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Dianne B. Kuhnell.
Senior Paralegal

VIA OVERNIGHT DELIVERY

April 15, 2013

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

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 February 2013 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.

Mr. Jeff Derouen
April 15, 2013
Page Two

Very truly yours,

A handwritten signature in black ink that reads "Dianne Kuhnell". The signature is written in a cursive style with a large, looped initial "D".

Dianne B. Kuhnell
Senior Paralegal

cc: Dennis G. Howard, II
Mr. Jay Baucom (w/o enclosures)
Mr. Matthew Schroeder (w/o enclosures)

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of February 28, 2013
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,685,460,874
Construction Work in Progress	22,161,412
Less Accum. Depreciation	(766,249,364)
Net Utility Plant	<u>941,372,922</u>
Nonutility Property	5,327,001
Other Investments	1,500
Other Special Funds	(737,843)
Total Other Property & Investments	<u>4,590,658</u>
Cash	13,703,813
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,688,062
Other Accounts Receivable	2,249,095
Less Provision for Uncollectibles	(170,083)
Notes Receivable from Assoc. Co.	23,209,829
Accounts Receivable from Assoc. Co.	437,084
Fuel Stock	21,660,837
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,380,299
Other Materials & Supplies	-
Stores Expense Undistributed	842,510
Prepayments	1,577,956
Emission Allowances	99,739
Derivative Instrument Assets	432,689
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	11,407,698
Rents Receivable	-
Total Current & Accrued Assets	<u>95,519,528</u>
Unamortized Debt Expense	2,445,874
Other Regulatory Assets	16,807,075
Preliminary Survey & Investigation	2,620,984
Clearing Accounts	46,188
Temporary Facilities	(5,020)
Miscellaneous Deferred Debits	40,011,919
Unamortized Loss on Reacquired Debt	2,483,322
Accumulated Deferred Income Taxes	7,005,389
Unrecovered Purchased Gas Costs	(1,177,222)
Total Deferred Debits	<u>70,238,509</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,111,721,617</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of February 28, 2013
(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	209,032,152
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>385,306,282</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less Unamortized Discount on Long-Term Debt	(604,764)
Total Long-Term Debt	<u>331,966,730</u>
Obligations Under Capital Leases - Noncurrent	6,775,640
Asset Retirement Obligation	6,122,019
Long-Term Portion of Derivative Instrument Liabilities	6,543,946
Accum. Misc. Operating Provisions	18,091,637
Total Other Noncurrent Liabilities	<u>37,533,242</u>
Accounts Payable	20,702,953
Notes Payable to Assoc. Co.	2,154,000
Accounts Payable to Assoc. Co.	10,859,491
Customer Deposits	9,183,361
Taxes Accrued	9,414,470
Interest Accrued	6,225,197
Tax Collections Payable	1,609,897
Misc. Current & Accrued Liabilities	8,061,371
Obligations Under Capital Leases - Current	1,863,880
Derivative Instrument Liabilities	7,532,986
Less: Long-Term Portion of Derivative Instrument Liabilities	(6,543,946)
Total Current & Accrued Liabilities	<u>71,063,660</u>
Customer Advances for Construction	705,411
Accum. Deferred Investment Tax Credits	882,312
Other Deferred Credits	27,885,093
Other Regulatory Liabilities	2,942,663
Accumulated Deferred Income Taxes	253,436,224
Total Deferred Credits	<u>285,851,703</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,111,721,617</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended February 28, 2013
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	129,022,144	57,613,108	186,635,252
Commercial Sales	115,728,779	20,782,565	136,511,344
Industrial Sales	54,332,094	1,661,105	55,993,199
Sales to Public Authorities	23,020,403	2,285,425	25,305,828
Public Street & Highway Lighting	1,721,589	955	1,722,544
Inter-Departmental Sales	70,649	18,125	88,774
Misc. Service Revenues	(269,433)	558,466	289,033
Revenues from Transportation	-	5,697,811	5,697,811
Sales for Resale	11,636,791	-	11,636,791
Rents from Property	1,717,369	-	1,717,369
Other Revenues	2,587,482	5,002	2,592,484
Total Revenues	<u>339,567,867</u>	<u>88,622,562</u>	<u>428,190,429</u>
<u>Operating Expenses</u>			
Operation Expense	216,341,659	58,079,540	274,421,199
Maintenance Expense	33,046,458	1,760,378	34,806,836
Depreciation Expense	27,197,470	9,204,166	36,401,636
Amortization and Depletion	2,421,050	1,488,129	3,909,179
Taxes Other than Income Taxes	10,926,157	4,114,114	15,040,271
Income Taxes - Federal & Other	6,145,864	(905,062)	5,240,802
Provision of Deferred Income Taxes - Net	(3,722,144)	15,683,115	11,960,971
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>292,356,514</u>	<u>89,424,380</u>	<u>381,780,894</u>
NET OPERATING INCOME	<u>47,211,353</u>	<u>(801,818)</u>	<u>46,409,535</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	237,260	100	237,360
Less Expense of Merchandising, Jobbing and Contract Work	(93,865)	7,552	(86,313)
Revenues from Nonutility Operations	10,131	766	10,897
Interest & Dividend Income	1,154,668	49,264	1,203,932
AFUDC	374,737	(185,840)	188,897
Loss on Disposition of Property	-	-	-
Gain from Disposition of Allowances	(15,132)	(5,556)	(20,688)
Misc. Income Deductions	(1,164,413)	(696,554)	(1,860,967)
Taxes Other than Income Taxes	(102,312)	(36,351)	(138,663)
Income Taxes - Federal & Other	(2,875,085)	311,767	(2,563,318)
Provision for Deferred Income Taxes - Net	3,124,027	90,665	3,214,692
Total Other Income & Deductions	<u>650,016</u>	<u>(464,187)</u>	<u>185,829</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,123,062)	(4,073,503)	(14,196,565)
Amortization of Debt Disc. And Expense	(385,420)	(121,824)	(507,244)
Amortization of Loss on Reacquired Debt	(221,826)	(61,317)	(283,143)
Interest on Debt to Assoc Co	(1,476)	(596)	(2,072)
Other Interest Expense	(2,356,062)	(197,035)	(2,553,097)
Less Allowance for Borrowed Fund Used During Construction - Credit	227,195	(61,111)	166,084
Net interest Charges	<u>(12,860,651)</u>	<u>(4,515,386)</u>	<u>(17,376,037)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>35,000,718</u>	<u>(5,781,391)</u>	<u>29,219,327</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
February 28, 2013
(Unaudited)

	Actual January 2013	Activity	Actual February 2013
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	331,959,195	7,535	331,966,730
Obligations under Capital Lease-Noncurrent	6,887,887	(112,247)	6,775,640
Total Long-term debt	338,847,082	(104,712)	338,742,370
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	196,610,415	-	196,610,415
Unappropriated Retained Earnings - Current Year Net Income	9,721,806	2,699,931	12,421,737
Total Common Stock Equity	382,606,351	2,699,931	385,306,282
TOTAL CAPITALIZATION	721,453,433	2,595,219	724,048,652