



550 South Tryon Street
Charlotte, NC 28202

April 27, 2012

Mr. Jeff D. Cline
Annual Report Branch Manager
Commonwealth of Kentucky
Public Services Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

RECEIVED

APR 30 2012

PUBLIC SERVICE
COMMISSION

Dear Mr. Cline:

Enclosed is a copy, duly verified, of Duke Energy Kentucky, Inc.'s
***FERC Form No. 1: Annual Report of Major Electric Utilities, Licensees and Others and
FERC Form No. 2: Annual Report of Major Natural Gas Companies***
for the year ended December 31, 2011 along with all supplemental pages.

Please note that the notarized copies of the "Report of Gross Operating Revenues from Intra-Kentucky Business" and "Report of Gross Operating Revenues and Wholesale Power Costs" were sent via UPS to you on March 7, 2012.

Additionally, all reports were submitted electronically via the submission software on the Kentucky Public Service Commission website on April 27, 2012. As required, hard copies of those pages are also enclosed, along with duly notarized Oaths.

Sincerely,

Sharon L. Hood
Lead Accounting Analyst

ChangeStatus - Windows Internet Explorer provided by Duke Energy

http://psc.ky.gov/utility_financial_reports/NET/ChangeStatus.aspx?U=222100125P=251&F=51139183T=125R=0

Confirmation Receipt

Major Natural Gas Companies	22210012 Duke Energy Kentucky, Inc.	FROM 01/01/2011 TO 12/31/2011
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Utility has marked all schedules as complete.

4/27/2012 9:11:53 AM

- Print and attach this receipt. **Print Receipt**
- Print all schedules.
- Attach the oath page and any additional required pages.
- Send one copy to the Public Service Commission.

Thank you.

A copy of this confirmation can be sent to email address:

sharon.hood@duke-ener

Done Internet 115%

PUBLIC SERVICE COMMISSION
ANNUAL REPORT BRANCH

APR 30 2012

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EXAMINED BY _____

Confirmation Receipt

**Major Natural Gas
Companies**

**22210012 Duke Energy Kentucky, Inc. FROM 01/01/2011 TO
12/31/2011**

Utility has marked all schedules as complete.

4/27/2012 9:11:53 AM



22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Principal Payment and Interest Information

	Amount	Yes/No
Amount of Principal Payment During Calendar Year	\$0.00	
Is Principal Current?	Y	
Is Interest Current?	Y	

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22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Services Performed by Independent CPA

	Yes/No	A/C/R
Are your financial statements examined by a Certified Public Accountant?		
Enter Y for Yes or N for No	Y	
If yes, which service is performed?		
Enter an X on each appropriate line		
Audit		X
Compilation		
Review		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Purchases

Seller	Acct	Gas Purc MCF	Cost of Gas
STORAGE CONTRA - EXPENSE	801	-1,059,505	(\$5,449,354.00)
ONEOK	801	83,278	\$389,518.00
INTER-CO TRANSFER	801	-82,935	(\$142,211.00)
GAS COST CONTRACT EXPENSE	801	0	\$0.00
ANADARKO	801	19,882	\$97,550.00
CONOCO	801	1,319,793	\$6,800,944.00
TENASKA MARKETING VENTURES	801	3,326,022	\$15,896,286.00
CHEVRON	801	1,261,812	\$6,531,510.00
IBERDROLA	801	269,426	\$1,190,954.00
TOTAL GAS & POWER	801	0	\$0.00
SEQUENT	801	1,773,133	\$7,896,808.00
SHELL ENERGY	801	1,169,245	\$5,901,823.00
BP ENERGY	801	190,049	\$932,368.00
NJR ENERGY SERVICES	801	342,848	\$1,520,275.00
IT ENDUSER CASHOUT (BANK)	805	-4,696	\$0.00
IT ENDUSER UNAUTHORIZED OVERRUN	805	2,151	\$0.00
Total		8,610,503	\$41,566,471.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Additional Information - Counties

Boone, Bracken, Campbell, Gallatin, Grant, Kenton, Pendleton

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Revenues, Customers and MCF Sales

	Revenues	MCFs Nat Gas Sold	Customers
Residential (480)	\$76,858,764.00	6,043,620	87,316
Commercial and Industrial Sales (481)			
Small (or Commercial)	\$26,585,123.00	2,894,103	7,011
Large (Or Industrial)	\$2,364,506.00	285,804	211
Other Sales to Public Authorities (482)	\$3,340,849.00	406,175	360
Interdepartmental Sales (484)	\$24,921.00	3,193	0
Total Sales to Ultimate Customers	\$109,174,163.00	9,632,895	94,898
Sales for Resale (483)			
Total Natural Gas Service	\$109,174,163.00	9,632,895	94,898

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Identification (Ref Page: 1)

Name	Address1	Address2	City	State	Zip	Phone
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Exact Legal Name of Respondent

Duke Energy Kentucky, Inc.						
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Previous Name and Date of change (if name changed during the year)

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Name Address and Phone number of the contact person

Sharon Hood	550 South Tryon Street		Charlotte	NC	28202	7043823451
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Note File: Attestation and signature via Electronic Filing

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

General Information - (1) (Ref Page: 101)

