

**David S. Samford**  
Counsel  
859.244.3230 (t)  
859.231.0011 (f)  
dsamford@fbtlaw.com

December 13, 2011

**RECEIVED**

DEC 14 2011

PUBLIC SERVICE  
COMMISSION

Mr. Jeffrey Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602-0615

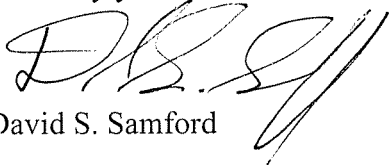
Re: *In the Matter of: The Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc., for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc. - Case No. 2011-00124*

Dear Mr. Derouen:

Enclosed, please find an original and ten copies of the Joint Applicants' First Status Report in the above-captioned case. Per the Commission's August 2, 2011 Order, this report summarizes the status of the merger transaction and provides an estimate on when it will be consummated. In addition, please find three additional copies to be file-stamped and returned to me in the enclosed envelope.

Please do not hesitate to contact me if you have any questions.

Sincerely yours,

  
David S. Samford

Enclosures

cc: Jennifer Hans  
Dennis G. Howard, II  
Larry Cook

LEXLibrary 0106219 0583960 492430vvv1

**RECEIVED**

DEC 14 2011

PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

**THE JOINT APPLICATION OF DUKE ENERGY )  
CORPORATION, CINERGY CORP., DUKE )  
ENERGY OHIO, INC., DUKE ENERGY ) CASE NO. 2011-00124  
KENTUCKY, INC., DIAMOND ACQUISITION )  
CORPORATION, AND PROGRESS ENERGY, INC. )  
FOR APPROVAL OF THE INDIRECT TRANSFER )  
OF CONTROL OF DUKE ENERGY KENTUCKY, INC. )**

---

**JOINT APPLICANTS'  
FIRST STATUS REPORT**

---

Come now Duke Energy Corporation (“Duke”), Cinergy Corp. (“Cinergy”), Duke Energy Ohio, Inc. (“Duke Ohio”), Duke Energy Kentucky, Inc. (“Duke Kentucky”), Diamond Acquisition Corporation (“Diamond”) and Progress Energy, Inc. (“Progress”) (collectively, the “Joint Applicants”), pursuant to Paragraph 4 of the Commission’s August 2, 2011 Order in the above-captioned case, and tender their first status report regarding the status of the merger transaction.

To date, the companies have received the following approvals in connection with the merger:

- Shareholder approvals were given on August 23, 2011.
- The requisite waiting period under the Hart-Scott-Rodino Act has expired.
- The Federal Communications Commission granted approval of the assignment of certain licenses from Progress to Duke on July 27, 2011.

- The Nuclear Regulatory Commission granted approval of the indirect transfer of Progress's licenses on December 2, 2011.
- The Kentucky Public Service Commission granted its approval of the indirect transfer of control of Duke Kentucky on October 28, 2011.

The Federal Energy Regulatory Commission ("FERC") granted conditional approval of the merger on September 30, 2011, but concluded that the merger could harm competition in the Carolinas power market. As such, FERC required Duke and Progress to file a market power mitigation plan to address its concerns about competition. In mid-October, the companies filed a market power mitigation plan proposing a concept called "virtual divestiture." On October 31, 2011, the companies also filed for a rehearing of the merger application. The filing requests the FERC revise its analysis to be consistent with previous application of its rules. In addition, the companies asked the FERC to address the mitigation plan no later than December 15, 2011. Also in connection with the merger, the companies have applied for approval of a joint dispatch agreement ("JDA") between Duke Energy Carolinas and Progress Energy Carolinas and a Joint Open Access Transmission Tariff ("JOATT"). FERC decisions on the mitigation plan, JDA and JOATT are all expected on or before December 19th.

The companies have also applied for approval of the merger by the North Carolina Utilities Commission ("NCUC") and approval of the JDA by the South Carolina Public Service Commission ("SCPSC"). Hearings on the North Carolina application were held on September 20-22, 2011 and the hearing on the South Carolina application was scheduled to be held on December 12, 2011.

The companies are working toward a merger close date of January 1, 2012, but the final closing date will ultimately be determined by the regulatory approvals schedule.

Respectfully submitted,



---

Mark David Goss  
David S. Samford  
FROST BROWN TODD LLC  
250 West Main Street, Suite 2800  
Lexington, KY 40507-1749  
(859) 231-0000 – Telephone  
(859) 231-0011 – Facsimile

*Counsel for Duke Energy Corporation  
Cinergy Corp.  
Duke Energy Ohio, Inc.  
Duke Energy Kentucky, Inc.  
Diamond Acquisition Corporation  
Progress Energy, Inc.*

- and -

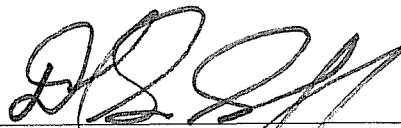
Rocco D'Ascenzo  
Amy B. Spiller  
Duke Energy Business Services LLC  
139 East Fourth Street  
Room 2500, Atrium II  
P. O. Box 960  
Cincinnati, Ohio 45201-0960

*Counsel for Duke Energy Corporation  
Cinergy Corp.  
Duke Energy Ohio, Inc.  
Duke Energy Kentucky, Inc.  
Diamond Acquisition Corporation*

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing was mailed, first class postage prepaid, this 13<sup>th</sup> day of December, 2011 to the following parties of record:

Hon. Jennifer B. Hans  
Hon. Dennis G. Howard, II  
Hon. Lawrence Cook  
Utility and Rate Intervention Division  
P. O. Box 2000  
Frankfort, Kentucky 40602-2000



---

*Counsel for the Joint Applicants*