



Duke Energy Corporation  
139 East Fourth Street  
P.O. Box 960  
Cincinnati, Ohio 45201-0960

September 10, 2010

**RECEIVED**

**SEP 10 2010**

**PUBLIC SERVICE  
COMMISSION**

Kentucky Public Service Commission  
Attn: Mr. Jeff Derouen, Executive Director  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Dear Mr. Derouen:

2010-00363

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 October 2010 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 September 30, 2010 and the NYMEX close on September 7, 2010 for the month of October 2010.

The above described schedules and GCA are effective with the final meter readings of District 1, October 2010 revenue month (i.e., final meter readings on and after September 30, 2010).

Duke's proposed GCA is \$5.476 per Mcf. This rate represents a decrease of \$0.887 per Mcf from the rate currently in effect for September 2010.

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

Very truly yours,

Dana Patten

Enclosure

cc: L. Schmidt

R:/tariffs/gcr/ulhp/gca monthly filing.doc

513-419-5406

**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>				
Service Agreements.....	20	01/04/10	01/04/10	
Supplying and Taking of Service.....	21	01/04/10	01/04/10	
Customer's Installation.....	22	01/04/10	01/04/10	
Company's Installation.....	23	01/04/10	01/04/10	
Metering.....	24	01/04/10	01/04/10	
Billing and Payment.....	25	01/04/10	01/04/10	
Deposits.....	26	01/04/10	01/04/10	
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Gas Space Heating Regulations.....	28	01/04/10	01/04/10	
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<b><u>FIRM SERVICE TARIFF SCHEDULES</u></b>				
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Rate GS, General Service.....	31	09/30/10	09/30/10	(T)
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Rate SSIT, Spark Spread Interruptible Transportation Rate.....	53	01/04/10	01/04/10	
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Rate AS, Pooling Service for Interruptible Transportation.....	55	01/04/10	01/04/10	
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Rate GTS, Gas Trading Service.....	57	01/04/10	01/04/10	
Rate IMBS, Interruptible Monthly Balancing Service.....	58	01/04/10	01/04/10	
Rate DGS, Distributed Generation Service.....	59	01/04/10	01/04/10	

Issued by authority of an Order of the Kentucky Public Service Commission dated  
 \_\_\_\_\_ 2010 in Case No. \_\_\_\_\_.

Issued:

Effective: September 30, 2010

Issued by Julie Janson, 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>RIDERS</u></b>			
Rider X, Main Extension Policy.....	60	01/04/10	01/04/10
Rider DSM, Demand Side Management Cost Recovery Program	61	01/04/10	01/04/10
Rider DSMR, Demand Side Management Rate.....	62	04/01/10	04/01/10
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 2010 in Case No. \_\_\_\_\_.

Issued:

Effective: September 30, 2010

Issued by Julie Janson, President

Duke Energy Kentucky, Inc.  
525 W. Fifth Street, Suite 228  
Covington, Kentucky 41011

KY.P.S.C. Gas No. 2  
Forty-Ninth Revised Sheet No. 30  
Cancelling and Superseding  
Forty-Eighth 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: \$16.00

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a commodity Charge for all CCF at	\$0.37213	plus	\$0.5476	Equals	\$0.91973	(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.

The "Customer Charge" shown above 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: September 30, 2010

Issued by Julie Janson, 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: \$47.50

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a Commodity Charge for all CCF at	\$0.20530	Plus	\$0.5476	Equals	\$0.7529	<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 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. \_\_\_\_\_.

