COLUMBIA GAS TRANSMISSION, LLC

By: 

By: 

Its: EVPO and COO, REGULATED UTILITIES

Its: VP, Customer Services & Navigates



RETAINAGE PERCENTAGES

Transportation Retainage	1.885%	<i>SST fuel %</i>
Gathering Retainage	0.617%	
Storage Gas Loss Retainage	0.130%	<i>Ass fuel %</i>
Ohio Storage Gas Lost Retainage	0.260%	
Columbia Processing Retainage/1	0.000%	

1/ The Columbia Processing Retainage shall be assessed separately from the processing retainage applicable to third party processing plants set forth in Section 25.3 (f) of the General Terms and Conditions.

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

Rate Schedule FTS-1	Base Rate (1) 1/	Total Effective Rate (2) 1/	Daily Rate (3) 1/
Market Zone			
Reservation Charge			
Maximum	4.2917	4.2917	0.1411
Minimum	0.000	0.000	0.000
Commodity			
Maximum	0.0109	0.0109 + 0.0014 = 0.0123	0.0109
Minimum	0.0109	0.0109	0.0109
Overrun			
Maximum	0.1520	0.1520	0.1520
Minimum	0.0109	0.0109	0.0109

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : December 1, 2015

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
INTERSTATE PIPELINE : KO TRANSMISSION COMPANY				
TARIFF RATE EFFECTIVE DATE : 4/1/2015				
<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
INTERSTATE PIPELINE : Texas Gas Transmission				
TARIFF RATE EFFECTIVE DATE : 1/15/2014				
<u>BILLING DEMAND - TARIFF RATE - STE</u>				
Maximum Daily Quantity	0.1950	18,000	151	530,010
Maximum Daily Quantity	0.1200	6,000	214	154,080
CAPACITY RELEASE CREDIT				0
TOTAL TEXAS GAS TRANSMISSION CO. DEMAND CHARGES				684,090
INTERSTATE PIPELINE : ANR PIPELINE				
TARIFF RATE EFFECTIVE DATE : 4/1/2014				
<u>BILLING DEMAND - TARIFF FTS-1</u>				
Maximum Daily Quantity	4.5625	20,000	5	456,250
<u>BILLING DEMAND - TARIFF RATE - FSS</u>				
Max. Daily Withdrawl Quan.	1.2082	20,229	12	293,288
Seasonal Contract Quantity	0.1600	1,011,450	1	161,832
CAPACITY RELEASE CREDIT				0
TOTAL ANR DEMAND CHARGES				911,370
GAS MARKETERS FIXED CHARGES				
November - March	0.0057	10,441,792		59,099
December - February	0.1092	450,000		49,140
TOTAL GAS MARKETERS FIXED CHARGES				108,239

KO Transmission Company

Effective Date: 04/01/2015

Status: Effective

FERC Docket: RP15-00562-000

FERC Order: Delegated Letter Order

Order Date: 03/25/2015

Part 3, Currently Effective Rates, 9.0.0

**CURRENTLY EFFECTIVE RATES
APPLICABLE TO RATE SCHEDULES FTS AND ITS**

RATE LEVELS - RATE PER DTH

	Base Tariff Rate^{1/}
RATE SCHEDULE FTS	
Reservation Charge ^{2/}	
Maximum 1	\$0.3560
Maximum 2	\$0.3560
Daily Rate - Maximum 1	\$0.0117
Daily Rate - Maximum 2	\$0.0117
Commodity	
Maximum	\$0.0000
Minimum	\$0.0000
Overrun	\$0.0117
RATE SCHEDULE ITS	
Commodity	
Maximum	\$0.0117
Minimum	\$0.0000

^{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 and posted on the Commission's website (<http://www.ferc.gov>).

^{2/} Minimum reservation charge is \$0.00.

Transportation Retainage Adjustment 0.796%

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.



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

January 15, 2014

Mr. Jeff Kern
Duke Energy Kentucky, Inc.
139 E 4th St EX460
Cincinnati, OH 45202-4003

Re: Discounted Rates Letter Agreement to
STF Service Agreement No. 33502
between TEXAS GAS TRANSMISSION, LLC and
DUKE ENERGY KENTUCKY, INC.
dated January 15, 2014

Dear Jeff:

This Discounted Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced Firm Service Agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and Duke Energy Kentucky, Inc. ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide primary firm service under the Agreement from Primary Receipt Point(s) to the Primary Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A.

(a) The Contract Demand(s) for this Agreement shall be: 18,000 MMBtu per day each November – March
6,000 MMBtu per day each April - October

2. The rates in Exhibit A are applicable only for transportation service utilizing the Primary Point(s) specifically listed on Exhibit A, up to Customer's Contract Demand. The rates in Exhibit B are applicable only for transportation service utilizing the eligible secondary point(s) specifically listed on Exhibit B. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibits A and/or B in writing, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service. If Customer or its Replacement Shipper(s) deliver gas to a point not listed on Exhibit A or B, Customer shall pay the maximum applicable rate for the quantity delivered to such point(s), up to Customer's Contract Demand.

3. This Agreement shall be effective beginning April 1, 2014 and shall continue in full force and effect through October 31, 2017.

4. All rates and services described in this Agreement are subject to the terms and conditions of Texas Gas' Tariff. Texas Gas shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make

changes effective in the filed rates, charges, and services in Texas Gas' Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE COMMONWEALTH OF KENTUCKY, EXCLUDING ANY PROVISION WHICH WOULD DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

If Customer agrees with the terms and conditions, please so indicate by signing the duplicate originals in the appropriate spaces provided below and returning the originals to Texas Gas.

Very Truly Yours,

TEXAS GAS TRANSMISSION, LLC

By: *David W. Maselney*

Name: DAVID W. MASELNEY

Title: V.P., Southern/Midwest Markets

Date: 1/27/14

ACCEPTED AND AGREED TO this 30th day of January, 2014.

DUKE ENERGY KENTUCKY, INC.

By: *Keith Trent*

Name: Keith Trent

Title: EVP & COO-Reg. Utilities

As To Form

DOK

Signature page to Discounted Rates Letter Agreement, Agreement No. 33502, dated January 15, 2014.

Rate Schedule STF
Agreement No.: 33502
Discounted Rates Letter Agreement dated January 15, 2014

EXHIBIT A

Primary Receipt Point(s)

All effective primary receipt point(s) listed under the Contract.

Primary Delivery Point(s)

<u>Meter Name</u>	<u>Meter No.</u>	<u>Zone</u>
Duke Energy KY Shipper DE	1872	4

Rate(s)

The following rates shall be applicable to any transaction utilizing (i) a Primary Receipt Point(s) or Eligible Secondary Receipt Point(s); and (ii) a Primary Delivery Point(s) or Eligible Secondary Delivery Point(s).

Demand: \$0.1950 per MMBtu/day each November - March
\$0.1200 per MMBtu/day each April - October

Commodity: Texas Gas' minimum tariff rate per MMBtu plus applicable surcharges and fuel retention

Discount Qualification: Customer may select Primary Receipt Point capacity up to 120% of Daily Contract Demand in the Winter Season and in the Summer Season with no impact on the discounted demand rates. If Customer selects Primary Receipt Point capacity greater than 120% of Daily Demand in the Winter Season or the Summer Season, then the maximum applicable rate shall apply to all of the Contract Demand.