	Name	Address	City	State	Zip
Provide name and title of the Officer having custody of the general corporate books of account	Steven K. Young, SVP & Controller	550 South Tryon Street	Charlotte	NC	28202
Provide Address of Office where the general Corporate books are kept		550 South Tryon Street	Charlotte	NC	28202
Provide the Address of any other offices where other corporate books are kept if different from where the general corporate books are kept		139 East Fourth Street	Cincinnati	OH	45202

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

General Information (2,3,4) (Ref Page: 101)

Explain

Provide the name of the State under the laws which respondent is incorporated and date

If incorporated under a special law give reference to such law

If not incorporated state that fact and give the type of organization and the date organized

Commonwealth of Kentucky; Date of Incorporation: March 20, 1901

If at any time during the year the property of respondent was held by a receiver or trustee

give (a) the name of receiver or trustee

(b) date such receiver or trustee took possession

(c) the authority by which the receivership or trusteeship was created and

(d) date when possession by receiver or trustee ceased.

Not applicable

State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Kentucky - Gas and Electric

General Information - (5) (Ref Page: 101)

	Yes/No	Date
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Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal account for the previous years certified financial statements? N

Enter Y for Yes or N for No

If yes, Enter the date when such independend accountant was initially engaged

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Corporations Controlled by Respondent (Ref Page: 103)

Name of Company (a)	Type (b)	Business (c)	Percent Voting Stock (d)
N/A			0.00000000

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Security Holders and Voting Powers - Part 1 (Ref Page: 107)

Explain	Date	Total
1. Give date of the latest closing of the stock book prior to end of the year, and state the purpose of such closing:		
2. State the total number of votes cast at the latest general meeting prior to end of year for election of directors or the respondent and the number of such votes cast by proxy		
Total:		585,333
By Proxy:		
3. Give the date and place of such a meeting		
Voting Securities		
Number of votes as of Date:		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Security Holders and Voting Powers - Part 2 (Ref Page: 107)

	Name	Address	Total Votes	Common Stock	Preferrad Stock	Other
4. Total votes of all voting securities			585,333	585,333	0	0
5. Total number of all security holders			1	1	0	0
6. Total Votes of Security Holders listed below			585,333	585,333	0	0
	Duke Energy Ohio, Inc.	139 East Fourth Street Cincinnati, OH 45202	0	0	0	0

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Important Changes During the Year (Ref Page: 108)

		Explain
Give particulars concerning the matters indicated below.		
1. Changes in and important additions to franchise rights:		None
2. Acquisition of ownership in other companies by reorganization, merger or consolidation with other companies:		See Notes to Financial Statements, Note 2, "Acquisitions"
3. Purchase or sale of an operating unit or system:		See Notes to Financial Statements, Note 2, "Acquisitions" and Note 3, "Regulatory Matters"
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given assigned or surrendered:		None
5. Important extension or reduction of transmission or distribution system:		None
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees.		See Notes to Financial Statements, Note 5 "Debt and Credit Facilities"
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.		None
8. State the estimated annual effect and nature of any important wage scale changes during the year.		Duke the fourth quarter 2011, employees bargained for by IBEW Local 1347 received pay changes (promotion, demotion, pay rate change/merit, job reclassification and adjustments) that totaled \$4,306 in annualized costs or a monthly amount of approximately \$359.
9. State briefly the status of any materially important legal proceedings pending at the end of the year and the results.		See Notes to Financial Statements, Note 3, "Regulatory Matters" and Note 4, "Commitments and Contingencies"
10. Describe briefly any materially important transactions not disclosed elsewhere in this report in which an officer, director, or associated company was a party or had a material interest.		None
11. Estimated increase or decrease in annual revenues caused by important rate changes.		None

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Balance Sheet - Assets and Other Debits (Ref Page: 110)

	Balance Beginning of Year	Balance End of Year
1. UTILITY PLANT		
2. Utility Plant (101-106,114)	\$1,593,477,412.00	\$1,629,663,486.00
3. Construction Work in Progress (107)	\$14,510,244.00	\$27,611,713.00
4. TOTAL UTILITY PLANT	\$1,607,987,656.00	\$1,657,275,199.00
5. (Less) Accum. Prov. for Depr. Amort. Depl. (108,111,115)	\$708,752,314.00	\$744,281,884.00
6. Net Utility Plant (Line 4 less Line 5)	\$899,235,342.00	\$912,993,315.00
7. Nuclear Fuel (120.1-120.4,120.6)	\$0.00	\$0.00
8. (Less) Accum. Prov. for Amort. of Nucl. Assemblies (120.5)	\$0.00	\$0.00
9. Nuclear Fuel (Line 7 less Line 8)	\$0.00	\$0.00
10. Net Utility Plant (Enter Total of Line 6 and Line 9)	\$899,235,342.00	\$912,993,315.00
11. Utility Plant Adjustments (116)	\$0.00	\$0.00
12. Gas Stored-Base Gas (117.1)	\$0.00	\$0.00
13. System Balancing Gas (117.2)	\$0.00	\$0.00
14. Gas Stored Underground - Non Current (117.3)	\$0.00	\$0.00
15. Gas Owned to System Gas (117.4)	\$0.00	\$0.00
16. OTHER PROPERTY AND INVESTMENTS		
17. Nonutility Property (121)	\$24,088,348.00	\$24,088,348.00
18. (Less) Accum. Prov. for Depr and Amort. (122)	\$16,435,934.00	\$17,723,306.00
19. Investment in Associated Companies (123)	\$0.00	\$0.00
20. Investments in Subsidiary Companies (123.1)	\$0.00	\$0.00
21.		
22. Noncurrent Portion of Allowances	\$0.00	\$0.00
23. Other Investments (124)	\$1,500.00	\$1,500.00
24. Special Funds (125-128)	\$0.00	\$0.00
25. TOTAL Other Property and Investments	\$7,653,914.00	\$6,366,542.00
26. CURRENT AND ACCRUED ASSETS		
27. Cash (131)	\$7,315,421.00	\$9,873,513.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Balance Sheet - Assets and Other Debits (Ref Page: 110)

