



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

RECEIVED

JUN 05 2008

PUBLIC SERVICE
COMMISSION

June 2, 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, Power 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,

A handwritten signature in cursive script that reads 'Lisa D. Steinkuhl'.

Lisa Steinkuhl

Enclosure

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

APPLICABILITY

Applicable to all retail sales in the Company's electric service area, excluding interdepartmental sales, beginning with the billing month June 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 31st 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.

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

Issued: May 29, 2008



Issued by: Sandra P. Meyer, President

Effective: May 30, 2008

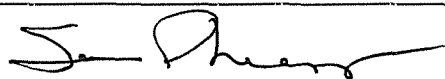
<u>Rate Group</u>	<u>Rate</u> <u>(\$/ kWh)</u>
Rate RS, Residential Service	0.002121
Rate DS, Service at Secondary Distribution Voltage	0.002121
Rate DP, Service at Primary Distribution Voltage	0.002121
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.002121
Rate EH, Optional Rate for Electric Space Heating	0.002121
Rate GS-FL, General Service Rate for Small Fixed Loads	0.002121
Rate SP, Seasonal Sports Service	0.002121
Rate SL, Street Lighting Service	0.002121
Rate TL, Traffic Lighting Service	0.002121
Rate UOLS, Unmetered Outdoor Lighting	0.002121
Rate OL, Outdoor Lighting Service	0.002121
Rate NSU, Street Lighting Service for Non-Standard Units	0.002121
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.002121
Rate SC, Street Lighting Service – Customer Owned	0.002121
Rate SE, Street Lighting Service – Overhead Equivalent	0.002121
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.002121
Other	0.002121

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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On Peak.....	41	01/02/07
Off Peak.....	41	01/02/07

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

KY.P.S.C. Electric No. 2
 Seventh Revised Sheet No. 10
 Cancels and Supersedes
 Sixth Revised Sheet No. 10
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Elsmere	Union
Erlanger	Villa Hills
Fairview	Walton
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