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Rocco O. D'Ascenzo  
Associate General Counsel

**VIA OVERNIGHT DELIVERY**

October 17, 2012

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

RECEIVED

OCT 18 2012

PUBLIC SERVICE  
COMMISSION

Re: **The Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc., Case No. 2011-00124**

Dear Mr. Derouen:

In the Settlement Agreement in the above-referenced case, Duke Energy Kentucky, Inc. made several merger commitments. Duke Energy Kentucky regularly monitors these commitments to ensure compliance and hereby reports the following information regarding these commitments. Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

**Commitment # 20**

Joint Applicants commit to notify the Commission as soon as practicable of registration or issuance of new public long-term debt or equity in excess of \$500 million issued by Duke Energy or Cinergy.

**Duke Energy Response:**

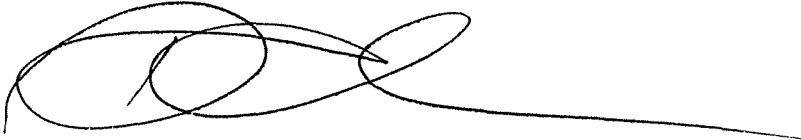
On August 13, 2012, Duke Energy Corporation priced a total of \$1.2 billion of bonds, comprised of \$700 million of 5-year and \$500 million of 10-year senior unsecured notes. The 5-year notes priced at a fixed-rate 1.625% and the 10-year notes priced at a fixed-rate of 3.05%.

The proceeds from the issuances will be used to repay at maturity Duke Ohio's \$500 million debentures due September 15, 2012 as well as for general corporate purposes, including the repayment of commercial paper. This financing is consistent with the financing plan presented to the Board in July 2012.

|                     | <b><u>5-Year Senior Notes</u></b>                                   | <b><u>10-Year Senior Notes</u></b>                                  |
|---------------------|---|---|
| Principal           | \$700 Million   | \$500 Million   |
| Ratings             | Baa2/BBB/BBB+<br>(Moody's/S&P/Fitch)                                | Baa2/BBB/BBB+<br>(Moody's/S&P/Fitch)                                |
| Maturity            | August 15, 2017   | August 15, 2022   |
| Coupon              | 1.625% Fixed  | 3.05% Fixed   |
| U.S. Treasury Yield | 0.69% (5-Year)  | 1.645% (10-Year)  |
| Credit Spread       | 100 bps   | 145 bps   |
| Fees                | 35 bps  | 45 bps  |
| Lead Managers       | BNP Paribas, Credit Suisse, Bank of America Merrill Lynch, Citibank | BNP Paribas, Credit Suisse, Bank of America Merrill Lynch, Citibank |
| Co-Managers         | KeyBanc, Lloyds, Santander, Credit Agricole                         | KeyBanc, Lloyds, Santander, Credit Agricole                         |

Duke Energy Kentucky will continue to provide ongoing reporting as required under the merger commitments. Thank you for your consideration in this matter.

Very truly yours,



Rocco D'Ascenzo  
Associate General Counsel  
Amy B. Spiller  
State Regulatory General Counsel

cc: Hon. Dennis G. Howard, II