

**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 December 2009.

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 January 30, 2009 in Case No. 2008-00489.

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Issued by: Julie Janson, President

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

KY.P.S.C. Electric No. 2
Twelfth Revised Sheet. No. 82
Cancels and Supersedes
Eleventh Revised Sheet No. 82
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<u>Rate Group</u>	<u>Rate</u> <u>(\$/ kWh)</u>
Rate RS, Residential Service	0.000094
Rate DS, Service at Secondary Distribution Voltage	0.000094
Rate DP, Service at Primary Distribution Voltage	0.000094
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000094
Rate EH, Optional Rate for Electric Space Heating	0.000094
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000094
Rate SP, Seasonal Sports Service	0.000094
Rate SL, Street Lighting Service	0.000094
Rate TL, Traffic Lighting Service	0.000094
Rate UOLS, Unmetered Outdoor Lighting	0.000094
Rate OL, Outdoor Lighting Service	0.000094
Rate NSU, Street Lighting Service for Non-Standard Units	0.000094
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.000094
Rate SC, Street Lighting Service – Customer Owned	0.000094
Rate SE, Street Lighting Service – Overhead Equivalent	0.000094
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000094
Other	0.000094

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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