



139 East Fourth Street, R 25 At II  
P O. Box 960  
Cincinnati, Ohio 45201-0960  
Tel: 513-419-1852  
Fax: 513-419-1846  
[Rocco.D'Ascenzo@duke-energy.com](mailto:Rocco.D'Ascenzo@duke-energy.com)

Rocco O D'Ascenzo  
Senior Counsel

**VIA OVERNIGHT DELIVERY**

December 15, 2008

Ms. Stephanie Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

**RECEIVED**

**DEC 12 2008**

**PUBLIC SERVICE  
COMMISSION**

Re: 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 Ms. Stumbo:

In a February 1, 2008 letter sent reporting information pursuant to the Settlement Agreement in the above-referenced case, Duke Energy Kentucky, Inc. ("DE-Kentucky") expressed an expectation that the affiliate audit report would be filed with the Commission and the Attorney General by October 31, 2008. As previously indicated, the DE-Kentucky and DE-Indiana affiliate audits were performed by the same independent consultant contemporaneously for efficiency purposes. In DE-Kentucky's most recent letter to the Commission of October 21, 2008, it was reported that the audit was completed and the two reports were well underway. However, due to unforeseen delays, the two reports would not be completed by October 31, 2008. The Company anticipated forty-five (45) days would be needed before the report was completed.

Liberty Consulting, DE-Kentucky and DE-Indiana continue to work diligently to complete the reports. Despite best efforts the reports are still not final and additional time is needed. Due to the coming holidays, DE-Kentucky and Liberty believe the reports will be final shortly after the first of the year and will endeavor to expedite the report as quickly as possible.

DE-Kentucky will continue to provide ongoing reporting as required under the merger commitments. We will expedite the audit report to the Commission and the Attorney General upon its completion.

Thank you for your understanding in this matter.

Very truly yours,

Rocco D'Ascenzo  
Senior Counsel

cc: Hon. Dennis G. Howard, II