The discounted demand and commodity rates are applicable for deliveries to the Primary and Eligible Secondary Delivery Points. To the extent Customer or its replacement shipper delivers gas to any other delivery point, or delivers more than the daily contract demand on any day and such volumes are not daily overrun, then Customer shall pay both the maximum demand and commodity rates for all gas quantities on that day.

Rate Schedule STF
Agreement No.: 33502
Discounted Rates Letter Agreement dated January 15, 2014

EXHIBIT B

Eligible Secondary Receipt Point(s)

All secondary receipt points located in Texas Gas Rate Zone(s) 1, 2, 3 and 4

Eligible Secondary Delivery Point(s)

<u>Meter Name</u>	<u>Meter No.</u>	<u>Zone</u>
Lebanon-Dominion	1247	4
Lebanon-Columbia Gas	1715	4
Lebanon-Texas Eastern	1859	4
Duke Energy OH Shipper DE	1229	4

Rate(s)

The rates identified on Exhibit A shall be applicable to any transaction utilizing (i) a Primary Receipt Point(s) or Eligible Secondary Receipt Point(s); and (ii) a Primary Delivery Point(s) or Eligible Secondary Delivery Point(s).

Contract No: 124172
Amendment No: 01

AMENDMENT

Date: March 09, 2015

"Transporter": ANR PIPELINE COMPANY

"Shipper": DUKE ENERGY KENTUCKY, INC.

FSS Contract No. 124172 dated March 19, 2014 ("Agreement") between Transporter and Shipper is amended effective April 01, 2015 as follows:

Shipper's contract quantities (MSQ, BMDIQ, BMDWQ) have been revised to reflect Transporter's Use % (fuel matrix) revisions pursuant to Transporter's Annual Redetermination Filing effective April 1, 2015.

An updated Contract Quantity Exhibit reflecting this change is attached.

All other terms and conditions of the Agreement shall remain in full force and effect.

**EXHIBITS ONLY SENT. EXECUTABLE DOCUMENTS
NOT REQUIRED.**

CONTRACT QUANTITY EXHIBIT
To Agreement Between
ANR PIPELINE COMPANY (Transporter)
AND DUKE ENERGY KENTUCKY, INC. (Shipper)

Contract No: 124172
 Rate Schedule: FSS
 Contract Date: March 19, 2014
 Amendment Date: March 09, 2015

Effective Start: November 01, 2015
 Effective End: March 31, 2016

Seasonal Service
 Ratcheted Service

	MDQ
	(Dth)
Maximum Storage Quantity (MSQ)	1011450
Base Maximum Daily Withdrawal Quantity (BMDWQ)	20229
Base Maximum Daily Injection Quantity (BMDIQ)	5780
Cyclability	1011450

Ratchet Thresholds		Ratchet	Ratchet
<u>From</u>	<u>To</u>	<u>Levels</u>	<u>MDWQ/MDIQ</u>
202291	- 1011450	W1 MDWQ_1	20229
151719	- 202290	W2 MDWQ_2	18206
101146	- 151718	W3 MDWQ_3	16183
50574	- 101145	W4 MDWQ_4	14160
0	- 50573	W5 MDWQ_5	12137
0	- 910305	I1 MDIQ_1	5780
910306	- 1011450	I2 MDIQ_2	4624

W=Withdrawal ;I=Injection

Note: BMDWQ and BMDIQ are stated without incorporating ratchets.

CONTRACT QUANTITY EXHIBIT
To Agreement Between
ANR PIPELINE COMPANY (Transporter)
AND DUKE ENERGY KENTUCKY, INC. (Shipper)

Contract No: 124172
Rate Schedule: FSS
Contract Date: March 19, 2014
Amendment Date: March 09, 2015

Effective Start: April 01, 2015
Effective End: October 31, 2015

Seasonal Service
Ratcheted Service

Maximum Storage Quantity (MSQ)	MDQ
Base Maximum Daily Withdrawal Quantity (BMDWQ)	(Dth)
Base Maximum Daily Injection Quantity (BMDIQ)	1011450
Cyclability	20229
	5780
	1011450

<u>Ratchet</u> <u>Thresholds</u>		<u>Ratchet</u>	<u>Ratchet</u>
<u>From</u>	<u>To</u>	<u>Levels</u>	<u>MDWQ/MDIQ</u>
202291	~ 1011450	W1 MDWQ_1	20229
151719	- 202290	W2 MDWQ_2	18206
101146	- 151718	W3 MDWQ_3	16183
50574	- 101145	W4 MDWQ_4	14160
0	- 50573	W5 MDWQ_5	12137
0	- 910305	I1 MDIQ_1	5780
910306	- 1011450	I2 MDIQ_2	4624

W=Withdrawal ;I=Injection

Note: BMDWQ and BMDIQ are stated without incorporating ratchets.

Date: March 19, 2014

Contract No.: 124172

FSS SERVICE AGREEMENT

This AGREEMENT is entered into by ANR Pipeline Company (Transporter) and DUKE ENERGY KENTUCKY, INC (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below, together with the terms and conditions of Transporter's applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff constitute the Transportation Service to be provided and the rights and obligations of Shipper and Transporter.

1. **AUTHORITY FOR TRANSPORTATION SERVICE:**

Pursuant to Part 284 of the Federal Energy Regulatory Commission's (FERC or Commission) Regulations.

2. **RATE SCHEDULE: Firm Storage Service**

3. **CONTRACT QUANTITIES:**

Contract Quantities- see Exhibit attached hereto.

Such Contract Quantities shall be reduced for scheduling purposes, but not for billing purposes, by the Contract Quantities that Shipper has released through Transporter's capacity release program for the period of any release.

Date: March 19, 2014

Contract No.: 124172

Shipper desires to maintain the MDQ delivered to the city gate from storage in the event of a change in Transporter's Use %. Therefore, subject to available capacity, if Transporter's Use %, as stated in Transporter's Tariff changes, Transporter shall (a) make corresponding changes to the MSQ, Base MDWQ and Base MDIQ of Shipper's FSS Agreement; and (b) if elected below, any necessary changes to the MDQ of the injection route(s) of a firm transport agreement(s), associated with such FSS Agreement. Shipper authorizes Transporter to make such quantity changes without formal amendment by providing to Shipper a revised Exhibit for each contract affected.

 X Shipper elects changes per subpart (a) only.

 Shipper elects changes per subpart (a) and (b).

4. **TERM OF AGREEMENT:**

April 01, 2014 to

March 31, 2016

5. **RATES:**

Maximum rates, charges, and fees shall be applicable for the entitlements and quantities delivered pursuant to this Agreement unless Transporter and Shipper have agreed otherwise as provided herein.

It is further agreed that Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change any rates, charges or other provisions in the applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the Natural Gas Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act, including the right to participate fully in rate or other proceedings by intervention or otherwise to contest changes in rates in whole or in part.