	Balance Beginning of Year	Balance End of Year
28. Special Deposits (132-134)	\$0.00	\$0.00
29. Working Fund (135)	\$2,500.00	\$0.00
30. Temporary Cash Investments (136)	\$25,480,000.00	\$0.00
31. Notes Receivable (141)	\$0.00	\$0.00
32. Customer Accounts Receivable (142)	\$1,354,042.00	\$2,711,715.00
33. Other Accounts Receivable (143)	\$5,108,551.00	\$4,009,492.00
34. (Less) Accum. Prov. for Uncollectible Acct. Credit (144)	\$339,747.00	\$243,221.00
35. Notes Receivable from Associated Companies (145)	\$101,860,360.00	\$31,908,184.00
6. Accounts Receivable from Assoc. Companies (146)	\$4,443,258.00	\$70,462.00
37. Fuel Stock (151)	\$20,129,313.00	\$17,624,306.00
38. Fuel Stock Expenses Undistributed (152)	\$0.00	\$0.00
39. Residuals (Elec) and Extracted Products (153)	\$0.00	\$0.00
40. Plant Materials and Operating Supplies (154)	\$15,920,942.00	\$18,379,080.00
41. Merchandise (155)	\$0.00	\$0.00
42. Other Materials and Supplies (156)	\$0.00	\$0.00
43. Nuclear Materials Held for Sale (157)	\$0.00	\$0.00
44. Allowances (158.1 and 158.2)	\$1,580,008.00	\$553,203.00
45. (Less) Noncurrent Portion of Allowances	\$0.00	\$0.00
46. Stores Expense Undistributed (163)	\$1,266,445.00	\$814,113.00
47. Gas Stored Underground - Current (164.1)	\$6,101,308.00	\$0.00
48. Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	\$0.00	\$0.00
49. Prepayments (165)	\$1,483,709.00	\$2,950,497.00
50. Advances for Gas (166-167)	\$0.00	\$0.00
51. Interest and Dividends Receivable (171)	\$49,929.00	\$0.00
52. Rents Receivable (172)	\$0.00	\$78,000.00
53. Accrued Utility Revenues (173)	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Balance Sheet - Assets and Other Debits (Ref Page: 110)

	Balance Beginning of Year	Balance End of Year
54. Miscellaneous Current and Accrued Assets (174)	\$561,502.00	\$8,509,140.00
54.a Derivative Instrument Assets (175)	\$0.00	\$221,976.00
54.b Derivative Instrument Assets - Hedges (176)	\$0.00	\$0.00
55. TOTAL Current and Accrued Assets (Lines 27 - 54.b)	\$192,317,541.00	\$97,460,460.00
56. DEFERRED DEBITS		
57. Unamortized Debt Expenses (181)	\$2,452,656.00	\$2,793,101.00
58. Extraordinary Property Losses (181.1)	\$0.00	\$0.00
59. Unrecovered Plant and Regulatory Study Costs (182.2)	\$0.00	\$0.00
60. Other Regulatory Assets (182.3)	\$12,541,331.00	\$16,684,902.00
61. Prelim. Survey and Investigation Charges (Electric) (183)	\$1,761,706.00	\$2,301,918.00
62. Prelim. Sur. and Invest. Charges (Gas) (183.1,183.2)	\$0.00	\$0.00
63. Clearing Accounts (184)	\$21,652.00	\$35,376.00
64. Temporary Facilities (185)	(\$1,525.00)	(\$21,595.00)
65. Miscellaneous Deferred Debits (186)	\$35,279,166.00	\$37,376,859.00
66. Def. Losses from Disposition of Utility Plt. (187)	\$0.00	\$0.00
67. Research, Devel. and Demonstration Expend. (188)	\$0.00	\$0.00
68. Unamortized Loss on Reacquired Debt (189)	\$3,096,800.00	\$2,813,656.00
69. Accumulated Deferred Income Taxes (190)	\$1,377,750.00	\$6,735,833.00
70. Unrecovered Purchased Gas Costs (191)	(\$416,895.00)	(\$2,306,548.00)
71. TOTAL Deferred Debits (Lines 57-70)	\$56,112,641.00	\$66,413,502.00
72. Total Assets and other Debits (Total Lines 10-15,22,55,71)	\$1,155,319,438.00	\$1,083,233,819.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Balance Sheet - Liabilities and Other Credits (Ref Page: 112)

