



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

November 11, 2008

RECEIVED

NOV 12 2008

PUBLIC SERVICE  
COMMISSION

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

2008 - 00468

Dear Ms. Stumbo:

Enclosed for filing are an original and four (4) conformed copies of Duke Energy Kentucky's ("Duke") "Monthly Report of Gas Cost Calculations and Tariff Schedules," for the month commencing with the December 2008 revenue month in accordance with KPSC order dated November 6, 2003 in Case No. 2003-00386. This filing is based on supplier tariff rates expected to be in effect on December 1, 2008 and the NYMEX on November 7, 2008 for the month of December 2008.

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

Duke's proposed GCA is \$8.779 per Mcf. This rate represents a decrease of \$0.269 per Mcf from the rate currently in effect for November 2008.

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

Very truly yours,

Lisa Steinkuhl

Enclosure

**DUKE ENERGY KENTUCKY, INC.  
GAS COST ADJUSTMENT CLAUSE**

**QUARTERLY REPORT**

**GAS COST RECOVERY RATES EFFECTIVE FROM DECEMBER 1, 2008 THROUGH JANUARY 1, 2009**

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	8.800
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.001)
ACTUAL ADJUSTMENT (AA)	\$/MCF	(0.088)
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.068</u>
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>8.779</u>

**EXPECTED GAS COST CALCULATION**

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	8.800

**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	(0.001)
THIRD PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	<u>0.000</u>
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.001)

**ACTUAL ADJUSTMENT CALCULATION**

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	(0.060)
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.969)
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.213
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>0.728</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	(0.088)

**BALANCE ADJUSTMENT CALCULATION**

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	(0.097)
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	0.080
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	0.086
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	<u>(0.001)</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	0.068

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

DATE FILED: November 11, 2008

BY: PAUL G. SMITH

TITLE: VICE-PRESIDENT, RATES

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

**"SUMMARY" FOR THE EGC RATE IN EFFECT AS OF DECEMBER 1, 2008**

<u>DEMAND (FIXED) COSTS:</u>	<u>\$</u>
Columbia Gas Transmission Corp.	2,606,665
Texas Gas Transmission	490,750
Tennessee Gas Pipeline	1,059,993
Columbia Gulf Transmission Corp.	925,578
KO Transmission Company	307,584
Gas Marketers	<u>34,774</u>
TOTAL DEMAND COST:	<u>5,425,344</u>
 PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	 10,365,409 MCF
 DEMAND (FIXED) COMPONENT OF EGC RATE:	 \$5,425,344 / 10,365,409 MCF <b>\$0.523 /MCF</b>
 <u>COMMODITY COSTS:</u>	
Gas Marketers	\$7.020 /MCF
Gas Storage	
Columbia Gas Transmission	\$1.246 /MCF
Propane	<u>\$0.011 /MCF</u>
COMMODITY COMPONENT OF EGC RATE:	<b>\$8.277 /MCF</b>
 TOTAL EXPECTED GAS COST:	 <u><u>\$8.800 /MCF</u></u>

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

**DETAILS FOR THE EGC RATE IN EFFECT AS OF : DECEMBER 1, 2008**

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
<b>INTERSTATE PIPELINE : COLUMBIA GAS TRANSMISSION CORP.</b>				
TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2008				
SST: 10/1/2008				
<b><u>BILLING DEMAND - TARIFF RATE - FSS</u></b>				
Max. Daily Withdrawl Quan	1.5070	39,656	12	717,139
Seasonal Contract Quantity	0.0290	1,365,276	12	475,116
<b><u>BILLING DEMAND - TARIFF RATE - SST</u></b>				
Maximum Daily Quantity	3.9630	39,656	6	942,940
Maximum Daily Quantity	3.9630	19,828	6	471,470
CAPACITY RELEASE CREDIT				0
<b>TOTAL COLUMBIA GAS TRANSMISSION CORP. DEMAND CHARGES</b>				<b>2,606,665</b>
<b>INTERSTATE PIPELINE : TEXAS GAS TRANSMISSION</b>				
TARIFF RATE EFFECTIVE DATE : NOT APPLICABLE				
<b><u>BILLING DEMAND - TARIFF RATE - STF</u></b>				
Max. Daily Quantity Zone 4	0.3250	10,000	151	490,750
CAPACITY RELEASE CREDIT				0
<b>TOTAL TEXAS GAS TRANSMISSION DEMAND CHARGES</b>				<b>490,750</b>
<b>INTERSTATE PIPELINE : TENNESSEE GAS PIPELINE</b>				
TARIFF RATE EFFECTIVE DATE : NOT APPLICABLE				
<b><u>BILLING DEMAND - TARIFF RATE - FT-A</u></b>				
Max. Daily Quantity Zone 1-2	6.0571	25,000	7	1,059,993
CAPACITY RELEASE CREDIT				0
<b>TOTAL TENNESSEE GAS PIPELINE DEMAND CHARGES</b>				<b>1,059,993</b>

Columbia Gas Transmission Corporation  
 FERC Gas Tariff  
 Second Revised Volume No. 1

First Rev Twenty-Second Rev Sheet No. 29  
 Superseding  
 Twenty-Second Revised Sheet No. 29

Currently Effective Rates  
 Applicable to Rate Schedule 858, ISS, and SIT  
 Rate Per Dth