The rate for storage service shall be a Deliverability rate of \$1.2082 per dth per month for MDWQ, and a Capacity rate of \$0.1600 per dth per month of MSQ divided by twelve, and the applicable Commodity rate for injection or withdrawal charges, not to exceed Transporter's Maximum Tariff Rates. In addition, Shipper will be charged

Date: March 19, 2014

Contract No.: 124172

ACA, Transporter's Use (Fuel %) and EPC Charge (Electric Power Cost) and any other applicable governmental surcharges in accordance with Transporter's Tariff.

6. **INCORPORATION BY REFERENCE:**

The provisions of Transporter's applicable Rate Schedule and the General Terms and Conditions of Transporter's Tariff are specifically incorporated herein by reference and made a part hereof.

7. **NOTICES:**

All notices can be given by telephone or other electronic means, however, such notice shall be confirmed in writing at the addresses below or through GEMS_{tm}. Shipper or Transporter may change the addresses below by written notice to the other without the necessity of amending this agreement:

TRANSPORTER:

ANR Pipeline Company
717 Texas Street, Suite 25000
Houston, Texas 77002-2761
Attention: Commercial Services

SHIPPER:

DUKE ENERGY KENTUCKY, INC
139 EAST FOURTH ST
CINCINNATI, OH 45202
Attention: JEFF KERN

Telephone: 513-287-2837
FAX: 513-287-4212

Date: March 19, 2014

Contract No.: 124172

INVOICES AND STATEMENTS:

DUKE ENERGY KENTUCKY, INC
139 EAST FOURTH ST
CINCINNATI, OH 45202
Attention: MITCH MARTIN

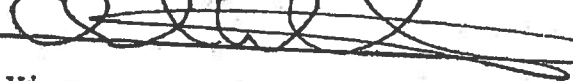
Telephone: 513-287-4042
FAX: 513-287-2018

8. FURTHER AGREEMENT:

None.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers or Representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: DUKE ENERGY KENTUCKY, INC

By: 

Title: Vice President, Gas Operations

Date: 3/25/14

As To Form
OK

TRANSPORTER: ANR PIPELINE COMPANY

By: 

Title: Director, Commercial Services

Date: 3/31/14

*RD 3/25/14
cc 3/26/14*

CONTRACT QUANTITY EXHIBIT
To Agreement Between
ANR PIPELINE COMPANY (Transporter)
AND DUKE ENERGY KENTUCKY, INC. (Shipper)

Contract No: 124172
 Rate Schedule: FSS
 Contract Date: March 19, 2014
 Amendment Date: March 09, 2015

Effective Start: April 01, 2014
 Effective End: October 31, 2014

Seasonal Service
 Ratcheted Service

Maximum Storage Quantity (MSQ)	MDQ
Base Maximum Daily Withdrawal Quantity (BMDWQ)	(Dth)
Base Maximum Daily Injection Quantity (BMDIQ)	1009200
Cyclability	20184
	5767
	1009200

<u>Ratchet</u> <u>Thresholds</u>		<u>Ratchet</u>	<u>Ratchet</u>
<u>From</u>	<u>To</u>	<u>Levels</u>	<u>MDWQ/MDIQ</u>
201841	- 1009200	W1	MDWQ_1
151381	- 201840	W2	MDWQ_2
100921	- 151380	W3	MDWQ_3
50461	- 100920	W4	MDWQ_4
0	- 50460	W5	MDWQ_5
0	- 908280	I1	MDIQ_1
908281	- 1009200	I2	MDIQ_2
			20184
			18166
			16147
			14129
			12110
			5767
			4614

W=Withdrawal ;I=Injection

Note: BMDWQ and BMDIQ are stated without incorporating ratchets.

CONTRACT QUANTITY EXHIBIT
To Agreement Between
ANR PIPELINE COMPANY (Transporter)
AND DUKE ENERGY KENTUCKY, INC. (Shipper)

Contract No: 124172
 Rate Schedule: FSS
 Contract Date: March 19, 2014
 Amendment Date: March 09, 2015

Effective Start: November 01, 2014
 Effective End: March 31, 2015

Seasonal Service
 Ratcheted Service

Maximum Storage Quantity (MSQ)	MDQ
Base Maximum Daily Withdrawal Quantity (BMDWQ)	(Dth)
Base Maximum Daily Injection Quantity (BMDIQ)	1009200
Cyclability	20184
	5767
	1009200

<u>Ratchet</u> <u>Thresholds</u>		<u>Ratchet</u>	<u>Ratchet</u>
<u>From</u>	<u>To</u>	<u>Levels</u>	<u>MDWQ/MDIQ</u>
201841	- 1009200	W1 MDWQ_1	20184
151381	- 201840	W2 MDWQ_2	18166
100921	- 151380	W3 MDWQ_3	16147
50461	- 100920	W4 MDWQ_4	14129
0	- 50460	W5 MDWQ_5	12110
0	- 908280	I1 MDIQ_1	5767
908281	- 1009200	I2 MDIQ_2	4614

W=Withdrawal ;I=Injection

Note: BMDWQ and BMDIQ are stated without incorporating ratchets.

Date: March 19, 2014

Contract No.: 124171

FTS - 1 SERVICE AGREEMENT

This AGREEMENT is entered into by ANR Pipeline Company (Transporter) and DUKE ENERGY KENTUCKY, INC (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below, together with the terms and conditions of Transporter's applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff constitute the Transportation Service to be provided and the rights and obligations of Shipper and Transporter.

1. **AUTHORITY FOR TRANSPORTATION SERVICE:**

Pursuant to Part 284 of the Federal Energy Regulatory Commission's (FERC or Commission) Regulations.

2. **RATE SCHEDULE: Firm Transportation Service (FTS - 1)**

3. **CONTRACT QUANTITIES:**

Primary Routes- see Exhibit attached hereto

Such Contract Quantities shall be reduced for scheduling purposes, but not for billing purposes, by the Contract Quantities that Shipper has released through Transporter's capacity release program for the period of any release.

4. **TERM OF AGREEMENT:**

November 01, 2014 to

March 31, 2016

If Transportation Service is to be provided on a seasonal basis or for non-consecutive months during the term of the Agreement, those periods are set forth in the Primary Route Exhibit attached hereto.

Date: March 19, 2014

Contract No.: 124171

5. RATES:

Maximum rates, charges, and fees shall be applicable for the entitlements and quantities delivered pursuant to this Agreement unless Transporter and Shipper have agreed otherwise as provided herein.

It is further agreed that Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change any rates, charges or other provisions in the applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the Natural Gas Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act, including the right to participate fully in rate or other proceedings by intervention or otherwise to contest changes in rates in whole or in part.

- A. The rate for the Primary Route MDQ as listed in the attached Primary Route Exhibit and secondary receipts/deliveries as listed below shall be a Monthly Reservation Rate of \$4.5625 per dth and the applicable Commodity Rate. This rate shall be inclusive of any other adjustments or surcharges under Transporter's Tariff, not to exceed the total of Transporter's Maximum Reservation, Commodity and applicable surcharge rates. In addition, Shipper shall be charged any applicable ACA, Transporter's Use (Fuel %), EPC Charge (Electric Power Cost) and any other applicable governmental surcharges in accordance with Transporter's Tariff.