	Balance Beginning of Year	Balance End of Year
1. PROPRIETARY CAPITAL		
2. Common Stock Issued (201)	\$8,779,995.00	\$8,779,995.00
3. Preferred Stock Issued (204)	\$0.00	\$0.00
4. Capital Stock Subscribed (202,205)	\$0.00	\$0.00
5. Stock Liability for Conversion (203,206)	\$0.00	\$0.00
6. Premium on Capital Stock (207)	\$18,838,946.00	\$18,838,946.00
7. Other Paid-in Capital Stock (208-211)	\$148,655,189.00	\$148,655,189.00
8. Installments Received on Capital stock (212)	\$0.00	\$0.00
9. (Less) Discount on Capital Stock (213)	\$0.00	\$0.00
10. (Less) Capital Stock Expense (214)	\$0.00	\$0.00
11. Retained Earnings (215,215.1,216)	\$289,079,935.00	\$178,389,553.00
12. Unappropriated Undistributed Subsidiary Earnings (216.1)	\$0.00	\$0.00
13. (Less) Reacquired Capital Stock (217)	\$0.00	\$0.00
14. Accumulated Other Comprehensive Income (219)	\$0.00	\$0.00
15. TOTAL Proprietary Capital	\$465,354,065.00	\$354,663,683.00
16. LONG TERM DEBT		
17. Bonds (221)	\$0.00	\$0.00
18. (Less) Reacquired Bonds (222)	\$0.00	\$0.00
19. Advances from Associated Companies (223)	\$0.00	\$0.00
20. Other Long-Term Debt (224)	\$332,571,494.00	\$332,571,494.00
21. Unamortized Premium on Long-Term Debt (225)	\$0.00	\$0.00
22. (Less) Unamortized Discount on LongTerm Debt (226)	\$800,689.00	\$710,262.00
23. (Less) Current Portion of Long Term Debt	\$0.00	\$1,955,899.00
24. TOTAL Long Term Debt	\$331,770,805.00	\$329,905,333.00
25. OTHER NONCURRENT LIABILITIES		
26. Obligations Under Capital Leases-NonCurrent (227)	\$10,914,651.00	\$8,878,042.00
27. Accumulated Provision for Property Insurance (228.1)	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Balance Sheet - Liabilities and Other Credits (Ref Page: 112)

	Balance Beginning of Year	Balance End of Year
28. Accumulated Provision for Injuries and Damages (228.2)	\$0.00	\$0.00
29. Accumulated Provision for Pensions and Benefits (228.3)	\$16,864,581.00	\$13,754,004.00
30. Accumulated Miscellaneous Operating Provisions (228.4)	\$520,000.00	\$520,000.00
31. Accumulated Provision for Rate Refunds (229)	\$0.00	\$0.00
32. Asset Retirement Obligations (230)	\$5,512,010.00	\$5,859,011.00
33. TOTAL OTHER Noncurrent Liabilities	\$33,811,242.00	\$29,011,057.00
34. CURRENT AND ACCRUED LIABILITIES		
35. Current Portion of Long-Term Debt	\$0.00	\$1,955,899.00
36. Notes Payable (231)	\$0.00	\$0.00
37. Accounts Payable (232)	\$30,381,577.00	\$27,166,108.00
38. Notes Payable to Associated Companies (233)	\$0.00	\$0.00
39. Account Payable to Associated Companies (234)	\$17,304,664.00	\$25,977,263.00
40. Customer Deposits (235)	\$8,127,400.00	\$8,367,445.00
41. Taxes Accrued (236)	\$8,273,137.00	\$7,389,694.00
42. Interest Accrued (237)	\$3,985,331.00	\$4,133,070.00
43. Dividends Declared (238)	\$0.00	\$0.00
44. Matured Long-Term Debt (239)	\$0.00	\$0.00
45. Matured Interests (240)	\$0.00	\$0.00
46. Tax Collections Payable (241)	\$1,883,035.00	\$1,625,734.00
47. Miscellaneous current and Accrued Liabilities (242)	\$9,719,380.00	\$7,733,476.00
48. Obligatons Under Capital Leases - Current (243)	\$1,903,733.00	\$2,046,316.00
49. Derivative Instrument Liabilities (244)	\$42,847.00	\$8,472,629.00
50. Derivative Instrument Liabilities - Hedges (245)	\$4,628,100.00	\$0.00
51. TOTAL Current and Accrued Liabilities	\$86,249,204.00	\$94,867,634.00
52. DEFERRED CREDITS		
53. Customer Advances for Construction (252)	\$1,323,510.00	\$1,030,284.00
54. Accumulated Deferred Investment Tax Credits (255)	\$2,554,791.00	\$1,776,454.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Balance Sheet - Liabilities and Other Credits (Ref Page: 112)