	Base Tariff Rate	Transportation Cost		Electric Power Costs Adjustment		Annual Charge	Total Effective Rate	Daily Rate
		Rate Adjustment	Surcharge	Current	Surcharge Adjustment			
Rate Schedule 858 <sup>1/</sup>								
Reservation Charge	\$ 1.507	-	-	-	-	-	1.507	0.050
Capacity	¢ 2.90	-	-	-	-	-	2.90	2.90
Injection	¢ 1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢ 1.53	-	-	-	-	-	1.53	1.53
Overrun	¢ 10.91	-	-	-	-	-	10.91	10.91
Rate Schedule ISS								
Commodity								
Maximum	¢ 5.95	-	-	-	-	-	5.95	5.95
Minimum	¢ 0.00	-	-	-	-	-	0.00	0.00
Injection	¢ 1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢ 1.53	-	-	-	-	-	1.53	1.53
Rate Schedule SIT								
Commodity								
Maximum	¢ 4.12	-	-	-	-	-	4.12	4.12
Minimum	¢ 1.53	-	-	-	-	-	1.53	1.53

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.

2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Columbia Gas Transmission Corporation  
 FERC Gas Tariff  
 Second Revised Volume No. 1

Eighty-Seventh Revised Sheet No. 26  
 Superseding  
 Eighty-Sixth Revised Sheet No. 26

Currently Effective Rates  
 Applicable to Rate Schedule SST and GTS  
 Rate Per Dth

Commodity	Rate Schedule SST	Reservation Charge 3/	Base Tariff Rate 1/	Transportation Cost		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
				Rate Adjustment Current	Surcharge	Current	Surcharge			
		\$ 5.466		0.323	-0.015	0.027	-0.002	-	5.799	0.1906
Maximum		¢ 1.02		0.23	0.04	0.32	0.13	0.17	1.91	1.91
Minimum		¢ 1.02		0.23	0.04	0.32	0.13	0.17	1.91	1.91
Overrun		¢ 18.99		1.29	-0.01	0.41	0.12	0.17	20.97	20.97

*discontinued to 3.963*

Rate Schedule GTS

Commodity		¢ 75.10		2.35	-0.06	0.50	0.12	0.17	78.18	78.18
Maximum		¢ 3.08		0.23	-0.06	0.32	0.12	0.17	3.86	3.86
Minimum		¢ 72.02		2.12	0.00	0.18	0.00	-	74.32	74.32
MFCC										

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
- 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
- 3/ Minimum reservation charge is \$0.00.

RETAINAGE PERCENTAGES

Transportation Retainage	<del>2.154%</del>
Gathering Retainage	0.694%
Storage Gas Loss Retainage	0.150%
Processing Retainage	---



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

May 22, 2007

Mr. Jim Henning  
Duke Energy Kentucky, Inc.  
139 E 4th Street  
Cincinnati, OH 45202-4003

Re: Discount Agreement

Dear Jim:

Texas Gas Transmission, LLC (Texas Gas) has reviewed the request of Duke Energy Kentucky, Inc. (Duke) for a discounted transportation rate for the time period listed below. Accordingly, Texas Gas is willing to offer Duke the following discount:

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



June 16, 2008

Duke Energy Kentucky  
139 East Fourth Street  
EM 025  
Cincinnati, OH 45202

Attention: Jeff Kern

RE: Firm Transportation Discount  
Tennessee FT-A Service Package No. 68515  
Open Season # 654

Dear Jeff:

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

1. a) If Duke Energy Kentucky, its assignee(s) or its agent(s) (hereinafter collectively referred to as "Duke") violates the terms of this agreement or the terms of the above-referenced service package, Tennessee shall have the right, in its sole discretion, to immediately terminate this discount agreement and/or assess, from the date of the violation, the maximum Tennessee monthly reservation rate for the entire contract quantity and the maximum daily commodity rates on all transactions occurring under this agreement.
- b) For the period commencing ~~October 1, 2008~~, and extending ~~through April 31, 2009~~, for gas delivered by Tennessee on behalf of Duke to North Means (Meter 020049) under the above referenced service package, the applicable FT-A rates for volumes received by Tennessee from any Zone L 500 leg and Zone 1 500 Leg meters including the supply associated Supply Aggregation Pools, will be the lesser of:
  - i) A monthly reservation rate of ~~\$6.0571~~ per Dth and a daily commodity rate of Tennessee's maximum applicable commodity rate. These rates are inclusive of ACA and all applicable surcharges.

or

  - ii) Tennessee's maximum monthly FT-A reservation and maximum daily commodity rates.

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

- c) Receipts and/or deliveries to points other than those listed above during the term of Duke's Service Package shall result in Duke being assessed Tennessee's maximum reservation rate for the primary path divided by the number of days in the month for the entire contract TQ on the day(s) of such deliveries and the maximum daily commodity rates under Rate Schedule FT-A as well as the applicable fuel and loss charges and surcharges. In addition, deliveries exclusive of authorized overrun on any one day during the term of Duke's Service Package in excess of 25,000

**TENNESSEE GAS  
PIPELINE**

DUKE ENERGY KENTUCKY  
JUNE 16, 2008  
PAGE 2

Dth per day shall be subject to Tennessee's maximum daily commodity rate under Rate Schedule FT-A, as well as the applicable fuel and loss charges and surcharges, for those excess volumes

- 2. If any terms of this agreement are disallowed by any order, rulemaking, regulation or policy of the Federal Energy Regulatory Commission, Tennessee may immediately terminate this agreement. If any terms of this agreement are in any way modified by order, rulemaking, regulation or policy of the Federal Energy Regulatory Commission, Tennessee and Duke may mutually agree to amend this agreement in order to ensure that the original commercial intent of the parties are preserved. In the event that the parties cannot achieve mutual agreement, Tennessee reserves the right to immediately terminate this agreement.

