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November 20, 2013

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**PUBLIC SERVICE
COMMISSION**

Mr. Jeff Cline
Public Service Commission
Commonwealth of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: In the Matter of an Adjustment of Gas Rates of The Union Light, Heat and Power Company,
Case No. 2001-00092; and

In the Matter of the Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control, Case No. 2005-00228.

Dear Mr. Cline:

I have enclosed Duke Energy Kentucky, Inc.'s First Quarter 2013 jurisdictional financial statements per order by the Commission in the above-referenced cases. This financial statement was inadvertently not filed in this case. Duke Energy Kentucky, Inc.'s Second Quarter 2013 financial statement was filed with this Commission on August 14, 2013 and the Third Quarter 2013 financial statement was filed on November 13, 2013.

Please file-stamp the extra copy of this letter and return to me in the enclosed return-addressed envelope.

If you have any questions regarding the financial statements, please contact Mr. Jay Baucom, Manager, Accounting at (980) 373-2147.

Sincerely,


Dianne Kuhnell
Senior Paralegal
dianne.kuhnell@duke-energy.com

Enclosures

cc: Jay Baucom
Mark Outten

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Balance Sheet - Page 1
As of March 31, 2013
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Assets				
Utility Plant in Service	1,254,755,938	419,138,711	12,677,925	1,686,572,574
Construction Work in Progress	21,283,243	1,257,205	-	22,540,448
Less Accum. Depreciation	(634,245,281)	(126,368,178)	(7,859,822)	(768,473,281)
Net Utility Plant	<u>641,793,900</u>	<u>294,027,738</u>	<u>4,818,103</u>	<u>940,639,741</u>
Nonutility Property	-	-	5,252,855	5,252,855
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	-	-
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>5,254,355</u>	<u>5,254,355</u>
Cash	8,932,219	3,667,235	(668,831)	11,930,623
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	1,971,288	545,555	-	2,516,843
Other Accounts Receivable	2,222,153	912,333	(166,391)	2,968,095
Less Provision for Uncollectibles	(114,955)	(31,814)	-	(146,769)
Notes Receivable from Assoc. Co.	22,514,774	9,243,724	(1,685,871)	30,072,627
Accounts Receivable from Assoc. Co.	2,418,878	993,101	(181,122)	3,230,857
Fuel Stock	18,496,512	369,948	687,046	19,553,506
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	17,494,876	75,750	-	17,570,626
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	856,912	3,710	-	860,622
Prepayments	1,053,245	498,612	-	1,551,857
Emission Allowances	80,855	-	-	80,855
Derivative Instrument Assets	131,798	-	-	131,798
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	7,900,637	1,265,387	-	9,166,024
Rents Receivable	-	-	-	-
Total Current & Accrued Assets	<u>83,959,192</u>	<u>17,543,541</u>	<u>(2,015,169)</u>	<u>99,487,564</u>
Unamortized Debt Expense	1,805,957	741,458	(135,227)	2,412,188
Other Regulatory Assets	13,529,062	3,093,041	-	16,622,103
Preliminary Survey & Investigation	1,971,007	809,222	(147,586)	2,632,643
Clearing Accounts	46,582	730	-	47,312
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	29,735,533	12,208,298	(2,226,551)	39,717,280
Unamortized Loss on Reacquired Debt	1,841,548	756,071	(137,892)	2,459,727
Accumulated Deferred Income Taxes	805,559	6,272,841	-	7,078,400
Unrecovered Purchased Gas Costs	-	(1,191,394)	-	(1,191,394)
Total Deferred Debits	<u>49,735,248</u>	<u>22,690,267</u>	<u>(2,647,256)</u>	<u>69,778,259</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>775,488,340</u></u>	<u><u>334,261,546</u></u>	<u><u>5,410,033</u></u>	<u><u>1,115,159,919</u></u>

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Balance Sheet - Page 2
As of March 31, 2013
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Proprietary Capital</u>				
Common Stock Issued	6,573,407	2,698,795	(492,207)	8,779,995
Premium on Capital Stock	14,104,342	5,790,715	(1,056,111)	18,838,946
Other Paid-in Capital Stock	111,295,167	45,693,632	(8,333,610)	148,655,189
Retained Earnings	174,946,041	67,767,321	(27,305,605)	215,407,757
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	306,918,957	121,950,463	(37,187,533)	391,681,887
<u>Liabilities</u>				
Bonds	248,989,626	102,225,826	(18,643,958)	332,571,494
Less Unamortized Discount on Long-Term Debt	(447,133)	(183,576)	33,481	(597,228)
Total Long-Term Debt	248,542,493	102,042,250	(18,610,477)	331,974,266
Obligations Under Capital Leases - Noncurrent	4,731,946	1,942,732	-	6,674,678
Asset Retirement Obligation	1,961,813	4,182,343	-	6,144,156
Long-Term Portion of Derivative Instrument Liabilities	6,157,774	96,503	-	6,254,277
Accum. Misc. Operating Provisions	18,490,959	289,787	-	18,780,746
Total Other Noncurrent Liabilities	31,342,492	6,511,365	-	37,853,857
Accounts Payable	13,869,064	5,694,119	(1,038,494)	18,524,689
Notes Payable to Assoc. Co.	-	-	-	-
Accounts Payable to Assoc. Co.	8,227,531	3,377,917	(616,065)	10,989,383
Customer Deposits	5,471,056	3,679,398	-	9,150,454
Taxes Accrued	9,947,675	2,574,797	130,148	12,652,620
Interest Accrued	2,950,147	1,211,220	(220,902)	3,940,465
Tax Collections Payable	1,629,537	609,975	29,476	2,268,988
Misc. Current & Accrued Liabilities	7,615,413	119,347	-	7,734,760
Obligations Under Capital Leases - Current	1,304,084	535,401	-	1,839,485
Derivative Instrument Liabilities	7,130,278	111,744	-	7,242,022
Less: Long-Term Portion of Derivative Instrument Liabilities	(6,157,773)	(96,503)	-	(6,254,276)
Total Current & Accrued Liabilities	51,987,012	17,817,415	(1,715,837)	68,088,590
Customer Advances for Construction	-	705,411	-	705,411
Accum. Deferred Investment Tax Credits	125,051	900,095	(75,056)	950,090
Other Deferred Credits	21,203,183	6,747,229	-	27,950,412
Other Regulatory Liabilities	1,556,716	584,218	-	2,140,934
Accumulated Deferred Income Taxes	113,812,436	77,003,100	62,998,936	253,814,472
Total Deferred Credits	136,697,386	85,940,053	62,923,880	285,561,319
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	775,488,340	334,261,546	5,410,033	1,115,159,919