	Balance Beginning of Year	Balance End of Year
55. Deferred Gains from Disposition of Utility Plant (256)	\$0.00	\$0.00
56. Other Deferred Credits (253)	\$8,308,119.00	\$22,449,809.00
57. Other Regulatory Liabilities (254)	\$3,596,892.00	\$6,823,376.00
58. Unamortized gain on Reacquired Debt (257)	\$0.00	\$0.00
59. Accumulated Deferred Income Taxes (281-283)	\$222,350,810.00	\$242,706,189.00
60. TOTAL Deferred Credits	\$238,134,122.00	\$274,786,112.00
61. TOTAL Liabilities and Other Credits (Total Lines 15,24,33,51 and 60)	\$1,155,319,438.00	\$1,083,233,819.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Statement of Income for the Year (Ref Page: 114)

	Total (c)	Total - Prev Yr (d)	Electric (e)	Gas (g)	Other (i)
1..UTILITY OPERATING INCOME					
2. Gas Operating Revenues (400)	\$458,674,872.00	\$486,740,594.00	\$343,471,128.00	\$115,203,744.00	\$0.00
3. Operating Expenses					
4. Operation Expenses (401)	\$306,812,697.00	\$311,682,848.00	\$232,174,175.00	\$74,638,522.00	\$0.00
5. Maintenance Expenses (402)	\$27,533,307.00	\$32,051,992.00	\$25,749,932.00	\$1,783,375.00	\$0.00
6. Depreciation Expense (403)	\$38,438,584.00	\$37,481,857.00	\$28,841,028.00	\$9,597,556.00	\$0.00
7. Depreciation Expense for Asset Retirement Costs (403.1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Amort and Depl of Utility Plant (404-405)	\$4,595,742.00	\$6,181,917.00	\$2,978,707.00	\$1,617,035.00	\$0.00
9. Amort of Utility Plant Acq. Adj (406)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Amort of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11. Amort. of Conversion Expenses (407.2)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12. Regulatory Debits (407.3)	\$7,052,265.00	\$8,751,639.00	\$5,197,697.00	\$1,854,568.00	\$0.00
13. (Less) Regulatory Credits (407.4)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
14. Taxes Other than Income Taxes (408.1)	\$11,869,635.00	\$10,545,022.00	\$7,946,803.00	\$3,922,832.00	\$0.00
15. Income Taxes - Federal (409.1)	\$3,733,788.00	\$1,218,643.00	\$3,625,970.00	\$107,818.00	\$0.00
16. Income Taxes - Other (409.1)	\$1,415,793.00	\$1,495,631.00	\$998,335.00	\$417,458.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Statement of Income for the Year (Ref Page: 114)

	Total (c)	Total - Prev Yr (d)	Electric (e)	Gas (g)	Other (i)
17. Provision for Deferred Income Taxes (410.1)	\$54,160,006.00	\$53,187,046.00	\$31,760,811.00	\$22,399,195.00	\$0.00
18. (Less) Provision for Deferred Income Taxes (411.1)	\$33,606,494.00	\$33,962,981.00	\$26,344,659.00	\$7,261,835.00	\$0.00
19. Investment Tax Credit Adj. - Net (411.4)	(\$142,557.00)	(\$160,714.00)	(\$70,561.00)	(\$71,996.00)	\$0.00
20. (Less) Gains from Disp. of Utility Plant (411.6)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
21. Losses from Disp. of Utility Plant (411.7)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
22. (Less) Gains from Disposition of Allowances (411.8)	\$6,841.00	\$11,239.00	\$6,841.00	\$0.00	\$0.00
23. Losses from Disposition of Allowances (411.9)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
24. Accretion Expense (411.10)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
25. Total Utility Operating Expenses (Enter Total of Lines 4 - 22)	\$421,855,925.00	\$428,461,661.00	\$312,851,397.00	\$109,004,528.00	\$0.00
26. Net Utility Operating Income (Line 2 less line 23 - Carry forward to pg 117 line 25)	\$36,818,947.00	\$58,278,933.00	\$30,619,731.00	\$6,199,216.00	\$0.00

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Statement of Income (continued) (Ref Page: 116)

	Current Year	Previous Year
27. Net Utility Operating Income (Carried from pg 114)	\$36,818,947.00	\$58,278,933.00
28. Other Income and Deductions		
29. Other Income		
30. Nonutility Operating Income		
31. Revenues From Merchandising, Jobbing and Contract Work (415)	\$220,100.00	\$327,566.00
32. (Less) Costs and Exp. of Merchandising, Job. and Contract Work (416)	\$78,550.00	\$114,631.00
33. Revenues From Nonutility Operations (417)	\$8,289.00	\$1,094.00
34. (Less) Expenses of Nonutility Operations (417.1)	(\$181,222.00)	\$1,153.00
35. Nonoperating Rental Income (418)	(\$239,695.00)	(\$636,132.00)
36. Equity in Earnings of Subsidiary Companies (418.1)	\$0.00	\$0.00
37. Interest and Dividend Income (419)	\$2,815,133.00	\$2,917,823.00
38. Allowance for Other Funds Used During Construction (419.1)	\$595,773.00	\$353,341.00
39. Miscellaneous Nonoperating Income (421)	\$1,484.00	\$54,628.00
40. Gain on Disposition of Property (421.1)	\$0.00	\$0.00
41. TOTAL Other Income	\$3,503,756.00	\$2,902,536.00
42. Other Income Deductions		
43. Loss on Disposition of Property (421.2)	\$0.00	\$0.00
44. Miscellaneous Amortization (425)	\$0.00	\$0.00
45. Miscellaneous Income Deductions (426.1 - 426.5)	\$1,752,435.00	\$805,171.00
46. TOTAL Other Income Deductions	\$1,752,435.00	\$805,171.00
47. Taxes Applic. to Other Income and Deductions		
48. Taxes Other Than Income Taxes (408.2)	\$294,580.00	\$304,148.00
49. Income Taxes - Federal (409.2)	\$2,312,927.00	\$4,061,919.00
50. Income Taxes - Other (409.2)	\$367,360.00	\$706,305.00
51. Provision for Deferred Inc. Taxes (410.2)	\$1,819,917.00	\$292,056.00