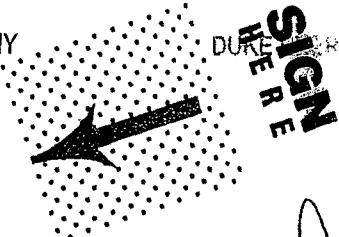
Please acknowledge your acceptance of this proposal by signing and returning via mail or facsimile to the undersigned at (713) 445-8722. A signed copy must be returned to undersigned on or before fifteen (15) working days from the date of the discount letter or discount is nullified and customer will be billed Tennessee's maximum FT-A reservation and commodity rates. One fully executed copy will be returned for your records.

Sincerely,

Trisha E Young  
Account Manager

TENNESSEE GAS PIPELINE COMPANY

DUKE ENERGY KENTUCKY



By:   
Heath Deneke  
Agent and Attorney-in-Fact

Date: 7-15-08

By:

Date: 7/1/2008

mm B-16-08

May 27, 2008

Duke Energy Kentucky  
139 East Fourth Street  
EM 025  
Cincinnati, OH 45202

RE: Pre-Arranged Discounted Letter

Dear Jeff Kern:

In order to finalize the discussions between Tennessee Gas Pipeline Company ("Tennessee") and Duke Energy Kentucky regarding Zone 2 firm transportation requirements, the following letter agreement has been drafted. In light of these discussions, Tennessee is pleased to make the following proposals:

Zone 2 Capacity Proposal

Rate Schedule: FT-A

Transportation Quantity ("TQ"): 25,000 Dth/d

Term: October 1, 2008 through April 31, 2009

Primary Receipt Points: Zone L - Shell South Timbalier Blk 26 - Meter # 012292

Secondary Receipt Point at which the Discounted Rate specified below applies:  
All Zone L 500 Leg and Zone 1 500 Leg receipt points, including the associated Supply Aggregation Pools.

Primary Delivery Point: Zone 2 - TCO North Means - Meter # 020049

Monthly Demand Rate: \$6.0571 per Dth  
The discounted demand rate is inclusive of all applicable surcharges specified in Tennessee's currently effective FERC approved gas tariff ("Tennessee Tariff").

Commodity Rate for Primary Deliveries:  
Tennessee's Maximum Applicable Commodity Rate  
The maximum commodity rate is inclusive of ACA and all applicable surcharges specified in the Tennessee Tariff.

Other Conditions: Duke Energy Kentucky shall pay the applicable fuel and loss charges.

The total amount of primary receipt point capacity and primary delivery point capacity shall be equal and the amount of each will equal the TQ described above.

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

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

**DETAILS FOR THE EGC RATE IN EFFECT AS OF : DECEMBER 1, 2008**

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
<b>INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP.</b>				
TARIFF RATE EFFECTIVE DATE :		FTS-1: 10/1/2008		
		FTS-2: 10/1/2008		
<b><u>BILLING DEMAND - TARIFF RATE - FTS-1</u></b>				
Maximum Daily Quantity	3.1450	22,782	5	358,247
Maximum Daily Quantity	3.1450	17,598	7	387,420
<b><u>BILLING DEMAND - TARIFF RATE - FTS-2</u></b>				
Maximum Daily Quantity	0.9995	15,000	5	74,963
Maximum Daily Quantity	0.9995	15,000	7	104,948
CAPACITY RELEASE CREDIT FOR FTS-1				0
CAPACITY RELEASE CREDIT FOR FTS-2				0
<b>TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES</b>				<b>925,578</b>
<b>INTERSTATE PIPELINE : KO TRANSMISSION COMPANY</b>				
TARIFF RATE EFFECTIVE DATE :		10/1/2008		
<b><u>BILLING DEMAND - TARIFF RATE - FT</u></b>				
Maximum Daily Quantity	0.3560	72,000	12	307,584
CAPACITY RELEASE CREDIT				0
<b>TOTAL KO TRANSMISSION CO. DEMAND CHARGES</b>				<b>307,584</b>
<b>VARIOUS GAS MARKETERS FIXED (RESERVATION) CHARGES :</b>				
November - March	0.0015	9,657,991		14,524
December - February	0.15	135,000		20,250
<b>TOTAL GAS MARKETERS FIXED CHARGES</b>				<b>34,774</b>

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

	Base Rate (1) \$	Annual Charge Adjustment (2) \$	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Unaccounted For (6) \$	Company Use and Unaccounted For (7) \$
Rate Schedule <del>FTS-1</del> Rayne, LA To Points North Reservation Charge 2/ Commodity	3.1450	-	3.1450	3.1450	0.1034	-	-
Maximum	0.0170	0.0017	0.0187	0.0187	0.0187	0.365	2.795
Minimum	0.0170	0.0017	0.0187	0.0187	0.0187	0.365	2.795
Overrun	0.1204	0.0017	0.1221	0.1221	0.1221	0.365	2.795

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Currently Effective Rates  
 Applicable to Rate Schedule ~~FTS-2~~  
 Rates per Dth