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Income Statement
For the 12 Months Ended March 31, 2013
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Revenues				
Residential Sales	131,333,725	61,545,645	-	192,879,370
Commercial Sales	115,615,531	22,399,822	-	138,015,353
Industrial Sales	54,134,607	1,796,299	-	55,930,906
Sales to Public Authorities	22,896,651	2,508,911	-	25,405,562
Public Street & Highway Lighting	1,721,207	953	-	1,722,160
Inter-Departmental Sales	69,507	20,025	-	89,532
Misc. Service Revenues	11,359	43,443	514,092	568,894
Revenues from Transportation	-	6,231,644	-	6,231,644
Sales for Resale	13,376,114	-	-	13,376,114
Rents from Property	724,972	-	1,052,978	1,777,950
Other Revenues	2,568,115	4,354	-	2,572,469
Total Revenues	342,451,788	94,551,096	1,567,070	438,569,954
Operating Expenses				
Operation Expense	220,752,839	62,163,559	67,831	282,984,229
Maintenance Expense	26,216,747	1,585,057	150,942	27,952,746
Depreciation Expense	26,074,658	8,766,371	889,751	35,730,780
Amortization and Depletion	2,401,259	1,498,282	-	3,899,541
Taxes Other than Income Taxes	10,967,802	4,105,516	198,389	15,271,707
Income Taxes - Federal & Other	9,368,897	1,158,315	67,682	10,594,894
Provision for Deferred Income Taxes - Net	(4,390,911)	14,744,869	44,595	10,398,553
Investment Tax Credit Adjustment	-	161	(161)	-
Total Operating Expenses	291,391,291	94,022,130	1,419,029	386,832,450
NET OPERATING INCOME	51,060,497	528,966	148,041	51,737,504
Other Income & Deductions				
Revenues from Merchandising, Jobbing and Contract Work	-	-	233,542	233,542
Less Expense of Merchandising, Jobbing and Contract Work	-	-	(87,020)	(87,020)
Revenues from Nonutility Operations	-	-	817	817
Interest & Dividend Income	-	-	1,200,650	1,200,650
AFUDC	421,998	(204,416)	-	217,582
Loss on Disposition of Property	-	-	-	-
Gain from Disposition of Allowances	-	-	(20,688)	(20,688)
Misc. Income Deductions	-	-	(1,725,079)	(1,725,079)
Taxes Other than Income Taxes	-	-	(138,488)	(138,488)
Income Taxes - Federal & Other	-	-	(1,777,920)	(1,777,920)
Provision for Deferred Income Taxes - Net	-	-	3,074,026	3,074,026
Total Other Income & Deductions	421,998	(204,416)	759,840	977,422
Interest Charges				
Interest on Long Term Debt	(10,630,344)	(4,364,421)	795,984	(14,198,781)
Amortization of Debt Disc. And Expense	(376,823)	(154,710)	28,216	(503,317)
Amortization of Loss on Reacquired Debt	(211,984)	(87,032)	15,873	(283,143)
Interest on Debt to Assoc Co	(1,574)	(646)	118	(2,102)
Other Interest Expense	(1,804,689)	(740,938)	135,132	(2,410,495)
Less Allowance for Borrowed Fund Used During Construction - Credit	242,673	(69,155)	-	173,518
Net interest Charges	(12,782,741)	(5,416,902)	975,323	(17,224,320)
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	38,699,754	(5,092,352)	1,883,204	35,490,606

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
March 31, 2013
(Unaudited)

	<u>Actual</u> <u>December 2012</u>	<u>Activity</u>	<u>Actual</u> <u>March 2013</u>
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	331,951,659	22,607	331,974,266
Obligations under Capital Lease-Noncurrent	<u>6,999,647</u>	<u>(324,969)</u>	<u>6,674,678</u>
Total Long-term debt	338,951,306	(302,362)	338,648,944
Common Stock Equity			
Common Stock	8,779,995	-	8,779,995
Premium On Capital Stock Common	18,838,946	-	18,838,946
Donations Received From Stockholders	143,211,362	-	143,211,362
Donations Received From Stockholders Tax	5,600,021	-	5,600,021
Other Miscellaneous PIC	(156,194)	-	(156,194)
Unappropriated Retained Earnings Balance	168,389,554	28,220,860	196,610,414
Unappropriated Retained Earnings - Current Year Net Income	<u>28,220,860</u>	<u>(9,423,517)</u>	<u>18,797,343</u>
Total Common Stock Equity	<u>372,884,544</u>	<u>18,797,343</u>	<u>391,681,887</u>
TOTAL CAPITALIZATION	711,835,850	18,494,981	730,330,831