Secondary Receipt(s): None
Secondary Delivery(ies): ANR Joliet Hub (243097)

- B. The mutually agreed upon rate for the use of any point not listed in Paragraph A above shall be ANR's Maximum Applicable Reservation and Maximum Applicable Commodity Rates under FTS-1 service. In addition, Shipper shall be charged ACA, Transporter's Use (Fuel %) and EPC Charge (Electric Power Cost) and any other fees or surcharges under Transporter's Tariff.

- C. In addition, if one rate component which was at or below the applicable Maximum Rate at the time this discount agreement was executed subsequently exceeds the applicable Maximum Rate due to a change in Transporter's Maximum Rates so that such rate component must be adjusted downward to equal the new applicable Maximum Rate, then other rate components may be adjusted upward to achieve the agreed overall rate, as long as none of the resulting rate components exceeds the

Date: March 19, 2014

Contract No.: 124171

Maximum Rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff sheet rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates, which ultimately are found to be just and reasonable.

6. **INCORPORATION BY REFERENCE:**

The provisions of Transporter's applicable Rate Schedule and the General Terms and Conditions of Transporter's Tariff are specifically incorporated herein by reference and made a part hereof.

7. **NOTICES:**

All notices can be given by telephone or other electronic means, however, such notice shall be confirmed in writing at the addresses below or through GEMS_{tm}. Shipper or Transporter may change the addresses below by written notice to the other without the necessity of amending this agreement:

TRANSPORTER:

ANR Pipeline Company
717 Texas Street, Suite 25000
Houston, Texas 77002-2761
Attention: Commercial Services

SHIPPER:

DUKE ENERGY KENTUCKY, INC
139 EAST FOURTH ST
CINCINNATI, OH 45202
Attention: JEFF KERN

Telephone: 513-287-2837
FAX: 513-287-4212

Date: March 19, 2014

Contract No.: 124171

INVOICES AND STATEMENTS:

DUKE ENERGY KENTUCKY, INC
139 EAST FOURTH ST
CINCINNATI, OH 45202
Attention: MITCH MARTIN

Telephone: 513-287-4042
FAX: 513-287-2018

8. FURTHER AGREEMENT:

None.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers or Representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: DUKE ENERGY KENTUCKY, INC

By: 

Title: Vice President, Gas Operations

Date: As To Form 3/25/14
DK

TRANSPORTER: ANR PIPELINE COMPANY

By: 

Title: Director, Commercial Services

Date: 3/31/14

LD 3/25/14
cc 3/26/14

PRIMARY ROUTE EXHIBIT
To Agreement Between
ANR PIPELINE COMPANY (Transporter)
AND DUKE ENERGY KENTUCKY, INC (Shipper)

Contract No: 124171
Rate Schedule: FTS-1
Contract Date: March 19, 2014
Amendment Date:

Receipt Location Name	Delivery Location Name	Annual MDQ (DTH)	Winter MDQ (DTH)	Summer MDQ (DTH)
153808 ANRPL STORAGE FACILITIES FROM: November 01, 2014	22986 LEBANON/SPRINGBORO INT TO: March 31, 2016	0	20000	0

**DUKE ENERGY KENTUCKY
TOTAL RESERVATION COSTS FROM FIRM SUPPLIERS
ESTIMATED FOR EGC EFFECTIVE 12/1/2015**

TOTAL ANNUAL RESERVATION COST:

TOTAL DOLLARS \$ 59,099 (1)

TOTAL ANNUAL COVERAGE:

CITY GATE VOLUMES 10,441,792 Dth (2)

CALCULATED RATE: \$ 0.0057 per Dth

(1) Reservation charges billed by firm suppliers for 2015 - 2016.

(2) Contracted volumes for the 2015 - 2016 winter season.

**DUKE ENERGY KENTUCKY
TOTAL RESERVATION COSTS FROM NEEDLE PEAKING SUPPLIERS
ESTIMATED FOR EGC EFFECTIVE 12/1/2015**

TOTAL ANNUAL RESERVATION COST:

TOTAL DOLLARS \$ \$49,140.00 (1)

TOTAL ANNUAL COVERAGE:

CITY GATE VOLUMES 450,000 Dth (2)

CALCULATED RATE: \$ 0.1092 per Dth

(1) Reservation charges billed by needle peaking suppliers for 2015 - 2016

(2) Contracted volumes for the 2015 - 2016 winter season.

**Duke Energy Kentucky
Gas Resources
Supply Portfolio - November 2015 - March 2016
Reservation Fees**

			Dth per Day					Total Volume	Reserv. Fee	Total Cost
			Nov	Dec	Jan	Feb	Mar			
Chevron										
Columbia (Mainline)	Base	Fixed	1,500	1,500	1,500	1,500	1,500	228,000	\$0.0000	\$0.00
Columbia (Mainline)	Swing	GD	9,733	8,000	6,466	6,666	9,733	1,235,473	\$0.0050	\$6,177.37
Texas Gas Zone 1	Swing	GD	6,157	5,491	5,491	5,491	6,157	875,258	\$0.0050	\$4,376.29
Total								2,338,731		\$10,553.66
Conoco										
Columbia (Mainline)	Base	Fixed	5,500	5,500	5,500	5,500	5,500	836,000	\$0.0000	\$0.00
Total								836,000		\$0.00
NextEra										
Columbia (Mainline)	Base	FOMI	0	2,600	4,900	4,600	0	365,900	\$0.0000	\$0.00
Total								365,900		\$0.00
Sequent										
Columbia (Mainline)	Swing	GD	9,733	7,999	6,467	6,667	9,733	1,235,502	\$0.0050	\$6,177.51
Texas Gas	Swing	GD	6,157	5,490	5,490	5,490	6,157	875,167	\$0.0050	\$4,375.84
Total								2,110,669		\$10,553.35
Shell										
Columbia (Mainline)	Base	Fixed	5,000	5,000	5,000	5,000	5,000	760,000	\$0.0000	\$0.00
Total								760,000		\$0.00
Twin Eagle										
Columbia Backhaul (Leach)	Swing	GD	9,026	9,026	9,026	9,026	9,026	1,371,952	\$0.0200	\$27,439.04
Total								1,371,952		\$27,439.04
BP Energy										
Columbia (Mainline)	Base	Fixed	1,300	1,300	1,300	1,300	1,300	197,600	\$0.0000	\$0.00
Columbia (Mainline)	Base	FOMI	0	2,600	4,900	4,600	0	365,900	\$0.0000	\$0.00
Texas Gas	Base	FOMI	0	2,000	2,000	2,000	0	182,000	\$0.0000	\$0.00
Total								547,900		\$0.00
BG Energy										
Columbia (Mainline)	Swing	GD	9,733	8,000	6,466	6,666	9,733	1,235,473	\$0.0050	\$6,177.37
Texas Gas	Swing	GD	6,157	5,490	5,490	5,490	6,157	875,167	\$0.0050	\$4,375.84
Total								2,110,640		\$10,553.20
Total Firm Supply								10,441,792		\$59,099.24
25 Day Peaking Service (South)										
Twin Eagle (Lebanon)		GD+\$0.1500		18,000	18,000	18,000		1,638,000	\$0.0300	\$49,140.00
								1,638,000		\$49,140.00
Total Duke Energy Kentucky								12,079,792		\$108,239.24