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Statement of Income (continued) (Ref Page: 116)

	Current Year	Previous Year
52. (Less) Provision for Deferred Income Taxes CR (411.2)	\$7,593,444.00	\$3,890,203.00
53. Investment Tax Credit Adj. Net (411.5)	(\$433,041.00)	(\$541,655.00)
54. (Less) Investment Tax Credits (420)	\$0.00	\$0.00
55. TOTAL Taxes on Other Income and Deduct.	(\$3,231,701.00)	\$932,570.00
56. Net Other Income and Deductions (Lines 39,44,53)	\$4,983,022.00	\$1,164,795.00
57. Interest Charges		
58. Interest on Long Term Debt (427)	\$13,821,653.00	\$13,839,721.00
59. Amort of Debt Disc. and Expense (428)	\$294,680.00	\$450,571.00
60. Amortization of Loss on Reacquired Debt (428.1)	\$283,143.00	\$283,143.00
61. (Less) Amort. of Premium on Debt - CR (429)	\$0.00	\$0.00
62. (Less) Amortization of Gain on Reacquired Debt - CR (429.1)	\$0.00	\$0.00
63. Interest on Debt to Assoc. Companies (430)	\$0.00	\$0.00
64. Other Interest Expense (431)	\$3,306,183.00	\$1,764,048.00
65. (Less) Allowance for Borrowed Funds Used During Construction CR (432)	\$213,308.00	\$155,043.00
66. Net Interest Charges	\$17,492,351.00	\$16,182,440.00
67. Income Before Extraordinay Items (Lines 25,54 and 64)	\$24,309,618.00	\$43,261,288.00
68. Extraordinary Items		
69. Extraordinary Income (434)	\$0.00	\$0.00
70. (Less) Extraordinary Deductions (435)	\$0.00	\$0.00
71. Net Extraordinary Items (Lines 67 less 68)	\$0.00	\$0.00
72. Income Taxes - Federal and Other (409.3)	\$0.00	\$0.00
73. Extraordinary Items After Taxes (Lines 69 less 70)	\$0.00	\$0.00
74. Net income (Lines 67 and 73)	\$24,309,618.00	\$43,261,288.00

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Statement of Retained Earnings for the Year (Ref Page: 118)

Item (a)	Acct (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (216)		
State balance and purpose of each appropriated retained earnings amount at end of year and		
1. Balance - Beginning of the Year		\$289,079,935.00
Changes (Identify by prescribed retained earnings accounts)		
give accounting entries for any applications of appropriated retained earnings during the year.		
Adjustments to Retained Earnings (439)		
Credit:		
4. TOTAL Credits to Retained Earnings (439)		
Debit:		
5. TOTAL Debits to Retained Earnings (439)		
6. Balance Transferred from Income (433 less 418.1)	0	\$24,309,618.00
Appropriations of Retained Earnings (436)		
8. TOTAL appropriations of Retained Earnings (436)		
Dividends Declared - Preferred stock (437)		
10. TOTAL Dividends Declared - Preferred Stock (437)		
Dividends Declared - Common Stock (438)		
	September 2011 common stock dividends 131 declared	(\$135,000,000.00)
12. TOTAL Dividends Declared - Common Stock (438)		(\$135,000,000.00)

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Statement of Retained Earnings for the Year (Ref Page: 118)

Item (a)	Acct (b)	Amount (c)
13. Transfers from Acct 216.1, Unappropriated Undistributed Subsidiary Earnings		
14. Balance End of Year (Total Lines 1,4,5,6,8,10,12,13)		\$178,389,553.00
APPROPRIATED RETAINED EARNINGS (215)		
(215)		
16. TOTAL Appropriated Retained Earnings (215)		\$0.00
APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE, FEDERAL		
17. TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (215.1)		
18. TOTAL Appropriated Retained Earnings (total lines 16 and 17) (214,215.1)		\$0.00
19. TOTAL Retained Earnings (Lines 14 and 18) (215, 215.1, 216)		\$178,389,553.00
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (216.1)		
20. Balance - Beginning of Year (Debit or Credit)		
21. Equity in Earnings for Year (Credit) (418.1)		
22. (Less) Dividends Received (Debit)		
23. Other Charges (explain)		
24. Balance - End of Year		

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Statement of Cash Flows (Ref Page: 120)

