



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

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PUBLIC SERVICE  
COMMISSION

December 1, 2008

Kentucky Public Service Commission  
Attn: Stephanie L. Stumbo  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602-0615

RE: Case No. 2006-00172

Dear Ms. Stumbo:

Enclosed, pursuant to the above referenced case, are four (4) copies of Rider PSM, Profit Sharing Mechanism, for Duke Energy Kentucky . Also attached is an updated Index.

Please time-stamp the enclosed extra copies and return for our file. Thank you.

Very truly yours,

Lisa Steinkuhl

Enclosure

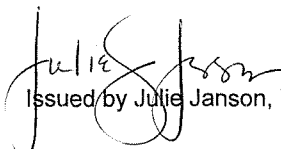
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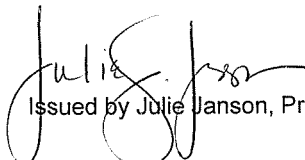
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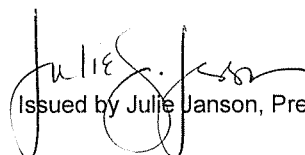
**COMMUNITIES SERVED:**

Alexandria	Highland Heights
Bellevue	Independence
Boone County	Kenton County
Bromley	Kenton Vale
Campbell County	Lakeside Park
Cold Spring	Latonia Lakes
Covington	Ludlow
Crescent Park	Melbourne
Crescent Springs	Newport
Crestview	Park Hills
Crestview Hills	Pendleton County
Crittenden	Ryland Heights
Dayton	Silver Grove
Dry Ridge	Southgate
Edgewood	Taylor Mill
Elsmere	Union
Erlanger	Villa Hills
Fairview	Walton
Florence	Wilder
Fort Mitchell	
Fort Thomas	Woodlawn
Fort Wright	
Grant County	

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**RIDER PSM  
OFF-SYSTEM POWER SALES AND EMISSION ALLOWANCE SALES  
PROFIT SHARING MECHANISM**

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**APPLICABILITY**

Applicable to all retail sales in the Company's electric service area, excluding interdepartmental sales, beginning with the billing month December 2008.

**PROFIT SHARING RIDER FACTORS**

The Applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of profits on off-system power sales and the net margins on sales of emission allowances.

The Company will compute its profits on off-system power sales and margins on emission allowance sales in the following manner:

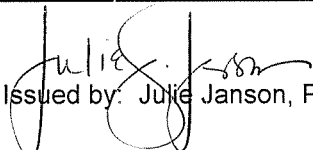
$$\text{Rider PSM Factor} = (P + E + R)/S$$

where:

- P = Eligible profits from off-system power sales for applicable month subject to sharing provisions established by the Commission in its Order in Case No. 2003-00252, dated December 5, 2003. The first 100% of profits up to \$1 million during the current year are credited 100% to customers. Cumulative profits for the current year in excess of \$1 million are shared between customers and shareholders on a 50%/50% basis. After December 31<sup>st</sup> of each year, the sharing mechanism will be reset.
- E = All net margins on sales of emission allowances are credited to customers per the Commission's Order in Case No. 2006-00172, dated December 21, 2006.
- R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.
- S = Current month sales in kWh used in the current month Rider FAC calculation.

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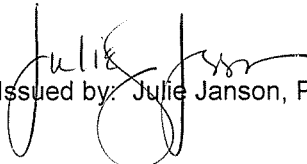
<u>Rate Group</u>	<u>Rate</u> (\$/ kWh)
Rate RS, Residential Service	0.000928
Rate DS, Service at Secondary Distribution Voltage	0.000928
Rate DP, Service at Primary Distribution Voltage	0.000928
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000928
Rate EH, Optional Rate for Electric Space Heating	0.000928
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000928
Rate SP, Seasonal Sports Service	0.000928
Rate SL, Street Lighting Service	0.000928
Rate TL, Traffic Lighting Service	0.000928
Rate UOLS, Unmetered Outdoor Lighting	0.000928
Rate OL, Outdoor Lighting Service	0.000928
Rate NSU, Street Lighting Service for Non-Standard Units	0.000928
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.000928
Rate SC, Street Lighting Service – Customer Owned	0.000928
Rate SE, Street Lighting Service – Overhead Equivalent	0.000928
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000928
Other	0.000928

### **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 the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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