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Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

December 17, 2012

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

RECEIVED

DEC 18 2012

PUBLIC SERVICE
COMMISSION

Re: Case No. 2011-124
In the Matter of 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.

Dear Mr. Derouen:

In the Stipulation 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.

Commitment #23

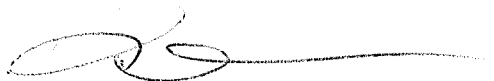
Joint Applicants commit that when Duke Energy Kentucky files its monthly reports with the Commission, it shall include with that filing a schedule of the current capital structure and a schedule of any capital contributions made to Duke Energy Kentucky in the applicable month. The monthly reports shall also include separate gas and electric income statements and a combined gas and electric balance sheet for each of the eight months in which it does not make quarterly filings.

Duke Energy Response:

Duke Energy Kentucky, Inc.'s monthly financial statement for October is enclosed.

Duke Energy Kentucky will continue to provide ongoing reporting as required under the merger commitments. Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Rocco D'Ascenzo', with a long horizontal flourish extending to the right.

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

cc: Dennis G. Howard, II
Mr. Jay Baucom
Mr. Matthew Schroeder

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of October 31, 2012
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,671,173,158
Construction Work in Progress	20,964,341
Less Accum. Depreciation	<u>(756,570,234)</u>
Net Utility Plant	<u>935,567,265</u>
Nonutility Property	5,623,584
Other Investments	1,500
Total Other Property & Investments	<u>5,625,084</u>
Cash	10,177,315
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,070,688
Other Accounts Receivable	2,197,287
Less Provision for Uncollectibles	(189,106)
Notes Receivable from Assoc. Co.	15,687,546
Accounts Receivable from Assoc. Co.	763,203
Fuel Stock	20,506,852
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,676,592
Other Materials & Supplies	-
Stores Expense Undistributed	672,542
Prepayments	1,382,543
Emission Allowances	219,044
Derivative Instrument Assets	282,614
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	15,091,098
Rents Receivable	17,765
Total Current & Accrued Assets	<u>87,555,983</u>
Unamortized Debt Expense	2,564,987
Other Regulatory Assets	17,641,897
Preliminary Survey & Investigation	2,744,345
Clearing Accounts	36,197
Temporary Facilities	(1,950)
Miscellaneous Deferred Debits	35,323,357
Unamortized Loss on Reacquired Debt	2,577,703
Accumulated Deferred Income Taxes	3,518,618
Unrecovered Purchased Gas Costs	<u>(1,917,442)</u>
Total Deferred Debits	<u>62,487,712</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,091,236,044</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
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(Unaudited)

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Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of October 31, 2012
(Unaudited)