Description		Amounts
1. Net Cash Flow From Operating Activities:		
2. Net Income (Line 72 c on page 117)		\$24,309,618.00
3. Noncash Charges (Credits) to Income:		
4. Depreciation and Depletion		\$38,438,584.00
Amortization of (Specify)		
5.	Plant items	\$4,595,742.00
5.	Debt disc,premium, exp & loss on reacquired debt	\$577,823.00
5.	0	\$0.00
6. Deferred Income Taxes (Net)		\$14,779,985.00
7. Investment Tax Credit Adjustment (Net)		(\$575,598.00)
8. Net (Increase) Decrease in Receivables		\$17,531,761.00
9. Net (Increase) Decrease in Inventory		(\$624,587.00)
10. Net (Increase) Decrease in Allowances Inventory		\$1,026,805.00
11. Net Increase (Decrease) in Payables and Accrued Expenses		(\$1,880,075.00)
12. Net (Increase) Decrease in Other Regulatory Assets		\$179,321.00
13. Net Increase (Decrease) in Other Regulatory Liabilities		\$3,226,484.00
14. (Less) Allowance for Other Funds Used During Construction		(\$595,773.00)
15. (Less) Undistributed Earnings from Subsidiary Companies		\$0.00
Other:		
16.	Unrecovered purchased gas costs	\$1,889,653.00
16.	Prepayments	(\$1,466,788.00)
16.	Clearing accounts	(\$13,724.00)
16.	Miscellaneous current and accrued assets	(\$722,542.00)
16.	Derivative instrument assets	(\$221,976.00)
16.	Miscellaneous deferred debits	(\$2,097,693.00)
16.	Obligations under capital leases - non current	(\$2,036,609.00)

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Statement of Cash Flows (Ref Page: 120)

	Description	Amounts
16.	Accumulated provisions	\$3,228,505.00
16.	Customer advances for construction	(\$293,226.00)
16.	Other deferred credits	\$13,794,688.00
16.	Contributions to company sponsored pension plan	(\$6,339,082.00)
16.	Temporary facilities	\$20,070.00
16.	Net utility plant and nonutility property	\$1,364,923.00
16.	Cost of removal	\$3,075,458.00
16.	Deferred income taxes	\$14,572.00
16.	Derivative instruments	(\$42,847.00)
16.	Preliminary survey & investigation charges	(\$540,212.00)
16.	Debt expenses	\$288,901.00
16.	Derivative instrument liabilities	(\$12,037.00)
17.	Net Cash Provided by (Used in) Operating Activities (Total lines 2 thru 16)	\$110,880,124.00
Cash Flows from Investment Activities:		
21. Construction and Acquisition of Plant (Including Land):		
22.	Gross Additions to Utility Plant (Less nuclear fuel)	(\$54,253,866.00)
23.	Gross Additions to Nuclear Fuel	\$0.00
24.	Gross Additions to Common Utility Plant	(\$722,841.00)
25.	Gross Additions to Nonutility Plant	\$0.00
26.	(Less) Allowance for Other Funds Used During Construction	(\$595,773.00)
Other		
27.		
Cash Outflows for Plant (Total lines 22-27)		(\$54,380,934.00)
30.	Acquisition of Other Noncurrent Assets (d)	\$0.00
31.	Proceeds from Disposal of Noncurrent Assets (d)	\$0.00
32.	Retirements of Property, Plant and Equipment	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Statement of Cash Flows (Ref Page: 120)

Description	Amounts
33. Investments in and Advances to Assoc. and Subsidiary Companies	\$56,410,000.00
34. Contributions and Advances from Assoc. and Subsidiary Companies	\$0.00
35. Disposition of Investments in (and Advances to) Associated and Subsidiary Companies	\$0.00
37. Purchase of Investment Securities (a)	\$0.00
38. Proceeds from Sales of Investment Securities (a)	\$0.00
40. Loans Made or Purchased	\$0.00
41. Collections on Loans	\$0.00
43. Net (Increase) Decrease in Receivables	\$0.00
44. Net (Increase) Decrease in Inventory	\$0.00
45. Net (Increase) Decrease in Allowances Held for Speculation	\$0.00
46. Net Increase (Decrease) in Payables and Accrued Expenses	\$0.00
Other:	
47.	
48. Net Cash Provided by (used in) investing Activities (Lines 28-47)	\$2,029,066.00
Cash Flows from Financing Activities:	
52. Proceeds from Issuance of:	
53. Long - Term Debt (b)	
54. Preferred Stock	
55. Common Stock	
Other	
56	
57. Net Increase in Short-Term Debt (c)	
Other	
58.	

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Statement of Cash Flows (Ref Page: 120)

Description		Amounts
59. Cash Provided by Outside Sources (Total lines 53-58)		
61. Payments for Retirement of		
62. Long-Term Debt (b)		
63. Preferred Stock		
64. Common Stock		
Other		
65.	Premium payments & fees on deferred debt	(\$833,598.00)
65.	0	\$0.00
66. Net Decrease in Short-Term Debt (c)		
68. Dividends on Preferred Stock		
69. Dividends on Common Stock		(\$135,000,000.00)
70. Net Cash Provided by (used in) Financing Activities (Lines 59-69)		(\$135,833,598.00)
Net Increase (Decrease) in Cash and Cash Equivalents (Total Lines 18,49,71)		(\$22,924,408.00)
Cash and Cash Equivalents at Beginning of Year		\$32,797,921.00
Cash and Cash Equivalents at End of Year		\$9,873,513.00