18,000 x 25 days = 450,000

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : December 1, 2015

GAS COMMODITY RATE FOR DECEMBER, 2015:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$2.6551	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.400%	\$0.0372	\$2.6923	\$/Dth
DTH TO MCF CONVERSION	1.0490	\$0.1319	\$2.8242	\$/Mcf
ESTIMATED WEIGHTING FACTOR	74.900%		\$2.1153	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$2.115	\$/Mcf

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$3.3989	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$3.4142	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	1.885%	\$0.0644	\$3.4786	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0178	\$3.4964	\$/Dth
KO TRANS. COMMODITY RATE		\$0.0014	\$3.4978	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.400%	\$0.0490	\$3.5468	\$/Dth
DTH TO MCF CONVERSION	1.0490	\$0.1738	\$3.7206	\$/Mcf
ESTIMATED WEIGHTING FACTOR	13.800%		\$0.5134	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$0.513	\$/Mcf

GAS STORAGE

ANR - STORAGE INVENTORY RATE			\$3.0918	\$/Dth
ANR FSS WITHDRAWAL FEE		\$0.0118	\$3.1036	\$/Dth
ANR FTS FUEL	1.130%	\$0.0351	\$3.1387	\$/Dth
DTH TO MCF CONVERSION	1.0490	\$0.1538	\$3.2925	\$/Mcf
ESTIMATED WEIGHTING FACTOR	11.200%		\$0.3688	\$/Mcf
GAS STORAGE COMMODITY RATE - ANR			\$0.369	\$/Mcf

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.92228	\$/Gallon
GALLON TO MCF CONVERSION	15.38	\$13.2624	\$14.1847	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.100%		\$0.0142	\$/Mcf
PROPANE COMMODITY RATE			\$0.014	\$/Mcf

(1) Weighted average cost of gas based on NYMEX prices on 11/5/15 and contracted hedging prices.

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

August 31, 2015

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD		
June 1, 2015 THROUGH August 31, 2015	\$	0.00
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		0.9981
REFUNDS INCLUDING INTEREST (\$0.00 x 0.9981)	\$	0.00
DIVIDED BY TWELVE MONTH SALES ENDED November 30, 2016	MCF	10,618,343
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.000</u>

DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED

August 31, 2015

DESCRIPTION	UNIT	AMOUNT
<u>SUPPLIER</u>		
TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA	\$	<u>0.00</u>
RAU		

GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC
ACTUAL ADJUSTMENT
DETAILS FOR THE THREE MONTH PERIOD ENDED August 31, 2015

DESCRIPTION	UNIT	JUNE	JULY	AUGUST
<u>SUPPLY VOLUME PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	MCF	200,869	228,061	199,391
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	0	0	0
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(1,480)	(895)	1,920
TOTAL SUPPLY VOLUMES	MCF	199,389	227,166	201,311
<u>SUPPLY COST PER BOOKS</u>				
PRIMARY GAS SUPPLIERS	\$	908,766	1,141,075	973,484
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	0	0	0
OTHER COSTS (SPECIFY):				
GAS COST UNCOLLECTIBLE	\$	707	1,165	816
MANAGEMENT FEE	\$	(68,900)	(68,900)	(68,900)
X-5 TARIFF	\$	0	0	0
TRANSPORTATION SERVICE "UNACCOUNTED FOR"	\$	0	0	0
GAS COST CREDIT	\$	0	0	0
LOSSES - DAMAGED LINES	\$	(12)	4	0
TRANSPORTATION TAKE-OR-PAY RECOVERY	\$	0	0	0
SALES TO REMARKETERS	\$	0	0	0
TOTAL SUPPLY COSTS	\$	840,561	1,073,344	905,400
<u>SALES VOLUMES</u>				
JURISDICTIONAL	MCF	232,926.2	196,894.1	177,168.7
NON-JURISDICTIONAL	MCF	0.0	0.0	0.0
OTHER VOLUMES (SPECIFY):	MCF	0.0	0.0	0.0
TOTAL SALES VOLUMES	MCF	232,926.2	196,894.1	177,168.7
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	3.609	5.451	5.110
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	3.985	3.970	3.889
DIFFERENCE	\$/MCF	(0.376)	1.481	1.221
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	232,926.2	196,894.1	177,168.7
EQUALS MONTHLY COST DIFFERENCE	\$	(87,580.25)	291,600.16	216,322.98
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			420,342.89
PRIOR PERIOD ADJUSTMENT	\$			0.00
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			420,342.89
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED <u>November 30, 2016</u>	MCF			10,618,343
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			0.040
AAU				

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC
BALANCE ADJUSTMENT
DETAILS FOR THE TWELVE MONTH PERIOD ENDED August 31, 2015**

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 AUGUST 29, 2014	\$	(4,535,120.84)
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ (0.452) /MCF APPLIED TO TOTAL SALES OF <u>10,701,488</u> MCF (TWELVE MONTHS ENDED August 31, 2015)	\$	<u>(4,837,072.46)</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>301,951.62</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 AUGUST 29, 2014	\$	0.00
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ 0.000 /MCF APPLIED TO TOTAL SALES OF <u>10,701,488</u> MCF (TWELVE MONTHS ENDED August 31, 2015)	\$	<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 AUGUST 29, 2014	\$	(14,611.18)
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ (0.001) /MCF APPLIED TO TOTAL SALES OF <u>10,701,488</u> MCF (TWELVE MONTHS ENDED August 31, 2015)	\$	<u>(10,701.47)</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>(3,909.71)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>298,041.91</u>
DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED November 30, 2016	MCF	<u>10,618,343</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u>0.028</u>

DUKE ENERGY KENTUCKY
SUPPLEMENTAL INFORMATION
FOR THE EXPECTED GAS COST (EGC) RATE CALCULATION
OF THE GAS COST RECOVERY RATE
IN EFFECT AS OF DECEMBER 1, 2015

4th Quarter

DUKE ENERGY Kentucky, Inc.