	<u>Total Company</u>
<u>Proprietary Capital</u>	
Common Stock Issued	8,779,995
Premium on Capital Stock	18,838,946
Other Paid-in Capital Stock	148,655,189
Retained Earnings	197,702,720
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>373,976,850</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less Unamortized Discount on Long-Term Debt	(634,906)
Total Long-Term Debt	<u>331,936,588</u>
Obligations Under Capital Leases - Noncurrent	7,221,715
Asset Retirement Obligation	6,143,694
Long-Term Portion of Derivative Instrument Liabilities	7,606,948
Accum. Misc. Operating Provisions	13,309,754
Total Other Noncurrent Liabilities	<u>34,282,111</u>
Accounts Payable	18,876,864
Notes Payable to Assoc. Co.	4,876,000
Accounts Payable to Assoc. Co.	11,712,506
Customer Deposits	8,885,336
Taxes Accrued	12,989,131
Interest Accrued	2,647,163
Tax Collections Payable	1,154,407
Misc. Current & Accrued Liabilities	6,720,687
Obligations Under Capital Leases - Current	1,913,869
Derivative Instrument Liabilities	8,598,077
Less: Long-Term Portion of Derivative Instrument Liabilities	(7,606,948)
Total Current & Accrued Liabilities	<u>70,767,092</u>
Customer Advances for Construction	712,549
Accum. Deferred Investment Tax Credits	1,136,516
Other Deferred Credits	22,337,935
Other Regulatory Liabilities	6,091,870
Accumulated Deferred Income Taxes	249,994,533
Total Deferred Credits	<u>280,273,403</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,091,236,044</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended October 31, 2012
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	126,187,173	59,464,830	185,652,003
Commercial Sales	115,336,396	20,983,481	136,319,877
Industrial Sales	54,357,842	1,583,846	55,941,688
Sales to Public Authorities	23,241,034	2,462,722	25,703,756
Public Street & Highway Lighting	1,718,289	971	1,719,260
Inter-Departmental Sales	67,700	19,043	86,743
Misc. Service Revenues	(240,744)	560,130	319,386
Revenues from Transportation	-	5,495,373	5,495,373
Sales for Resale	10,047,197	-	10,047,197
Rents from Property	1,768,996	-	1,768,996
Other Revenues	3,250,451	5,577	3,256,028
Total Revenues	<u>335,734,334</u>	<u>90,575,973</u>	<u>426,310,307</u>
<u>Operating Expenses</u>			
Operation Expense	222,246,111	59,841,760	282,087,871
Maintenance Expense	31,429,775	1,770,792	33,200,567
Depreciation Expense	30,100,866	10,214,920	40,315,786
Amortization and Depletion	2,676,070	1,372,944	4,049,014
Taxes Other than Income Taxes	8,157,325	3,990,731	12,148,056
Income Taxes - Federal & Other	4,989,226	(2,099,104)	2,890,122
Provision of Deferred Income Taxes - Net	(7,407,177)	25,390,791	17,983,614
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>292,192,196</u>	<u>100,482,834</u>	<u>392,675,030</u>
NET OPERATING INCOME	<u>43,542,138</u>	<u>(9,906,861)</u>	<u>33,635,277</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	181,944	200	182,144
Less Expense of Merchandising, Jobbing and Contract Work	(85,306)	8,278	(77,028)
Revenues from Nonutility Operations	(3,440)	1,128	(2,312)
Interest & Dividend Income	1,442,867	40,818	1,483,685
AFUDC	419,236	(122,320)	296,916
Loss on Disposition of Property	463,085	5,065	468,150
Gain from Disposition of Allowances	(15,132)	(5,556)	(20,688)
Misc. Income Deductions	(1,726,790)	(973,811)	(2,700,601)
Taxes Other than Income Taxes	(131,055)	(47,242)	(178,297)
Income Taxes - Federal & Other	(2,541,611)	282,502	(2,259,109)
Provision for Deferred Income Taxes - Net	6,390,240	215,031	6,605,271
Total Other Income & Deductions	<u>4,394,038</u>	<u>(595,907)</u>	<u>3,798,131</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,123,624)	(4,074,809)	(14,198,433)
Amortization of Debt Disc. And Expense	(364,359)	(120,626)	(484,985)
Amortization of Loss on Reacquired Debt	(208,060)	(75,083)	(283,143)
Interest on Debt to Assoc Co	(1,196)	(488)	(1,684)
Other Interest Expense	(2,313,271)	(225,055)	(2,538,326)
Less Allowance for Borrowed Fund Used During Construction - Credit	240,000	(45,899)	194,101
Net interest Charges	<u>(12,770,510)</u>	<u>(4,541,960)</u>	<u>(17,312,470)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>35,165,666</u>	<u>(15,044,728)</u>	<u>20,120,938</u>

Duke Energy Kentucky, Inc.
Capital Structure
October 31, 2012

	Actual September 2012	Activity	Actual October 2012
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	\$ 332,019,479	\$ 7,536	\$ 332,027,015
Obligations under Capital Lease-Noncurr	\$ 7,332,028	\$ (110,313)	\$ 7,221,715
Total Long-term debt	\$ 339,351,507	\$ (102,777)	\$ 339,248,730
Common Stock Equity			
Common Stock	\$ 8,779,995	\$ -	\$ 8,779,995
Premium On Capital Stock Common	\$ 18,838,946	\$ -	\$ 18,838,946
Donat Recvd From Stkhld	\$ 143,211,362	\$ -	\$ 143,211,362
Donat Recvd From Stkhld Tax	\$ 5,600,021	\$ -	\$ 5,600,021
Other Misc PIC	\$ (156,194)	\$ -	\$ (156,194)
Unappropriated RE Bal	\$ 168,389,554	\$ -	\$ 168,389,554
Unapp Ret Erngs-Curr Yr Net In	\$ 27,071,027	\$ 2,242,139	\$ 29,313,166
Total Common Stock Equity	\$ 371,734,711	\$ 2,242,139	\$ 373,976,850
TOTAL CAPITALIZATION	\$ 711,086,218	\$ 2,139,362	\$ 713,225,580