	Base Rate (1) \$	Annual Charge Adjustment (2) \$ 1/	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Company Use and Unaccounted For (6) \$
Rate Schedule FTS-2						
Offshore Laterals						
Reservation Charge 2/	2.6700	-	2.6700	2.6700	0.0878	-
Commodity						
Maximum	0.0002	0.0017	0.0019	0.0019	0.0019	0.492
Minimum	0.0002	0.0017	0.0019	0.0019	0.0019	0.492
Overrun	0.0880	0.0017	0.0897	0.0897	0.0897	0.492
Onshore Laterals						
Reservation Charge 2/	1.0603	-	1.0603	1.0603	0.0349	-
Commodity						
Maximum	0.0017	0.0017	0.0034	0.0034	0.0034	0.678
Minimum	0.0017	0.0017	0.0034	0.0034	0.0034	0.678
Overrun	0.0366	0.0017	0.0383	0.0383	0.0383	0.678
Offsystem-Onshore						
Reservation Charge 2/	2.5255	-	2.5255	2.5255	0.0830	-
Commodity						
Maximum	0.0070	0.0017	0.0087	0.0087	0.0087	-
Minimum	0.0070	0.0017	0.0087	0.0087	0.0087	-
Overrun	0.0900	0.0017	0.0917	0.0917	0.0917	-

*discounted to .9995*

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

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

**RATE LEVELS - RATE PER DTH**

	Base Tariff Rate	Annual Charge Adjustment 1/	Total Effective Rate
<b>RATE SCHEDULE FTS</b>			
Reservation Charge 2/			
Maximum 1	\$0.3560	--	<del>\$0.3560</del>
Maximum 2	\$0.3560	--	\$0.3560
Daily Rate - Maximum 1	\$0.0117	--	\$0.0117
Daily Rate - Maximum 2	\$0.0117	--	\$0.0117
Commodity			
Maximum	\$0.0000	\$0.0017	<del>\$0.0017</del>
Minimum	\$0.0000	\$0.0017	\$0.0017
Overrun	\$0.0117	\$0.0017	\$0.0134
<b>RATE SCHEDULE ITS</b>			
Commodity			
Maximum	\$0.0117	\$0.0017	\$0.0134
Minimum	\$0.0000	\$0.0017	\$0.0017

1/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's regulations and will be charged pursuant to Section 23 of the General Terms and Conditions at such time that initial and successive annual ACA assessments applicable to Transporter are made.

2/ Minimum reservation charge is \$0.00.

Transportation Retainage Adjustment 0.77%

NOTE: Utilizing GISB standards 5 3 22 and 5 3 23, Transporter's Rate Schedule FTS Reservation Charge can be converted to an applicable daily rate by dividing the above monthly rate by 30 4 days

**DUKE ENERGY KENTUCKY  
TOTAL RESERVATION COSTS FROM FIRM SUPPLIERS  
ESTIMATED FOR EGC EFFECTIVE 12/1/2008**

**TOTAL ANNUAL RESERVATION COST:**

TOTAL DOLLARS \$ 14,524 (1)

**TOTAL ANNUAL COVERAGE:**

CITY GATE VOLUMES 9,657,991 DTH (2)

**CALCULATED RATE:** \$ 0.0015 PER DTH

(1) Reservation charges billed by firm suppliers for 2008 - 2009.

(2) Contracted volumes for the 2008 - 2009 winter season.





GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY

DETAILS FOR THE EGC RATE IN EFFECT AS OF : DECEMBER 1, 2008

GAS COMMODITY RATE FOR DECEMBER, 2008:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$7.5058	\$/Dth
DUKE ENERGY KENTUCKY FUEL	2.900%	\$0.2177	\$7.7235	\$/Dth
DTH TO MCF CONVERSION	1.0293	\$0.2263	\$7.9498	\$/Mcf
ESTIMATED WEIGHTING FACTOR	88.300%		\$7.0197	\$/Mcf
<b>GAS MARKETERS COMMODITY RATE</b>			<b>\$7.020</b>	<b>\$/Mcf</b>

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$9.9819	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$9.9972	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.154%	\$0.2153	\$10.2125	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0174	\$10.2299	\$/Dth
KO TRANS. COMMODITY RATE		\$0.0017	\$10.2316	\$/Dth
DUKE ENERGY KENTUCKY FUEL	2.900%	\$0.2967	\$10.5283	\$/Dth
DTH TO MCF CONVERSION	1.0293	\$0.3085	\$10.8368	\$/Mcf
ESTIMATED WEIGHTING FACTOR	11.500%		\$1.2462	\$/Mcf
<b>GAS STORAGE COMMODITY RATE - COLUMBIA GAS</b>			<b>\$1.246</b>	<b>\$/Mcf</b>

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.35230	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.8758	\$5.2281	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.200%		\$0.0105	\$/Mcf
<b>PROPANE COMMODITY RATE</b>			<b>\$0.011</b>	<b>\$/Mcf</b>

(1) Weighted average cost of gas based on NYMEX prices on 11/07/08 and contracted hedging prices.

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

**AUGUST 31, 2008**

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD JUNE 1, 2008 THROUGH AUGUST 31, 2008	\$	0.00
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0152
REFUNDS INCLUDING INTEREST ( \$0.00 x 1.0152 )	\$	0.00
DIVIDED BY 12 MONTH PROJECTED SALES ENDED NOVEMBER 30, 2009	MCF	10,393,620
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.00</u>

**DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED**

**AUGUST 31, 2008**

DESCRIPTION	UNIT	AMOUNT
-------------	------	--------

SUPPLIER

There were no refunds received during the quarter ending August 31, 2008.

TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA RAU 0.00

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**GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY, INC.  
ACTUAL ADJUSTMENT  
DETAILS FOR THE THREE MONTH PERIOD ENDED**      **AUGUST 31, 2008**

DESCRIPTION	UNIT	JUNE	JULY	AUGUST
<b><u>SUPPLY VOLUME PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	MCF	214,458	207,502	202,747
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	0	0	0
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(1,089)	(3,184)	(645)
TOTAL SUPPLY VOLUMES	MCF	<u>213,369</u>	<u>204,318</u>	<u>202,102</u>
<b><u>SUPPLY COST PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	\$	2,696,721	2,578,301	2,128,819
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	0	0	0
OTHER COSTS (SPECIFY):				
MANAGEMENT FEE	\$	(32,292)	(32,292)	(32,292)
X-5 TARIFF	\$	0	0	0
TRANSPORTATION SERVICE "UNACCOUNTED FOR"	\$	0	0	0
GAS COST CREDIT	\$	0	0	0
LOSSES - DAMAGED LINES	\$	0	0	0
TRANSPORTATION TAKE-OR-PAY RECOVERY	\$	0	0	0
SALES TO REMARKETERS	\$	0	0	0
TOTAL SUPPLY COSTS	\$	<u>2,664,429</u>	<u>2,546,009</u>	<u>2,096,527</u>
<b><u>SALES VOLUMES</u></b>				
JURISDICTIONAL	MCF	271,516.0	222,342.4	187,451.0
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
TOTAL SALES VOLUMES	MCF	<u>271,516.0</u>	<u>222,342.4</u>	<u>187,451.0</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.813	11.451	11.184
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	<u>11.241</u>	<u>11.276</u>	<u>12.674</u>
DIFFERENCE	\$/MCF	(1.428)	0.175	(1.490)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>271,516.0</u>	<u>222,342.4</u>	<u>187,451.0</u>
EQUALS MONTHLY COST DIFFERENCE	\$	<u>(387,724.85)</u>	<u>38,909.92</u>	<u>(279,301.99)</u>
NET COST DIFFERENCE FOR THE THREE MONTH PERIOD	\$			<u>(628,116.92)</u>
TOTAL COST USED IN THE CURRENT AA CALCULATION	\$			<u>(628,116.92)</u>
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED NOVEMBER 30, 2009	MCF			10,393,620
EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			<u>(0.060)</u>
AAU				

GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY, INC.  
BALANCE ADJUSTMENT  
DETAILS FOR THE TWELVE MONTH PERIOD ENDED AUGUST 31, 2008

DESCRIPTION	UNIT	AMOUNT
<b><u>RECONCILIATION OF A PREVIOUS GAS COST VARIANCE</u></b>		
GAS COST DIFFERENCE TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "AA" EFFECTIVE SEPTEMBER 1, 2007	\$	(7,865,659.80)
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ (0.655) /MCF APPLIED TO TOTAL SALES OF <u>10,479,445</u> MCF (TWELVE MONTHS ENDED AUGUST 31, 2008 )	\$	<u>(6,864,036.60)</u>
BALANCE ADJUSTMENT FOR THE "AA"	\$	<u>(1,001,623.20)</u>
<b><u>RECONCILIATION OF A PREVIOUS SUPPLIER REFUND</u></b>		
SUPPLIER REFUND AMOUNT TO BE DISTRIBUTED TO CUSTOMERS WHICH WAS USED TO COMPUTE THE "RA" EFFECTIVE SEPTEMBER 1, 2007	\$	(2,347.04)
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ 0.000 /MCF APPLIED TO TOTAL SALES OF <u>10,479,445</u> MCF (TWELVE MONTHS ENDED AUGUST 31, 2008 )	\$	<u>0.00</u>
BALANCE ADJUSTMENT FOR THE "RA"		<u>(2,347.04)</u>
<b><u>RECONCILIATION OF A PREVIOUS BALANCE ADJUSTMENT</u></b>		
AMOUNT TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "BA" EFFECTIVE SEPTEMBER 1, 2007	\$	(39,715.59)
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ (0.003) /MCF APPLIED TO TOTAL SALES OF <u>10,479,445</u> MCF (TWELVE MONTHS ENDED AUGUST 31, 2008 )	\$	<u>(31,438.33)</u>
BALANCE ADJUSTMENT FOR THE "BA"	\$	<u>(8,277.26)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(1,012,247.50)</u>
DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED NOVEMBER 30, 2009	MCF	<u>10,393,620</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	<u>(0.097)</u>
BAU		

