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VIA OVERNIGHT DELIVERY

November 12, 2013

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

RECEIVED
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PUBLIC SERVICE
COMMISSION

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 Third Quarter 2013 jurisdictional financial statements per order by the Commission in the above-referenced cases.

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,

Kristen Ryan
Senior Paralegal
kristen.ryan@duke-energy.com

Enclosures

cc: Jay Baucom
Mark Outten

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Balance Sheet - Page 1
As of September 30, 2013
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Assets				
Utility Plant in Service	1,271,042,902	424,704,073	12,859,230	1,708,606,205
Construction Work in Progress	17,956,417	1,289,968	-	19,246,385
Less Accumulated Depreciation	(650,555,950)	(132,258,678)	(7,953,170)	(790,767,798)
Net Utility Plant	<u>638,443,369</u>	<u>293,735,363</u>	<u>4,906,060</u>	<u>937,084,792</u>
Nonutility Property	-	-	2,606	2,206
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	-	-
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>3,706</u>	<u>3,706</u>
Cash	6,167,875	2,532,299	(461,841)	8,238,333
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	2,576,776	741,805	-	3,318,581
Other Accounts Receivable	4,305,699	1,767,759	(322,404)	5,751,054
Less Provision for Uncollectibles	(153,892)	(44,303)	-	(198,195)
Notes Receivable from Assoc. Co.	12,830,228	5,267,612	(960,708)	17,137,132
Accounts Receivable from Assoc. Co.	1,457,620	598,444	(109,144)	1,946,920
Fuel Stock	16,079,599	571,226	1,060,848	17,711,673
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	18,027,190	76,315	-	18,103,505
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,258,175	5,326	-	1,263,501
Prepayments	1,374,289	650,596	-	2,024,885
Emission Allowances	58,020	-	-	58,020
Derivative Instrument Assets	475,288	-	-	475,288
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	8,575,138	5,337,649	-	13,912,787
Rents Receivable	-	-	-	-
Total Current & Accrued Assets	<u>73,032,005</u>	<u>17,504,728</u>	<u>(793,249)</u>	<u>89,743,484</u>
Unamortized Debt Expense	1,654,636	679,332	(123,897)	2,210,071
Other Regulatory Assets	11,685,043	3,283,885	-	14,968,928
Preliminary Survey & Investigation	1,590,865	653,150	(119,122)	2,124,893
Clearing Accounts	51,048	3,008	-	54,056
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	27,757,358	11,396,133	(2,078,428)	37,075,063
Unamortized Loss on Reacquired Debt	1,737,640	713,410	(130,112)	2,320,938
Accumulated Deferred Income Taxes	(172,093)	4,137,255	-	3,965,162
Unrecovered Purchased Gas Costs	-	(168,271)	-	(168,271)
Total Deferred Debits	<u>44,304,497</u>	<u>20,697,902</u>	<u>(2,451,559)</u>	<u>62,550,840</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>755,779,871</u></u>	<u><u>331,937,993</u></u>	<u><u>1,664,958</u></u>	<u><u>1,089,382,822</u></u>

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Balance Sheet - Page 2
As of September 30, 2013
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Proprietary Capital				
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	161,002,529	63,108,162	(32,513,554)	191,597,137
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	292,975,445	117,291,304	(42,395,482)	367,871,267
Liabilities				
Bonds	248,989,626	102,225,826	(18,643,958)	332,571,494
Less Unamortized Discount on Long-Term Debt	(413,283)	(169,678)	30,946	(552,015)
Total Long-Term Debt	248,576,343	102,056,148	(18,613,012)	332,019,479
Obligations Under Capital Leases - Noncurrent	4,245,401	1,742,978	-	5,988,379
Asset Retirement Obligation	1,973,962	4,305,189	-	6,279,151
Long-Term Portion of Derivative Instrument Liabilities	3,938,632	232,101	-	4,170,733
Accumulated Miscellaneous Operating Provisions	17,342,160	1,021,964	-	18,364,124
Total Other Noncurrent Liabilities	27,500,155	7,302,232	-	34,802,387
Accounts Payable	10,413,645	4,275,453	(779,758)	13,909,340
Notes Payable to Associated Companies	3,276,224	1,345,095	(245,319)	4,376,000
Accounts Payable to Associated Companies	8,763,053	3,597,782	(656,164)	11,704,671
Customer Deposits	5,471,984	3,680,021	-	9,152,005
Taxes Accrued	13,490,313	5,784,358	80,770	19,355,441
Interest Accrued	2,466,050	1,012,468	(184,654)	3,293,864
Tax Collections Payable	1,598,924	605,028	4,565	2,208,517
Misc. Current & Accrued Liabilities	8,596,337	506,577	-	9,102,914
Obligations Under Capital Leases - Current	960,564	394,366	-	1,354,930
Derivative Instrument Liabilities	4,870,662	287,025	-	5,157,687
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,938,632)	(232,101)	-	(4,170,733)
Total Current & Accrued Liabilities	55,969,124	21,256,072	(1,780,560)	75,444,636
Customer Advances for Construction	-	683,719	-	683,719
Accumulated Deferred Investment Tax Credits	(2,355,118)	864,932	2,839,403	1,349,217
Other Deferred Credits	20,222,536	6,435,170	-	26,657,706
Other Regulatory Liabilities	(1,132,269)	562,229	-	(570,040)
Accumulated Deferred Income Taxes	114,023,655	75,486,187	61,614,609	251,124,451
Total Deferred Credits	130,758,804	84,032,237	64,454,012	279,245,053
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	755,779,871	331,937,993	1,664,958	1,089,382,822