USED FOR GCA EFFECTIVE August 31, 2015

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

TWELVE MONTHS ENDED June 30, 2015
BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)

INTEREST RATE -0.0036

PAYMENT 0.083171

ANNUAL TOTAL 0.9981

MONTHLY INTEREST (0.000300)

AMOUNT 1

JUNE	2014	0.10	
JULY	2014	0.12	
AUGUST	2014	0.14	
SEPTEMBER	2014	0.12	
OCTOBER	2014	0.11	
NOVEMBER	2014	0.15	
DECEMBER	2014	0.17	
JANUARY	2015	0.16	
FEBRUARY	2015	0.14	
MARCH	2015	0.13	
APRIL	2015	0.11	
MAY	2015	0.17	1.62
JUNE	2015	0.21	1.83

PRIOR ANNUAL TOTAL 1.62

PLUS CURRENT MONTHLY R 0.21

LESS YEAR AGO RATE 0.10

NEW ANNUAL TOTAL 1.73

AVERAGE ANNUAL RATE 0.14

LESS 0.5% (ADMINISTRATIVE) (0.36)

DUKE ENERGY KENTUCKY
GAS SERVICE
SUMMARY OF GCA #1616 GCR COMPONENTS
MONTH: June 2015

A:\GCR - GCA\DEKSupport\2015\Accounting 2015 - thru Aug - GCA.xlsx, Jul 15

Retail BILL CODE	MCF Usage REPORTED SALES	Exp'd Gas Cost EGC \$	RECONCILIATION ADJUSTMENT			ACTUAL ADJUSTMENT			BALANCE ADJUSTMENT			TOTAL BA
			CURRENT	PREVIOUS	SEC.PREV.	THRD.PREV.	TOTAL	CURRENT	PREVIOUS	SEC.PREV.	THRD.PREV.	
173	(36.7)	4,560	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
183	(57.7)	(255.38)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
014	74.7	375.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
034	2.1	10.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
044	76.1	432.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
064	27.3	146.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
074	(23.1)	(121.69)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
084	63.6	340.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
104	52.8	291.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
114	59.7	303.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
124	93.9	483.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
144	164.2	767.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
154	272.7	1,354.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
164	(5,566.0)	(28,509.05)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
015	(3,272.7)	4,783	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
035	(5,070.8)	4,205	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
045	11,828.8	4,127	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
065	(2,805.9)	3,659	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
075	(2,629.7)	3,796	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
085	239,772.9	4,010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL RETAIL	232,926.2	925,105.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSPORTATION: IFT3												
Customer Choice Program (GCAT):												
094			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
134			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
174			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
025			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
055	11.3		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FT CHOICE	11.3		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FOR CHOICE												
TOTAL FOR Gas Cost Recovery (GCR)												
TOTAL FOR CHOICE			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FOR Gas Cost Recovery (GCR)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TRANSPORTATION: IFT												
FT			126,060.0									
Interruptible Transportation: IT01												
IT			103,374.6									
Grand Total			462,372.1									
ADJUSTED EGC			3,865									

Pattern, Dana:
238,978.3 + 15.1 + 377 + 430.7 + 59.8 - 64.2 - 0.1 - 23.7

CONTROL CK
positive=recovered=cr 253130
negative=reduce refund=dr253130

JE ID - KUNBIL AMZ

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

June 2015

<u>DESCRIPTION</u>	<u>W/P</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>			\$
current month estimate	B1	924,616.48	
adjustments from prior month	B2	(14,360.53)	
Interruptible Transportation monthly charges by Gas Supply - PM	C	<u>(1,490.11)</u>	908,766
 <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	D	<u>0.00</u>	0
 <u>PLUS: GAS COST UNCOLLECTIBLE</u>	E	<u>707.00</u>	707
 <u>LESS: X-5 TARIFF</u>		0.00	0
 <u>LESS Tenaska MANAGEMENT FEE</u>	F	<u>68,900.00</u>	(68,900)
 <u>LESS: TOP TRANSP. RECOVERIES</u>		0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	G	<u>(12.44)</u>	(12)
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>840,561</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLY

AMOUNT

ACCTS: 191990 - Unrecv PG - Asset /191400 - Unrecv PG\$ - Liabl	(87,580.25)
ACCOUNT 0805002 - Unrecv PG Adj - Expense	87,580.25

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH June 2015

<u>PARTICULARS</u>	<u>UNIT</u>	<u>W/P</u>	<u>MONTH June 2015</u>
<u>SUPPLY VOLUME PER BOOKS</u>			
Primary Gas Suppliers	MCF	B1	200,869
Utility Production	MCF		0
Includable Propane	MCF	D	0
Other Volumes (Specify) - Previous Month Adj.	MCF	B2	(1,480)
TOTAL SUPPLY VOLUMES	MCF		199,389
<u>SUPPLY COST PER BOOKS</u>			
Primary Gas Suppliers	\$	A1	908,766
Includable Propane	\$		0
Gas Cost Uncollectible	\$	A1	707
Other Cost (Specify) - Gas Cost Credit	\$		0
- Unacct'd for Transp.	\$		0
- CF Credit	\$		0
- X-5 Tariff	\$		0
- CMT Management Fee	\$	A1	(68,900)
- Losses-Damaged Lines	\$	A1	(12)
- Gas Sold to Remarketers	\$		0
- TOP Transp. Recoveries	\$		0
TOTAL SUPPLY COST	\$	A1	840,561
<u>SALES VOLUMES</u>			
Jurisdictional - Retail	MCF	H	232,926
Non-Jurisdictional	MCF		
Other Volumes (Specify) -	MCF		
TOTAL SALES VOLUME	MCF		232,926.2
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF		3.609
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	H	3.985
DIFFERENCE	\$/MCF		(0.376)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF		232,926.2
MONTHLY COST DIFFERENCE	\$		(87,580.25)

DUKE ENERGY COMPANY KENTUCKY

June 2015

	<u>Applied</u> <u>MCF Sales</u>	<u>W/P</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>				
EGC - Retail	232,926.2	H	928,106	3.98454777
RA		H	0	
AA		H	32,074	
BA		H	(5,956)	
TOTAL GAS COST RECOVERY(GCR)			<u>954,224.35</u>	
TOTAL SALES VOLUME	232,926.2			
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>			
JURISDICTIONAL SALES	<u>232,926.2</u>			
<u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>				
SUPPLIER COST - CURRENT MONTH	232,926.2		840,561.00	3.60870095
UNRECOVERED PURCHASED GAS COST			119,654.71	
ROUNDING(ADD/(DEDUCT))			<u>(35.68)</u>	
TOTAL GAS COST IN REVENUE			<u>960,180.03</u>	
TOTAL GAS COST RECOVERY(GCR)			954,224.35	
LESS: RA			0.00	
BA			<u>(5,955.68)</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES			<u>948,268.67</u>	
UNRECOVERED PURCHASED GAS COST ENTRY			119,654.71	
LESS: AA			<u>32,074.46</u>	
MONTHLY COST DIFFERENCE			87,580.25	
EXTENDED MONTHLY COST DIFFERENCE			<u>87,544.57</u>	
ROUNDING			<u>(35.68)</u>	

DUKE ENERGY KENTUCKY
GAS SERVICE
SUMMARY OF GCA #1/ka GCR COMPONENTS
MONTH: July 2015

A IGCR - GCA\DEKISupport\2015\Accounting 2015 - thru Aug - GCA.xlsx\Jul 15

Retail BILL CODE	MCF Usage REPORTED SALES	Exp'd Gas Cost EGC	RECONCILIATION ADJUSTMENT			ACTUAL ADJUSTMENT			BALANCE ADJUSTMENT			TOTAL BA
			CURRENT	PREVIOUS	SEC.PREV.	THRD.PREV.	TOTAL	CURRENT	PREVIOUS	SEC.PREV.	THRD.PREV.	
173		0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
183		4.426	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
014		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
034	3.1	15.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
044	207.3	1,177.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
064	61.3	329.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
074	4.5	23.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
084	45.1	241.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
104	38.4	211.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
114	52.2	265.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
124	78.6	379.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
144	142.3	665.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
154	244.6	1,214.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
164	(2,700.3)	5,122	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
015	(832.3)	4,783	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
035	(2,289.9)	4,205	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
045	5,484.9	4,127	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
065	(1,113.6)	3,659	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
075	(8,322.0)	4,786	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
085	4,042.6	16,210.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	201,727.3	3,972	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL RETAIL	195,894.1	781,602.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSPORTATION: IFT3 Customer Choice Program (GCAT):												
094			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
134			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
174			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
025			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
055			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
095	600.4		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FT CHOICE	600.4	TOTAL FOR CHOICE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FOR Gas Cost Recovery (GCR)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Firm Transportation: IFT												
FT	122,027.1		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IT												
IT	107,910.5		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	426,532.1	lies to last pg of A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADJUSTED EGC	3,970		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Patten, Dana:
200,610.8 + 16.9 + 229.2 + 857.4 + 13