## Revised Tariffs

**INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED**

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>	
<b><u>SERVICE REGULATIONS</u></b>				
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Supplying and Taking of Service.....	21	10/01/06	10/01/06	
Customer's Installation.....	22	10/01/06	10/01/06	
Company's Installation.....	23	10/01/06	10/01/06	
Metering.....	24	10/01/06	10/01/06	
Billing and Payment.....	25	10/01/06	10/01/06	
Deposits.....	26	10/01/06	10/01/06	
Application.....	27	10/01/06	10/01/06	
Gas Space Heating Regulations.....	28	10/01/06	10/01/06	
Availability of Gas Service.....	29	10/01/06	10/01/06	
<b><u>FIRM SERVICE TARIFF SCHEDULES</u></b>				
Rate RS, Residential Service.....	30	12/01/08	12/01/08	(C)
Rate GS, General Service.....	31	12/01/08	12/01/08	(C)
Reserved for Future Use.....	32			
Reserved for Future Use.....	33			
Reserved for Future Use.....	34			
Reserved for Future Use.....	35			
Reserved for Future Use.....	36			
Reserved for Future Use.....	37			
Reserved for Future Use.....	38			
Reserved for Future Use.....	39			
Reserved for Future Use.....	40			
Reserved for Future Use.....	41			
Reserved for Future Use.....	42			
Reserved for Future Use.....	43			
Rate FRAS, Full Requirements Aggregation Service.....	44	10/01/06	10/01/06	
Reserved for Future Use.....	45			
Reserved for Future Use.....	46			
Reserved for Future Use.....	47			
Reserved for Future Use.....	48			
Reserved for Future use.....	49			
<b><u>TRANSPORTATION TARIFF SCHEDULE</u></b>				
Rate IT, Interruptible Transportation Service.....	50	10/01/06	10/01/06	
Purchased Service.....	50	10/01/06	10/01/06	
Summer Minimum Service.....	50	10/01/06	10/01/06	
Unauthorized Delivery.....	50	10/01/06	10/01/06	
Rate FT-L, Firm Transportation Service.....	51	10/01/06	10/01/06	
FT Bills – No GCRT.....	51	10/01/06	10/01/06	
FT Bills – With GCRT.....	51	10/01/06	10/01/06	
FT - Interruptible Bills – No GCRT on FT over 1 Year.....	51	10/01/06	10/01/06	
FT - Interruptible Bills – GCRT on FT Under 1 Year.....	51	10/01/06	10/01/06	
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Issued by authority of an Order of the Kentucky Public Service Commission dated  
 in Case No. \_\_\_\_\_.

Issued:

Effective: December 1, 2008

Issued by Sandra P. Meyer, President

**INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)**

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>	
<b><u>TRANSPORTATION TARIFF SCHEDULES (Contd.)</u></b>				
Rate SSIT, Spark Spread Interruptible Transportation Rate.....	53	10/01/06	10/01/06	
Reserved for Future Use.....	54			
Rate AS, Pooling Service for Interruptible Transportation.....	55	10/01/06	10/01/06	
Reserved for Future Use.....	56			
Rate GTS, Gas Trading Service.....	57	10/01/06	10/01/06	
Rate IMBS, Interruptible Monthly Balancing Service.....	58	10/01/06	10/01/06	
Imbalance Trades.....	58	10/01/06	10/01/06	
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Cash Out – Buy from Pool.....	58	10/01/06	10/01/06	
Pipeline Penalty.....	58	10/01/06	10/01/06	
Rate DGS, Distributed Generation Service.....	59	10/01/06	10/01/06	
<b><u>RIDERS</u></b>				
Rider X, Main Extension Policy.....	60	10/01/06	10/01/06	
Rider DSM, Demand Side Management Cost Recovery Program	61	10/01/06	10/01/06	
Rider DSMR, Demand Side Management Rate.....	62	10/28/08	10/28/08	
Rider AMRP, Accelerated Main Replacement Program Rider.....	63	10/01/06	10/01/06	
Rider MSR-G.....	64	10/01/06	10/01/06	
Reserved for Future Use.....	65			
Reserved for Future Use.....	66			
Reserved for Future Use.....	67			
Reserved for Future Use.....	68			
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<b><u>GAS COST RECOVERY RIDERS</u></b>				
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Reserved for Future Use.....	72			
Reserved for Future Use.....	73			
Reserved for Future Use.....	74			
Reserved for Future Use.....	75			
Reserved for Future Use.....	76			
Rider GCAT, Gas Cost Adjustment Transition Rider.....	77	12/01/08	12/01/08	(C)
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Reserved for Future Use.....	79			
<b><u>MISCELLANEOUS</u></b>				
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Charge for Reconnection of Service.....	81	10/01/06	10/01/06	
Local Franchise Fee.....	82	10/01/06	10/01/06	
Curtailment Plan.....	83	10/01/06	10/01/06	
Reserved for Future Use.....	84			
Reserved for Future Use.....	85			
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Issued:

Effective: December 1, 2008

Issued by Sandra P. Meyer, President



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

KY.P.S.C. Gas No. 2  
Twenty-Sixth Revised Sheet No. 30  
Cancelling and Superseding  
Twenty-Fifth Revised Sheet No. 30  
Page 1 of 1

**RATE RS  
RESIDENTIAL SERVICE**

**APPLICABILITY**

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for all domestic purposes in private residences, single occupancy apartments, and common use areas of multi-occupancy buildings, when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

**NET MONTHLY BILL**

The Net Monthly Bill is determined as follows:  
All gas is billed in units of 100 cubic feet (CCF).

Customer Charge per month: \$12.00  
Plus the applicable charge per month as set forth on Sheet No. 63,  
Rider AMRP, Accelerated Main Replacement Program

	<u>Delivery</u> <u>Rate</u>		<u>Gas Cost</u> <u>Adjustment</u>		<u>Total Rate</u>
Plus a commodity Charge for all CCF at	\$0.26687	plus	\$0.8779	Equals	\$1.14477

(R)

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

Plus, all gas delivered shall be subject to an adjustment per CCF as set forth on Sheet No. 64, Rider MSR-G, Merger Savings Credit Rider-Gas.

