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Rocco O. D'Ascenzo  
Associate General Counsel

**VIA OVERNIGHT DELIVERY**

January 17, 2013

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

RECEIVED

JAN 18 2013

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 2012 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.

J. Derouen  
January 17, 2013  
Page Two

Very truly yours,

A handwritten signature in black ink, appearing to be 'R. 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 November 30, 2012  
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,675,619,912
Construction Work in Progress	20,142,934
Less Accum. Depreciation	<u>(759,341,117)</u>
Net Utility Plant	<u>936,421,729</u>
Nonutility Property	5,549,438
Other Investments	1,500
Total Other Property & Investments	<u>5,550,938</u>
Cash	10,044,940
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	5,578,214
Other Accounts Receivable	2,744,141
Less Provision for Uncollectibles	(203,472)
Notes Receivable from Assoc. Co.	19,970,404
Accounts Receivable from Assoc. Co.	1,410,830
Fuel Stock	20,392,362
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,406,657
Other Materials & Supplies	-
Stores Expense Undistributed	778,927
Prepayments	1,270,701
Emission Allowances	173,143
Derivative Instrument Assets	282,614
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	14,560,980
Rents Receivable	17,765
Total Current & Accrued Assets	<u>94,428,206</u>
Unamortized Debt Expense	2,533,708
Other Regulatory Assets	17,936,704
Preliminary Survey & Investigation	3,191,855
Clearing Accounts	42,816
Temporary Facilities	(3,750)
Miscellaneous Deferred Debits	35,118,610
Unamortized Loss on Reacquired Debt	2,554,108
Accumulated Deferred Income Taxes	3,791,136
Unrecovered Purchased Gas Costs	<u>(1,933,077)</u>
Total Deferred Debits	<u>63,232,110</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,099,632,983</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of November 30, 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	198,351,543
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>374,625,673</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less Unamortized Discount on Long-Term Debt	(627,370)
Total Long-Term Debt	<u>331,944,124</u>
Obligations Under Capital Leases - Noncurrent	7,111,022
Asset Retirement Obligation	6,172,917
Long-Term Portion of Derivative Instrument Liabilities	7,872,158
Accum. Misc. Operating Provisions	13,252,424
Total Other Noncurrent Liabilities	<u>34,408,521</u>
Accounts Payable	24,310,940
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	16,746,352
Customer Deposits	8,918,319
Taxes Accrued	15,671,000
Interest Accrued	3,777,357
Tax Collections Payable	1,376,654
Misc. Current & Accrued Liabilities	6,391,570
Obligations Under Capital Leases - Current	1,901,346
Derivative Instrument Liabilities	8,863,889
Less: Long-Term Portion of Derivative Instrument Liabilities	(7,872,158)
Total Current & Accrued Liabilities	<u>80,085,269</u>
Customer Advances for Construction	708,594
Accum. Deferred Investment Tax Credits	1,072,523
Other Deferred Credits	25,113,818
Other Regulatory Liabilities	5,338,461
Accumulated Deferred Income Taxes	246,336,000
Total Deferred Credits	<u>278,569,396</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,099,632,983</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended November 30, 2012  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	127,383,478	60,601,664	187,985,142
Commercial Sales	115,520,456	21,539,854	137,060,310
Industrial Sales	54,406,132	1,629,487	56,035,619
Sales to Public Authorities	23,208,623	2,475,014	25,683,637
Public Street & Highway Lighting	1,711,388	967	1,712,355
Inter-Departmental Sales	68,745	19,682	88,427
Misc. Service Revenues	(461,053)	560,932	99,879
Revenues from Transportation	-	5,645,263	5,645,263
Sales for Resale	10,715,642	-	10,715,642
Rents from Property	1,766,382	-	1,766,382
Other Revenues	2,918,373	5,255	2,923,628
Total Revenues	<u>337,238,166</u>	<u>92,478,118</u>	<u>429,716,284</u>
<u>Operating Expenses</u>			
Operation Expense	226,127,960	60,319,300	286,447,260
Maintenance Expense	31,341,495	1,864,977	33,206,472
Depreciation Expense	29,341,124	10,011,121	39,352,245
Amortization and Depletion	2,641,791	1,390,893	4,032,684
Taxes Other than Income Taxes	10,603,993	3,990,087	14,594,080
Income Taxes - Federal & Other	4,345,534	(1,394,966)	2,950,568
Provision of Deferred Income Taxes - Net	(8,454,766)	25,300,729	16,845,963
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>295,947,131</u>	<u>101,482,141</u>	<u>397,429,272</u>
NET OPERATING INCOME	<u>41,291,035</u>	<u>(9,004,023)</u>	<u>32,287,012</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	154,580	150	154,730
Less Expense of Merchandising, Jobbing and Contract Work	(86,738)	6,688	(80,050)
Revenues from Nonutility Operations	(2,925)	1,128	(1,797)
Interest & Dividend Income	1,295,655	39,649	1,335,304
AFUDC	418,227	(141,848)	276,379
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	(1,718,175)	(983,064)	(2,701,239)
Taxes Other than Income Taxes	(134,448)	(48,592)	(183,040)
Income Taxes - Federal & Other	(2,605,093)	299,567	(2,305,526)
Provision for Deferred Income Taxes - Net	6,516,419	215,312	6,731,731
Total Other Income & Deductions	<u>4,285,455</u>	<u>(611,501)</u>	<u>3,673,954</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,131,419)	(4,089,636)	(14,221,055)
Amortization of Debt Disc. And Expense	(389,266)	(129,470)	(518,736)
Amortization of Loss on Recquired Debt	(208,006)	(75,137)	(283,143)
Interest on Debt to Assoc Co	(1,245)	(508)	(1,753)
Other Interest Expense	(2,577,126)	(211,710)	(2,788,836)
Less Allowance for Borrowed Fund Used During Construction - Credit	237,981	(54,121)	183,860
Net interest Charges	<u>(13,069,081)</u>	<u>(4,560,582)</u>	<u>(17,629,663)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>32,507,409</u>	<u>(14,176,106)</u>	<u>18,331,303</u>

**Duke Energy Kentucky, Inc.**  
**Capital Structure**  
**November 30, 2012**

	Actual October 2012	Activity	Actual November 2012
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	\$ 332,027,015	\$ 7,536	\$ 332,034,551
Obligations under Capital Lease-Noncurr	\$ 7,221,715	\$ (110,693)	\$ 7,111,022
<b>Total Long-term debt</b>	<b>\$ 339,248,730</b>	<b>\$ (103,157)</b>	<b>\$ 339,145,573</b>
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	\$ 29,313,166	\$ 648,823	\$ 29,961,989
<b>Total Common Stock Equity</b>	<b>\$ 373,976,850</b>	<b>\$ 648,823</b>	<b>\$ 374,625,673</b>
<b>TOTAL CAPITALIZATION</b>	<b>\$ 713,225,580</b>	<b>\$ 545,666</b>	<b>\$ 713,771,246</b>