JE ID - KUNBIL AMZ

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

July 2015

<u>DESCRIPTION</u>	<u>W/P</u>		<u>TOTAL AMOUNT ROUNDED</u>
PRIMARY GAS SUPPLY COST			\$
current month estimate	B1	1,149,757.88	
adjustments from prior month	B2	(20,909.81)	
Interruptible Transportation monthly charges by Gas Supply - PA	C	12,226.54	1,141,075
LESS: RATE SCHEDULE CF CREDIT			
current month		0.00	
adjustments		0.00	0
PLUS: INCLUDABLE PROPANE			
a/c 728-3 Erlanger	D	0.00	0
PLUS: GAS COST UNCOLLECTIBLE	E	1,165.00	1,165
LESS: X-5 TARIFF		0.00	0
LESS Tenaska MANAGEMENT FEE	F	68,900.00	(68,900)
LESS: TOP TRANSP. RECOVERIES		0.00	0
LESS: GAS LOSSES - DAMAGED LINES	G	3.84	4
		0.00	
adjustments		0.00	0
LESS: GAS COST CREDIT		0.00	0
LESS: FIRM TRANSPORTATION ADJUSTMENTS			
current month		0.00	
adjustments		0.00	0
TOTAL SUPPLY COSTS			1,073,344

ACCOUNTING ENTRY FOR DEFERRAL ONLY

AMOUNT

ACCTS: 191990 - Unrecv PG - Asset /191400 - Unrecv PG\$ - Liabl	291,600.16
ACCOUNT 0805002 - Unrecv PG Adj - Expense	(291,600.16)

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH July 2015

<u>PARTICULARS</u>	<u>UNIT</u>	<u>W/P</u>	<u>MONTH July 2015</u>
<u>SUPPLY VOLUME PER BOOKS</u>			
Primary Gas Suppliers	MCF	B1	228,061
Utility Production	MCF		0
Includable Propane	MCF	D	0
Other Volumes (Specify) - Previous Month Adj.	MCF	B2	(895)
TOTAL SUPPLY VOLUMES	MCF		227,166
<u>SUPPLY COST PER BOOKS</u>			
Primary Gas Suppliers	\$	A1	1,141,075
Includable Propane	\$		0
Gas Cost Uncollectible	\$	A1	1,165
Other Cost (Specify) - Gas Cost Credit	\$		0
- Unacct'd for Transp.	\$		0
- CF Credit	\$		0
- X-5 Tariff	\$		0
- CMT Management Fee	\$	A1	(68,900)
- Losses-Damaged Lines	\$	A1	4
- Gas Sold to Remarketers	\$		0
- TOP Transp. Recoveries	\$		0
TOTAL SUPPLY COST	\$	A1	1,073,344
<u>SALES VOLUMES</u>			
Jurisdictional - Retail	MCF	H	196,894
Non-Jurisdictional	MCF		
Other Volumes (Specify) -	MCF		
TOTAL SALES VOLUME	MCF		196,894.1
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF		5.451
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	H	3.970
DIFFERENCE	\$/MCF		1.481
TIMES: MONTHLY JURISDICTIONAL SALES	MCF		196,894.1
MONTHLY COST DIFFERENCE	\$		291,600.16

DUKE ENERGY COMPANY KENTUCKY

July 2015

	<u>Applied</u>			
	<u>MCF Sales</u>	<u>W/P</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>				
EGC - Retail	196,894.1	H	781,602	3.96965780
RA		H	0	
AA		H	24,549	
BA		H	(5,162)	
TOTAL GAS COST RECOVERY(GCR)			<u>800,989.19</u>	
TOTAL SALES VOLUME	196,894.1			
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>			
JURISDICTIONAL SALES	<u>196,894.1</u>			
<u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>				
SUPPLIER COST - CURRENT MONTH	196,894.1		1,073,344.00	5.45137716
UNRECOVERED PURCHASED GAS COST			(267,051.29)	
ROUNDING(ADD/(DEDUCT))			<u>(141.64)</u>	
TOTAL GAS COST IN REVENUE			<u>806,151.07</u>	
TOTAL GAS COST RECOVERY(GCR)			800,989.19	
LESS: RA			0.00	
BA			<u>(5,161.88)</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES			<u>795,827.31</u>	
UNRECOVERED PURCHASED GAS COST ENTRY			(267,051.29)	
LESS: AA			<u>24,548.87</u>	
MONTHLY COST DIFFERENCE			(291,600.16)	
EXTENDED MONTHLY COST DIFFERENCE			<u>(291,741.80)</u>	
ROUNDING			<u>(141.64)</u>	

