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Rocco O. D'Ascenzo  
Associate General Counsel

**VIA OVERNIGHT DELIVERY**

September 12, 2013

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

RECEIVED

SEP 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.

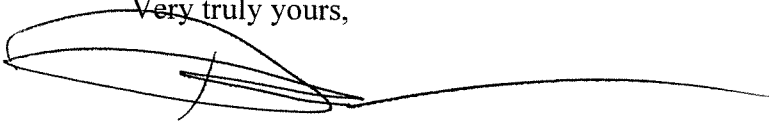
**Duke Energy Response:**

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

Mr. Jeff Derouen  
Kentucky Public Service Commission  
September 12, 2013  
Page 2 of 2

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 be "Rocco D'Ascenzo", written over a horizontal line. The signature is stylized with a large loop at the beginning and a long tail.

Rocco D' Ascenzo  
Associate General Counsel  
Amy B. Spiller  
Deputy General Counsel

cc: Dennis G. Howard, II  
Jay Baucom  
Mark Outten

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of July 31, 2013  
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,703,080,877
Construction Work in Progress	19,667,202
Less Accum. Depreciation	<u>(784,323,542)</u>
Net Utility Plant	<u>938,424,537</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	26,221
Total Other Property & Investments	<u>29,927</u>
Cash	10,872,664
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,835,864
Other Accounts Receivable	3,867,850
Less Provision for Uncollectibles	(212,384)
Notes Receivable from Assoc. Co.	49,400,071
Accounts Receivable from Assoc. Co.	846,464
Fuel Stock	19,526,712
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,722,628
Other Materials & Supplies	-
Stores Expense Undistributed	1,085,768
Prepayments	1,788,775
Emission Allowances	75,124
Derivative Instrument Assets	493,802
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	13,152,972
Rents Receivable	-
Total Current & Accrued Assets	<u>121,456,310</u>
Unamortized Debt Expense	2,277,443
Other Regulatory Assets	15,119,430
Preliminary Survey & Investigation	2,124,893
Clearing Accounts	51,808
Temporary Facilities	(2,310)
Miscellaneous Deferred Debits	37,672,777
Unamortized Loss on Reacquired Debt	2,365,345
Accumulated Deferred Income Taxes	5,489,761
Unrecovered Purchased Gas Costs	<u>(886,081)</u>
Total Deferred Debits	<u>64,213,066</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,124,123,840</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of July 31, 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	224,661,362
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>400,935,492</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less Unamortized Discount on Long-Term Debt	(567,086)
Total Long-Term Debt	<u>332,004,408</u>
Obligations Under Capital Leases - Noncurrent	6,219,139
Asset Retirement Obligation	6,233,736
Long-Term Portion of Derivative Instrument Liabilities	4,481,774
Accum. Misc. Operating Provisions	18,563,095
Total Other Noncurrent Liabilities	<u>35,497,744</u>
Accounts Payable	17,944,477
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	12,570,224
Customer Deposits	9,123,314
Taxes Accrued	17,717,516
Interest Accrued	5,174,207
Tax Collections Payable	2,069,945
Misc. Current & Accrued Liabilities	7,996,769
Obligations Under Capital Leases - Current	1,788,153
Derivative Instrument Liabilities	5,466,346
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,481,774)
Total Current & Accrued Liabilities	<u>75,369,177</u>
Customer Advances for Construction	683,719
Accum. Deferred Investment Tax Credits	1,388,177
Other Deferred Credits	27,502,638
Other Regulatory Liabilities	187,861
Accumulated Deferred Income Taxes	250,554,624
Total Deferred Credits	<u>280,317,019</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,124,123,840</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended July 31, 2013  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	127,337,124	64,148,477	191,485,601
Commercial Sales	114,760,807	23,570,093	138,330,900
Industrial Sales	54,827,818	1,875,062	56,702,880
Sales to Public Authorities	22,485,612	2,560,530	25,046,142
Public Street & Highway Lighting	1,700,175	972	1,701,147
Inter-Departmental Sales	65,127	22,312	87,439
Misc. Service Revenues	403,477	552,936	956,413
Revenues from Transportation	-	5,914,222	5,914,222
Sales for Resale	13,898,519	-	13,898,519
Rents from Property	1,643,281	12	1,643,293
Other Revenues	1,749,019	4,339	1,753,358
Total Revenues	<u>338,870,959</u>	<u>98,648,955</u>	<u>437,519,914</u>
<u>Operating Expenses</u>			
Operation Expense	223,525,691	65,404,426	288,930,117
Maintenance Expense	25,102,890	1,740,572	26,843,462
Depreciation Expense	25,777,054	8,500,550	34,277,604
Amortization and Depletion	2,328,025	1,508,161	3,836,186
Taxes Other than Income Taxes	11,387,163	4,344,243	15,731,406
Income Taxes - Federal & Other	6,282,555	2,551,311	8,833,866
Provision for Deferred Income Taxes - Net	(3,817,155)	13,339,998	9,522,843
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>290,586,223</u>	<u>97,389,261</u>	<u>387,975,484</u>
NET OPERATING INCOME	<u>48,284,736</u>	<u>1,259,694</u>	<u>49,544,430</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	207,343	50	207,393
Less Expense of Merchandising, Jobbing and Contract Work	(83,288)	8,631	(74,657)
Revenues from Nonutility Operations	5,238	638	5,876
Interest & Dividend Income	1,067,544	46,610	1,114,154
AFUDC	387,453	32,184	419,637
Gain on Disposition of Property	3,179,198	41,563	3,220,761
Loss on Disposition of Property	1,307,087	(1,327,775)	(20,688)
Misc. Income Deductions	(741,163)	(392,046)	(1,133,209)
Taxes Other than Income Taxes	(103,258)	(34,433)	(137,691)
Income Taxes - Federal & Other	(6,864,718)	616,842	(6,247,876)
Provision for Deferred Income Taxes - Net	4,544,144	73,129	4,617,273
Total Other Income & Deductions	<u>2,905,580</u>	<u>(934,607)</u>	<u>1,970,973</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,177,441)	(4,024,463)	(14,201,904)
Amortization of Debt Disc. And Expense	(371,443)	(116,167)	(487,610)
Amortization of Loss on Reacquired Debt	(222,841)	(60,303)	(283,144)
Interest on Debt to Assoc Co	(922)	(369)	(1,291)
Other Interest Expense	(2,063,795)	(168,756)	(2,232,551)
Less Allowance for Borrowed Fund Used During Construction - Credit	191,507	12,392	203,899
Net interest Charges	<u>(12,644,935)</u>	<u>(4,357,666)</u>	<u>(17,002,601)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>38,545,381</u>	<u>(4,032,579)</u>	<u>34,512,802</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
July 31, 2013  
(Unaudited)

	Actual June 2013	Activity	Actual July 2013
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	331,996,873	7,535	332,004,408
Obligations under Capital Lease-Noncurrent	6,333,768	(114,629)	6,219,139
Total Long-term debt	338,330,641	(107,094)	338,223,547
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	-	196,610,414
Unappropriated Retained Earnings - Current Year Net Income	25,684,273	2,366,675	28,050,948
Total Common Stock Equity	398,568,817	2,366,675	400,935,492
TOTAL CAPITALIZATION	736,899,458	2,259,581	739,159,039