The "Customer Charge" shown above plus Rider AMRP shall be the minimum amount billed each month.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

**LATE PAYMENT CHARGE**

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

**SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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

Issued:

Effective: December 1, 2008

Issued by Sandra P. Meyer, President

**RATE GS**

**GENERAL SERVICE**

**APPLICABILITY**

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for any purpose by an individual non-residential customer at one location when supplied at one point of delivery where distribution mains are adjacent to the premises to be served. This schedule is also applicable to non-metered natural gas commodity supplies and local delivery service for street lighting to such entities as certificated homeowners associations, businesses, and federal, state, and local governments. The Company may decline requests for service under this tariff due to gas supply limitations.

**NET MONTHLY BILL**

The Net Monthly Bill is determined as follows:  
 All gas is billed in units of 100 cubic feet (CCF)

Customer Charge per month: \$30.00  
 Plus the applicable charge per month as set forth on Sheet No. 63,  
 Rider AMRP, Accelerated Main Replacement Program

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a Commodity Charge for all CCF at	\$0.20949	Plus	\$0.8779	Equals	\$1.08739	<b>(R)</b>

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

The "Customer Charge" shown above plus Rider AMRP shall be the minimum amount billed per month.

The "Gas Cost Adjustment," as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum bills or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

**LATE PAYMENT CHARGE**

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

**TERM OF SERVICE**

One year, terminable thereafter on ten (10) days written notice by either customer or Company.

**SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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

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

KY.P.S.C. Gas No. 2  
Ninth Revised Sheet No. 77  
Cancelling and Superseding  
Eighth Revised Sheet No. 77  
Page 1 of 1

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## RIDER GCAT

### GAS COST ADJUSTMENT TRANSITION RIDER

#### APPLICABILITY

Applicable to all customers served under Rate FT-L after the effective date of this tariff who paid gas supply costs through the Company's Gas Cost Adjustment (GCA) mechanism during the twelve month period immediately preceding the date on which the customer began receiving service under Rate FT-L.

#### GCA TRANSITION RIDER

A charge or credit shall be applied to all volumes transported pursuant to Rate FT-L in order to pass through to former GCA customers the Company's quarterly Actual Adjustment (AA), Balance Adjustment (BA), and Supplier Refund and Reconciliation Adjustment (RA) costs or credits during the first twelve months that the former sales customer participates in the Company's firm transportation program.

The amount of this charge or (credit) shall be \$(0.0021) per 100 cubic feet. This rate shall be in effect during the month of December 2008 through February 2009 and shall be updated quarterly, concurrent with the Company's GCA filings.

(R)

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

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Issued:

Effective: December 1, 2008

Issued by Sandra P. Meyer, President

DUKE ENERGY KENTUCKY  
SUPPLEMENTAL INFORMATION  
FOR THE EXPECTED GAS COST (EGC) RATE CALCULATION  
OF THE GAS COST RECOVERY RATE  
IN EFFECT AS OF DECEMBER 1, 2008

DUKE ENERGY KENTUCKY, INC.  
 USED FOR GCA EFFECTIVE DECEMBER 1, 2008  
 COMPUTATION OF THE INTEREST FACTOR  
 FOR THE GCA CALCULATION ON SCHEDULE II

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

INTEREST RATE	0.0279
PAYMENT	0.084598
ANNUAL TOTAL	1.0152
MONTHLY INTEREST	0.002325
AMOUNT	1

SEPTEMBER 2007	4.71	
OCTOBER 2007	4.59	
NOVEMBER 2007	4.80	
DECEMBER 2007	4.28	
JANUARY 2008	2.86	
FEBRUARY 2008	2.91	
MARCH 2008	2.77	
APRIL 2008	2.72	
MAY 2008	2.54	
JUNE 2008	2.67	
JULY 2008	2.72	
AUGUST 2008	2.73	40.30
SEPTEMBER 2008	3.90	39.49

PRIOR ANNUAL TOTAL	40.30
PLUS CURRENT MONTHLY RATE	3.90
LESS YEAR AGO RATE	4.71
NEW ANNUAL TOTAL	39.49
AVERAGE ANNUAL RATE	3.29
LESS 0.5% (ADMINISTRATIVE)	2.79

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

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,793,106.46	
adjustments	(13,075.29)	
IT monthly charges entered by Gas Supply	<u>(83,310.46)</u>	2,696,721
 <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	0.00	0
 <u>LESS: X-5 TARIFF</u>	0.00	0
 <u>LESS CMT MANAGEMENT FEE</u>	32,292.00	(32,292)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
 adjustments	<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>2,664,429</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	(387,724.85)
ACCOUNT 805-10	387,724.85

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH JUNE 2008

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH JUNE 2008</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	214,458
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(1,089)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>213,369</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,696,721
Includable Propane	\$	0
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(32,292)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>2,664,429</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	271,516.0
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>271,516.0</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.813
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>11.241</u>
DIFFERENCE	\$/MCF	(1.428)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>271,516.0</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(387,724.85)</u></u>