DUKE ENERGY KENTUCKY
GAS SERVICE
SUMMARY OF GCA #/R's GCR COMPONENTS
MONTH: August 2015

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Retail BILL CODE	MCF Usage REPORTED SALES	Exptd Gas Cost EGC \$	RECONCILIATION ADJUSTMENT				ACTUAL ADJUSTMENT				BALANCE ADJUSTMENT						
			CURRENT	PREVIOUS	SEC.PREV.	THRD.PREV.	TOTAL	CURRENT	PREVIOUS	SEC.PREV.	THRD.PREV.	TOTAL	CURRENT	PREVIOUS	SEC.PREV.	THRD.PREV.	TOTAL
034	(49.4)	5,070	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.016	0.445	0.193	0.452	0.624	(0.001)	0.001
044	48.4	5,678	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.40	4.47	4.47	4.47	0.01	0.01	0.01
064	(26.5)	5,368	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.47	6.78	6.78	6.78	0.02	0.02	0.02
074	(26.4)	5,268	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,123.94	540.77	1,123.94	540.77	(59.68)	2.49	(57.19)
084	12.0	5,348	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	801.12	801.12	801.12	(42.54)	1.77	(40.77)	
104	(34.6)	5,519	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,757.66	1,757.66	1,757.66	94.80	(3.95)	75.05	
114	(24.6)	5,082	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(548.24)	(548.24)	(548.24)	4.93	1.23	(23.41)	
124	(20.3)	4,834	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1,641.12)	(1,641.12)	(1,641.12)	14.75	3.69	(70.07)	
144	(9.9)	4,677	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,253.23	1,253.23	1,253.23	(28.71)	1.20	(27.51)	
154	(15.0)	4,967	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(182.56)	(182.56)	(182.56)	(42.54)	1.77	(40.77)	
164	(2,486.6)	5,122	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	406.83	406.83	406.83	94.80	(3.95)	75.05	
015	(1,196.4)	4,793	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(126.90)	(126.90)	(126.90)	4.93	1.23	(23.41)	
035	(1,772.4)	4,205	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(379.85)	(379.85)	(379.85)	14.75	3.69	(70.07)	
045	3,949.8	4,127	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,304.43	1,304.43	1,304.43	70.35	(2.93)	(70.36)	
065	(1,232.0)	3,959	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(644.89)	(644.89)	(644.89)	5.80	1.45	34.79	
075	(3,687.9)	3,796	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,772.56	18,772.56	18,772.56	(729.03)	4,374.19	(4,374.19)	
085	2,931.3	4,010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46.90	46.90	46.90	(126.05)	70.35	(2.93)	
105	(1,448.2)	3,972	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(23.19)	(23.19)	(23.19)	62.32	5.80	(34.78)	
115	182,257.9	3,906	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	81,104.77	81,104.77	81,104.77	(7,837.09)	4,374.19	(4,374.19)	
TOTAL RETAIL	177,165.7	689,043.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,939.84	81,332.61	18,263.38	(80,125.52)	4,255.55	(177.26)	(4,553.61)
TRANSPORTATION: IFT3 Customer Choice Program (GCAT):																	
094			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
134			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
174			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
025			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
055			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
095			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.88	608.45	140.83	(618.02)	32.82	(1.37)	(32.81)
FT CHOICE	1,367.3		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.88	608.45	140.83	(618.02)	32.82	(1.37)	(32.81)
TOTAL FOR CHOICE			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.88	608.45	140.83	(618.02)	32.82	(1.37)	(32.81)
TOTAL FOR Gas Cost Recovery (GCR)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,951.72	81,941.06	18,404.21	(80,743.54)	4,286.37	(178.63)	(4,586.42)
Firm Transportation: IFT																	
FT	115,878.5		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interruptional Transportation: IT01																	
IT	109,732.9		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	404,147.4		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,951.72	81,941.06	18,404.21	(80,743.54)	4,286.37	(178.63)	(4,586.42)
ADJUSTED EGC	3,889		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Pattern, Denat:
182,218.3 + 4.9 + 14 + 67.1 - 46.4

CONTROL CK
positive=recovered-cr 253130
negative=refund-dr 191400

JE ID - KUNBIL AMZ

Grand Total 404,147.4 lies to last pg of A
ADJUSTED EGC 3,889

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

August 2015

<u>DESCRIPTION</u>	<u>W/P</u>		<u>TOTAL AMOUNT ROUNDED</u>
PRIMARY GAS SUPPLY COST			\$
current month estimate	B1	1,012,120.63	
adjustments from prior month	B2	(38,751.28)	
Interruptible Transportation monthly charges by Gas Supply - PM	C	114.29	973,484
 <u>LESS: RATE SCHEDULE CF CREDIT</u>			
current month		0.00	
adjustments		0.00	0
 PLUS: INCLUDABLE PROPANE			
a/c 728-3 Erlanger	D	0.00	0
 PLUS: GAS COST UNCOLLECTIBLE	E	816.00	816
 <u>LESS: X-5 TARIFF</u>		0.00	0
LESS Tenaska MANAGEMENT FEE	F	68,900.00	(68,900)
 LESS: TOP TRANSP. RECOVERIES		0.00	0
LESS: GAS LOSSES - DAMAGED LINES	G	0.00	0
adjustments		0.00	
		0.00	0
LESS: GAS COST CREDIT		0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>			
current month		0.00	
adjustments		0.00	0
TOTAL SUPPLY COSTS			905,400

ACCOUNTING ENTRY FOR DEFERRAL ONLY

AMOUNT

ACCTS: 191990 - Unrecv PG - Asset /191400 - Unrecv PG\$ - Liabl	216,322.98
ACCOUNT 0805002 - Unrecv PG Adj - Expense	(216,322.98)

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH August 2015

<u>PARTICULARS</u>	<u>UNIT</u>	<u>W/P</u>	<u>MONTH</u> <u>August 2015</u>
<u>SUPPLY VOLUME PER BOOKS</u>			
Primary Gas Suppliers	MCF	B1	199,391
Utility Production	MCF		0
Includable Propane	MCF	D	0
Other Volumes (Specify) - Previous Month Adj.	MCF	B2	1,920
TOTAL SUPPLY VOLUMES	MCF		201,311
<u>SUPPLY COST PER BOOKS</u>			
Primary Gas Suppliers	\$	A1	973,484
Includable Propane	\$		0
Gas Cost Uncollectible	\$	A1	816
Other Cost (Specify) - Gas Cost Credit	\$		0
- Unacct'd for Transp.	\$		0
- CF Credit	\$		0
- X-5 Tariff	\$		0
- CMT Management Fee	\$	A1	(68,900)
- Losses-Damaged Lines	\$	A1	0
- Gas Sold to Remarketers	\$		0
- TOP Transp. Recoveries	\$		0
TOTAL SUPPLY COST	\$	A1	905,400
<u>SALES VOLUMES</u>			
Jurisdictional - Retail	MCF	H	177,169
Non-Jurisdictional	MCF		
Other Volumes (Specify) -	MCF		
TOTAL SALES VOLUME	MCF		177,168.7
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF		5.110
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	H	3.889
DIFFERENCE	\$/MCF		1.221
TIMES: MONTHLY JURISDICTIONAL SALES	MCF		177,168.7
MONTHLY COST DIFFERENCE	\$		216,322.98

DUKE ENERGY COMPANY KENTUCKY

August 2015

	<u>Applied</u> <u>MCF Sales</u>	<u>W/P</u>	<u>Amount</u>	<u>\$/MCF</u>
<u>GAS FUEL ADJUSTMENT BILLED</u>				
EGC - Retail	177,168.7	H	689,043	3.88919262
RA		H	0	
AA		H	22,563	
BA		H	(4,586)	
TOTAL GAS COST RECOVERY(GCR)			<u>707,020.23</u>	
TOTAL SALES VOLUME	177,168.7			
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>			
JURISDICTIONAL SALES	<u>177,168.7</u>			
<u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u>				
SUPPLIER COST - CURRENT MONTH	177,168.7		905,400.00	5.11038349
UNRECOVERED PURCHASED GAS COST			(193,759.53)	
ROUNDING(ADD/(DEDUCT))			<u>(33.82)</u>	
TOTAL GAS COST IN REVENUE			<u>711,606.65</u>	
TOTAL GAS COST RECOVERY(GCR)			707,020.23	
LESS: RA			0.00	
BA			<u>(4,586.42)</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES			<u>702,433.81</u>	
UNRECOVERED PURCHASED GAS COST ENTRY			(193,759.53)	
LESS: AA			<u>22,563.45</u>	
MONTHLY COST DIFFERENCE			(216,322.98)	
EXTENDED MONTHLY COST DIFFERENCE			<u>(216,356.80)</u>	
ROUNDING			<u>(33.82)</u>	

