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Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

January 13, 2015

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

RECEIVED

JAN 14 2015

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. (Duke Energy Kentucky) 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

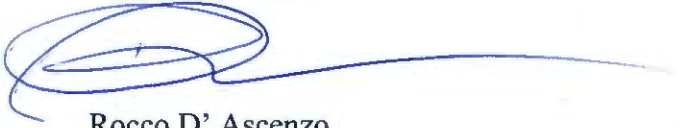
Joint Applicants commit that when Duke Energy Kentucky files its monthly reports with the Commission, it shall include with that filing a schedule of the current capital structure and a schedule of any capital contributions made to Duke Energy Kentucky in the applicable month. The monthly reports shall 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,



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

cc: Dennis G. Howard, II
Mai Xuan Zinchenko

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of November 30, 2014
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,762,516,795
Construction Work in Progress	15,680,719
Less: Accumulated Depreciation	(819,046,059)
Net Utility Plant	<u>959,151,455</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	1,291,554
Total Other Property & Investments	<u>1,295,260</u>
Cash	9,399,332
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	5,416,825
Other Accounts Receivable	16,630,059
Less: Provision for Uncollectibles	(202,808)
Notes Receivable from Assoc. Co.	19,582,076
Accounts Receivable from Assoc. Co.	(6,646,155)
Fuel Stock	25,511,909
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,863,263
Other Materials & Supplies	-
Stores Expense Undistributed	1,572,087
Prepayments	1,777,637
Emission Allowances	27,928
Derivative Instrument Assets	1,585,951
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	23,987,357
Rents Receivable	-
Total Current & Accrued Assets	<u>116,505,461</u>
Unamortized Debt Expense	1,945,972
Other Regulatory Assets	26,705,222
Preliminary Survey & Investigation	2,127,546
Cleaning Accounts	73,503
Temporary Facilities	(4,775)
Miscellaneous Deferred Debits	22,709,834
Unamortized Loss on Reacquired Debt	2,010,060
Accumulated Deferred Income Taxes	(2,853,205)
Unrecovered Purchased Gas Costs	2,728,935
Total Deferred Debits	<u>55,443,092</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,132,395,268</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 2

As of November 30, 2014

(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	233,166,160
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>409,440,290</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less: Unamortized Discount on Long-Term Debt	(446,516)
Total Long-Term Debt	<u>332,124,978</u>
Obligations Under Capital Leases - Noncurrent	4,185,757
Asset Retirement Obligation	7,727,458
Long-Term Portion of Derivative Instrument Liabilities	4,621,201
Accum. Misc. Operating Provisions	6,869,988
Total Other Noncurrent Liabilities	<u>23,404,404</u>
Accounts Payable	22,819,920
Notes Payable to Assoc. Co.	10,397,000
Accounts Payable to Assoc. Co.	10,125,606
Customer Deposits	9,836,789
Taxes Accrued	15,020,526
Interest Accrued	3,304,534
Tax Collections Payable	2,115,370
Misc. Current & Accrued Liabilities	11,050,095
Obligations Under Capital Leases - Current	1,569,845
Derivative Instrument Liabilities	5,608,483
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,621,201)
Total Current & Accrued Liabilities	<u>87,226,967</u>
Customer Advances for Construction	754,559
Accum. Deferred Investment Tax Credits	1,112,317
Other Deferred Credits	24,809,575
Other Regulatory Liabilities	563,110
Accumulated Deferred Income Taxes	252,959,068
Total Deferred Credits	<u>280,198,629</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,132,395,268</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended November 30, 2014
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	133,042,119	79,107,975	212,150,094
Commercial Sales	119,582,238	29,433,342	149,015,580
Industrial Sales	59,054,699	2,278,458	61,333,157
Sales to Public Authorities	23,300,176	3,324,025	26,624,201
Public Street & Highway Lighting	1,770,175	1,024	1,771,199
Inter-Departmental Sales	72,535	33,012	105,547
Misc. Service Revenues	2,342,593	554,267	2,896,860
Revenues from Transportation	-	6,081,094	6,081,094
Sales for Resale	19,564,593	-	19,564,593
Rents from Property	758,966	50	759,016
Other Revenues	4,751,994	2,701	4,754,695
Total Revenues	<u>364,240,088</u>	<u>120,815,948</u>	<u>485,056,036</u>
<u>Operating Expenses</u>			
Operation Expense	246,519,098	80,242,743	326,761,841
Maintenance Expense	35,199,999	2,033,337	37,233,336
Depreciation Expense	27,220,381	7,674,186	34,894,567
Amortization and Depletion	2,191,138	1,022,358	3,213,496
Taxes Other than Income Taxes	8,454,776	4,165,787	12,620,563
Income Taxes - Federal & Other	8,695,959	4,791,990	13,487,949
Provision for Deferred Income Taxes - Net	2,811,905	3,561,582	6,373,487
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>331,093,256</u>	<u>103,491,983</u>	<u>434,585,239</u>
NET OPERATING INCOME	<u>33,146,832</u>	<u>17,323,965</u>	<u>50,470,797</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	278,709	-	278,709
Less: Expense of Merchandising, Jobbing and Contract Work	(180,854)	1,514	(179,340)
Revenues from Nonutility Operations	167,158	(2,562)	164,596
Interest & Dividend Income	823,142	261,755	1,084,897
AFUDC	500,197	21,318	521,515
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(702,675)	(346,937)	(1,049,612)
Taxes Other than Income Taxes	(107,395)	(32,800)	(140,195)
Income Taxes - Federal & Other	(688,392)	(125,588)	(813,980)
Provision for Deferred Income Taxes - Net	903,871	244,328	1,148,199
Total Other Income & Deductions	<u>993,761</u>	<u>21,028</u>	<u>1,014,789</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,179,643)	(3,968,970)	(14,148,613)
Amortization of Debt Disc. And Expense	(336,392)	(102,450)	(438,842)
Amortization of Loss on Reacquired Debt	(197,685)	(68,786)	(266,471)
Interest on Debt to Assoc. Co.	(6,733)	(2,639)	(9,372)
Other Interest Expense	(1,464,510)	(114,723)	(1,579,233)
Less: Allowance for Borrowed Fund Used During Construction - Credit	238,653	8,265	246,918
Net interest Charges	<u>(11,946,310)</u>	<u>(4,249,303)</u>	<u>(16,195,613)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>22,194,283</u>	<u>13,095,690</u>	<u>35,289,973</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
November 30, 2014
(Unaudited)

	<u>Actual</u> <u>October 2014</u>	<u>Activity</u>	<u>Actual</u> <u>November 2014</u>
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	292,122,069	4,381	292,126,450
Obligations under Capital Lease-Noncurrent	4,288,424	(102,667)	4,185,757
Total Long-term debt	<u>296,410,493</u>	<u>(98,286)</u>	<u>296,312,207</u>
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	201,679,985	-	201,679,985
Unappropriated Retained Earnings - Current Year Net Income	26,139,961	5,346,214	31,486,175
Total Common Stock Equity	<u>404,094,076</u>	<u>5,346,214</u>	<u>409,440,290</u>
TOTAL CAPITALIZATION	700,504,569	5,247,928	705,752,497