Issued:

Effective: September 30, 2010

Issued by Julie Janson, President

COMPANY NAME: DUKE ENERGY KENTUCKY, INC.  
GAS COST ADJUSTMENT CLAUSE RATE CALCULATIONS  
SUPPLEMENTAL MONTHLY REPORT

PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	5.540
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.004)
ACTUAL ADJUSTMENT (AA)	\$/MCF	(0.039)
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.021)
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>5.476</u>

GAS COST RECOVERY RATE EFFECTIVE DATES: SEPTEMEBR 30, 2010 THROUGH OCTOBER 28, 2010

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	5.540

SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.001)
PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.002)
SECOND PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
THIRD PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.001)
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.004)

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	(0.470)
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.104
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.349
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.022)
ACTUAL ADJUSTMENT (AA)	\$/MCF	(0.039)

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	0.000
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.007)
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.001
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.015)
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.021)

THIS MONTHLY REPORT FILED PURSUANT TO CASE NO. 2003-00386  
OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED November 6, 2003

DATE FILED: SEPTEMBER 10, 2010

BY: DON WATHEN

TITLE: VICE-PRESIDENT, RATES

**PURCHASED GAS ADJUSTMENT**  
**COMPANY NAME: DUKE ENERGY KENTUCKY, INC.**

**SUPPLEMENTAL MONTHLY REPORT**

**EXPECTED GAS COST RATE CALCULATION**

DETAILS FOR THE EGC RATE IN EFFECT AS OF SEPTEMBER 30, 2010  
 PROJECTED VOLUME FOR THE TWELVE MONTH PERIOD ENDED AUGUST 31, 2011

			\$
<b><u>DEMAND (FIXED) COSTS:</u></b>			
Columbia Gas Transmission Corp.			2,701,313
Texas Gas Transmission			1,640,705
Columbia Gulf Transmission Corp.			1,208,628
K O Transmission Company			307,584
Gas Marketers			46,783
	<b>TOTAL DEMAND COST:</b>		<b>5,905,013</b>
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:		10,604,516	MCF
<b>DEMAND (FIXED) COMPONENT OF EGC RATE</b>	\$5,905,013	/	<b>\$0.557 /MCF</b>
 <b><u>COMMODITY COSTS:</u></b>			
Gas Marketers			\$4.934 /MCF
Gas Storage			/MCF
Columbia Gas Transmission			\$0.000 /MCF
Propane			\$0.000 /MCF
<b>COMMODITY COMPONENT OF EGC RATE:</b>			<b>\$4.934</b>
 <b><u>OTHER COSTS:</u></b>			
Net Charge Off <sup>(1)</sup>	\$17,952	/	<b>\$0.049 /MCF</b>
<b>TOTAL EXPECTED GAS COST:</b>			<b>\$5.540 /MCF</b>

<sup>(1)</sup> Net Charge Off amount from Case No. 2009-00202 WPD-2.15a.

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

DETAILS FOR THE EGC RATE IN EFFECT AS OF : SEPTEMBER 30, 2010



**GAS COMMODITY RATE FOR OCTOBER, 2010:**

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$4.7159	\$/Dth
DUKE ENERGY KENTUCKY FUEL	2.500%	\$0.1179	\$4.8338	\$/Dth
DTH TO MCF CONVERSION	1.0207	\$0.1001	\$4.9339	\$/Mcf
ESTIMATED WEIGHTING FACTOR	100.000%		\$4.9339	\$/Mcf
<b>GAS MARKETERS COMMODITY RATE</b>			<b>\$4.934</b>	<b>\$/Mcf</b>

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$6.1051	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$6.1204	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.062%	\$0.1262	\$6.2466	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0224	\$6.2690	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0019	\$6.2709	\$/Dth
DUKE ENERGY KENTUCKY FUEL	2.500%	\$0.1568	\$6.4277	\$/Dth
DTH TO MCF CONVERSION	1.0207	\$0.1331	\$6.5608	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.000%		\$0.0000	\$/Mcf
<b>GAS STORAGE COMMODITY RATE - COLUMBIA GAS</b>			<b>\$0.000</b>	<b>\$/Mcf</b>

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.44920	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$6.2169	\$6.6661	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000%		\$0.0000	\$/Mcf
<b>PROPANE COMMODITY RATE</b>			<b>\$0.000</b>	<b>\$/Mcf</b>

(1) Weighted average cost of gas based on NYMEX prices on 09/07/2010 and contracted hedging prices.