## JUNE 2008

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	271,516.0	3,052,041.72	11.24074353
RA		(292.15)	
AA		97,353.20	
BA		<u>11,724.30</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>3,160,827.07</u>	
TOTAL SALES VOLUME	271,516.0		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>271,516.0</u>		
<b><u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u></b>			
SUPPLIER COST - CURRENT MONTH	271,516.0	2,664,429.00	9.81315650
UNRECOVERED PURCHASED GAS COST		485,078.05	
ROUNDING(ADD/(DEDUCT))		<u>(112.13)</u>	
TOTAL GAS COST IN REVENUE		<u>3,149,394.92</u>	
TOTAL GAS COST RECOVERY(GCR)		3,160,827.07	
LESS: RA		(292.15)	
BA		<u>11,724.30</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                    </u>	
		<u>3,149,394.92</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		485,078.05	
LESS: AA		<u>97,353.20</u>	
MONTHLY COST DIFFERENCE		387,724.85	
EXTENDED MONTHLY COST DIFFERENCE		<u>387,612.72</u>	
ROUNDING		<u>(112.13)</u>	



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

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,613,164.90	
adjustments	(51,586.13)	
IT monthly charges entered by Gas Supply	<u>16,722.05</u>	2,578,301
 <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	0.00	0
 <u>LESS: X-5 TARIFF</u>	0.00	0
 <u>LESS TENASKA MARKETING VENTURES MANAGEMENT FEE</u>	32,292.00	(32,292)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
 adjustments	<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>2,546,009</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLY

	<u>AMOUNT</u>
ACCOUNT 191-40	38,909.92
ACCOUNT 805-10	(38,909.92)

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH JULY 2008

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH JULY 2008</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	207,502
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	(3,184)
TOTAL SUPPLY VOLUMES	MCF	<u>204,318</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,578,301
Includable Propane	\$	0
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(32,292)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	0
TOTAL SUPPLY COST	\$	<u>2,546,009</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	222,342.4
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>222,342.4</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	11.451
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>11.276</u>
DIFFERENCE	\$/MCF	0.175
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>222,342.4</u>
MONTHLY COST DIFFERENCE	\$	<u><u>38,909.92</u></u>

## JULY 2008

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	222,342.4	2,507,118.31	11.27593437
RA		(224.64)	
AA		75,527.02	
BA		<u>8,375.38</u>	
TOTAL GAS COST RECOVERY(GCR)		<u>2,590,796.07</u>	
TOTAL SALES VOLUME	222,342.4		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>222,342.4</u>		

**PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY**

SUPPLIER COST - CURRENT MONTH	222,342.4	2,546,009.00	11.45084788
UNRECOVERED PURCHASED GAS COST		36,617.10	
ROUNDING(ADD/(DEDUCT))		<u>19.23</u>	
TOTAL GAS COST IN REVENUE		<u>2,582,645.33</u>	
TOTAL GAS COST RECOVERY(GCR)		2,590,796.07	
LESS: RA		(224.64)	
BA		<u>8,375.38</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                    </u>	
		<u>2,582,645.33</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		36,617.10	
LESS: AA		<u>75,527.02</u>	
MONTHLY COST DIFFERENCE		(38,909.92)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(38,890.69)</u>	
ROUNDING		<u>19.23</u>	

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

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	2,127,534.65	
adjustments	(17,108.09)	
IT monthly charges entered by Gas Supply	18,392.06	2,128,819
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	0.00	0
 <u>PLUS: INCLUDABLE PROPANE</u>		
a/c 728-3 Erlanger	0.00	0
 <u>LESS: X-5 TARIFF</u>	0.00	0
 <u>LESS TENASKA MARKETING VENTURES MANAGEMENT FEE</u>	32,292.00	(32,292)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
adjustments	0.00	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	0.00	0
 TOTAL SUPPLY COSTS		2,096,527

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40	(279,301.99)
ACCOUNT 805-10	279,301.99

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH AUGUST 2008

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH AUGUST 2008</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	202,747
Utility Production	MCF	0
Includable Propane	MCF	0
Other Volumes (Specify) - Previous Month Adj.	MCF	(645)
TOTAL SUPPLY VOLUMES	MCF	<u>202,102</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	2,128,819
Includable Propane	\$	0
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(32,292)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>2,096,527</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	187,451.0
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>187,451.0</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	11.184
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>12.674</u>
DIFFERENCE	\$/MCF	(1.490)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>187,451.0</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(279,301.99)</u></u>

## AUGUST 2008

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	187,451.0	2,375,825.14	12.67437965
RA		(190.92)	
AA		65,523.03	
BA		<u>7,177.81</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>2,448,335.06</u></u>	
TOTAL SALES VOLUME	187,451.0		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>187,451.0</u></u>		

**PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY**

SUPPLIER COST - CURRENT MONTH	187,451.0	2,096,527.00	11.18440019
UNRECOVERED PURCHASED GAS COST		344,825.02	
ROUNDING(ADD)/(DEDUCT))		<u>(3.85)</u>	
TOTAL GAS COST IN REVENUE		<u><u>2,441,348.17</u></u>	
TOTAL GAS COST RECOVERY(GCR)		2,448,335.06	
LESS: RA		(190.92)	
BA		<u>7,177.81</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                    </u>	
		<u><u>2,441,348.17</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		344,825.02	
LESS: AA		<u>65,523.03</u>	
MONTHLY COST DIFFERENCE		279,301.99	
EXTENDED MONTHLY COST DIFFERENCE		<u>279,298.14</u>	
ROUNDING		<u><u>(3.85)</u></u>	

