

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,)	
INC. FOR AN ORDER AUTHORIZING THE)	
ISSUANCE OF UNSECURED DEBT AND)	CASE NO.
LONG-TERM NOTES, EXECUTION AND)	2012-00575
DELIVERY OF LONG-TERM LOAN)	
AGREEMENTS, AND USE OF INTEREST RATE)	
MANAGEMENT INSTRUMENTS)	

ORDER

On December 17, 2012, Duke Energy Kentucky, Inc. ("Duke Kentucky") submitted an application for authority to issue securities, assume obligations, and enter into all necessary agreements relating thereto. Duke Kentucky also requests the Commission to issue an order granting an extension of the Company's existing authority approved in Case No. 2010-00369,¹ currently set to expire December 31, 2012, until the Commission issues an Order granting the new authority requested in its present application.

Duke Kentucky's application states that it does not intend, nor does it anticipate a need, to enter into any transactions in the interim period, but out of an abundance of caution believes it is prudent to maintain such access to credit markets for financing purposes under the current authority should such a need suddenly arise. The application also states that Duke Kentucky agrees to abide by all reporting conditions contained under the current authority during this interim period.

¹ Case No. 2010-00369, *Application of Duke Energy Kentucky, Inc. for an Order Authorizing the Issuance of Unsecured Debt and Long-Term Notes, Execution and Delivery of Long-Term Loan Agreements, and Use of Interest Rate Management Instruments* (Ky. PSC Nov. 10, 2010).

Based on the tendered application and being otherwise sufficiently advised, the Commission finds that Duke Kentucky's request for an interim extension of the Company's existing authority, which is to obtain long-term debt in an aggregate amount not to exceed \$100 million, and to borrow up to \$26.72 million from Boone County, Kentucky² or another issuer of tax-exempt bonds, and which would otherwise expire on December 31, 2012, should be granted during the Commission's review of this matter. The Commission further finds that Duke Kentucky's application has not yet been accepted for filing and that the authority granted in this Order to extend Duke Kentucky's existing authority on an interim basis should not be construed as an acceptance of Duke Kentucky's submitted application.

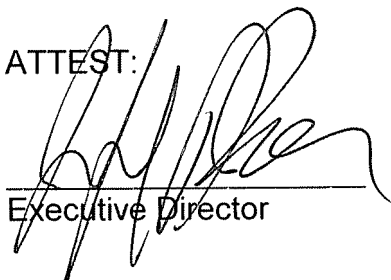
IT IS THEREFORE ORDERED that Duke Kentucky's request for an extension of the Company's existing authority approved in Case No. 2010-00369, and currently set to expire December 31, 2012, is approved pending a Final Order of the Commission in this proceeding. Pursuant to KRS 278.300, the Commission must dispose of an application for issuance of securities or indebtedness within 60 days of acceptance for filing, unless it is continued for good cause shown. Duke Kentucky's tendered application has not yet been accepted for filing and nothing in this Order shall be construed as such.

² Duke Kentucky informed the Commission in a letter received December 21, 2010, that it had issued Boone County Tax Exempt Refunding Bonds (Series 2010) in the amount of \$26.72 million in late November 2010, at an initial rate setting of .29 percent, with a maturity date of August 1, 2027 and Underwriter compensation of \$29,779.70.

By the Commission

ENTERED ^A
DEC 21 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2012-00575

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