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Income Statement
For the 12 Months Ended September 30, 2013
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Revenues				
Residential Sales	128,033,737	64,217,500	-	192,251,237
Commercial Sales	116,131,325	23,418,067	-	139,549,392
Industrial Sales	55,769,700	1,901,509	-	57,671,209
Sales to Public Authorities	22,578,877	2,583,446	-	25,162,323
Public Street & Highway Lighting	1,708,001	975	-	1,708,976
Inter-Departmental Sales	67,449	22,367	-	89,816
Misc. Service Revenues	342,758	37,111	514,092	893,961
Revenues from Transportation	-	5,922,426	-	5,922,426
Sales for Resale	15,017,153	-	-	15,017,153
Rents from Property	776,577	24	703,794	1,480,395
Other Revenues	1,448,664	4,206	-	1,452,870
Total Revenues	341,874,241	98,107,631	1,217,886	441,199,758
Operating Expenses				
Operation Expense	224,764,084	64,998,865	75,278	289,838,227
Maintenance Expense	26,883,599	1,560,704	166,268	28,610,571
Depreciation Expense	27,124,880	6,336,611	593,167	34,054,658
Amortization and Depletion	2,216,733	1,454,516	-	3,671,249
Taxes Other than Income Taxes	11,527,554	4,361,990	32,915	15,922,459
Income Taxes - Federal & Other	7,833,526	3,939,628	83,004	11,856,158
Provision for Deferred Income Taxes - Net	(5,701,091)	12,745,217	231,724	7,275,850
Investment Tax Credit Adjustment	-	163	(163)	-
Total Operating Expenses	294,649,285	95,397,694	1,182,193	391,229,172
NET OPERATING INCOME	47,224,956	2,709,937	35,693	49,970,586
Other Income & Deductions				
Revenues from Merchandising, Jobbing and Contract Work	-	-	274,989	274,989
Less Expense of Merchandising, Jobbing and Contract Work	-	-	(68,681)	(68,681)
Revenues from Nonutility Operations	-	-	5,081	5,081
Interest & Dividend Income	-	-	1,085,748	1,085,748
AFUDC	389,456	3,261	-	392,717
Gain on Disposition of Property	-	-	3,220,761	3,220,761
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(1,061,012)	(1,061,012)
Taxes Other than Income Taxes	-	-	(137,302)	(137,302)
Income Taxes - Federal & Other	-	-	(5,221,774)	(5,221,774)
Provision for Deferred Income Taxes - Net	-	-	4,187,144	4,187,144
Total Other Income & Deductions	389,456	3,261	2,284,954	2,677,671
Interest Charges				
Interest on Long Term Debt	(10,842,167)	(4,369,275)	796,869	(14,214,573)
Amortization of Debt Disc. And Expense	(361,666)	(148,487)	27,081	(483,072)
Amortization of Loss on Reacquired Debt	(209,900)	(88,177)	15,717	(280,360)
Interest on Debt to Assoc Co	(789)	(324)	59	(1,054)
Other Interest Expense	(1,285,877)	(527,933)	96,285	(1,717,526)
Less Allowance for Borrowed Fund Used During Construction - Credit	184,236	646	-	184,883
Net interest Charges	(12,316,163)	(5,131,550)	936,011	(16,511,702)
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	35,298,249	(2,418,352)	3,256,658	36,136,555

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
September 30, 2013
(Unaudited)

	<u>Actual</u> <u>June 2013</u>	<u>Activity</u>	<u>Actual</u> <u>September 2013</u>
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	331,996,873	22,606	332,019,479
Obligations under Capital Lease-Noncurrent	<u>6,333,768</u>	<u>(345,389)</u>	<u>5,988,379</u>
Total Long-term debt	338,330,641	(322,783)	338,007,858
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	196,610,414	(40,000,000)	156,610,414
Unappropriated Retained Earnings - Current Year Net Income	<u>25,684,273</u>	<u>9,302,450</u>	<u>34,986,723</u>
Total Common Stock Equity	<u>398,568,817</u>	<u>(30,697,550)</u>	<u>367,871,267</u>
TOTAL CAPITALIZATION	736,899,458	(31,020,333)	705,879,125