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Summary of Utility Plant and Accumulated Provisions for Depreciation Amortization and Depletion (Ref Page: 200)

	Total (b)	Electric (c)	Gas (d)	Other (Total)	Common (h)
Utility Plant					
In Service					
3. Plant in Service (Classified)	\$1,437,786,159.00	\$1,100,817,043.00	\$298,860,888.00	\$0.00	\$38,108,228.00
4. Property under Capital Leases	\$19,413,392.00	\$5,841,431.00	\$12,970,448.00	\$0.00	\$601,513.00
5. Plant Purchased or Sold					
6. Completed Construction not Classified	\$172,463,935.00	\$75,869,222.00	\$94,160,857.00	\$0.00	\$2,433,856.00
7. Experimental Plant Unclassified					
8. Total - Utility Plant (Lines 3-7)	\$1,629,663,486.00	\$1,182,527,696.00	\$405,992,193.00	\$0.00	\$41,143,597.00
9. Leased to Others					
10. Held for Future Use					
11. Construction Work in Progress	\$27,611,713.00	\$22,347,049.00	\$3,837,880.00	\$0.00	\$1,426,784.00
12. Acquisition Adjustments					
13. Total Utility Plant (Lines 8 - 12)	\$1,657,275,199.00	\$1,204,874,745.00	\$409,830,073.00	\$0.00	\$42,570,381.00
14. Accum. Prov. for Depr, Amort, And Depl.	\$744,281,884.00	\$597,583,327.00	\$118,161,278.00	\$0.00	\$28,537,279.00
15. Net Utility Plant (Line 13 less 14)	\$912,993,315.00	\$607,291,418.00	\$291,668,795.00	\$0.00	\$14,033,102.00
16. Detail of Accumulated Provisions for Depreciation Amortization and Depletion					
17. In Service					
18. Depreciation	\$713,765,532.00	\$593,370,496.00	\$115,524,405.00	\$0.00	\$4,870,631.00
19. Amort. and Depl. of Production Natural Gas Land and Land Rights					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Summary of Utility Plant and Accumulated Provisions for Depreciation Amortization and Depletion (Ref Page: 200)

	Total (b)	Electric (c)	Gas (d)	Other (Total)	Common (h)
20. Amort of Underground Storage Land and Land Rights					
21. Amort of Other Utility Plant	\$30,516,352.00	\$4,212,830.00	\$2,636,874.00	\$0.00	\$23,666,648.00
22. Total In Service (Lines 18-21)	\$744,281,884.00	\$597,583,326.00	\$118,161,279.00	\$0.00	\$28,537,279.00
23. Leased to Others					
24. Depreciation					
25. Amortization and Depletion					
26. Total Leased to Others (Lines 24 and 25)					
27. Held for Future Use					
28. Depreciation					
29. Amortization					
30. Total Held for Future Use (Lines 28 and 29)					
31. Abandonment of Leases (Natural Gas)					
32. Amort. Of Plant Aquisition Adj.					
33. Total Accumulated Provisions (Should agree with Line 14, Total 22,26,30,31 and 32)	\$744,281,884.00	\$597,583,326.00	\$118,161,279.00	\$0.00	\$28,537,279.00

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Gas Plant in Service - Intangible and Production Plant (Ref Page: 204)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
INTANGIBLE PLANT						
2. Organization (301)						
3. Franchises and Consents (302)						
4. Miscellaneous Intangible Plant (303)	\$2,053,854.00	\$690,062.00	\$0.00	\$0.00	\$0.00	\$2,743,916.00
5. Total Intangible Plant	\$2,053,854.00	\$690,062.00	\$0.00	\$0.00	\$0.00	\$2,743,916.00
PRODUCTION PLANT						
7. Natural Gas Production and Gathering Plant						
8. Producing Lands (325.1)						
9. Producing Leaseholds (325.2)						
10. Gas Rights (325.3)						
11. Rights of Way (325.4)						
12. Other Land and Land Rights (325.5)						
13. Gas Well Structures (326)						
14. Field Compressor Station Structures (327)						
15. Field Measuring and Regulating Station Equipment (328)						
16. Other Structures (329)						
17. Producing Gas Wells - Well Construction (330)						
18. Producing Gas Wells - Well Equipment (331)						
19. Field Lines (332)						

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Gas Plant in Service - Intangible and Production Plant (Ref Page: 204)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
20. Field Compressor Station Equipment (333)						
21. Field Measuring and Regulating Station Equipment (334)						
22. Drillnig and Cleaning Equipment (335)						
23. Purification Equipment (336)						
24. Other Equipment (337)						
25. Unsuccessful Exploration and Development Costs (338)						
26. Asset Retirement Costs for Natural Gas Production and Gathering Plant (339)						
27. Total Production and Gathering Plant						
28. PRODUCTS EXTRACTION PLANT						
29. Land and Land Rights (340)						
30. Structures and Improvements (341)						
31. Extraction and Refining Equipment (342)						
32. Pipe Lines (343)						
33. Extracted Products Storage Equipment (344)						
34. Compressor Equipment (345)						

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Gas Plant in Service - Intangible and Production Plant (Ref Page: 204)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
35. Gas Measuring and Regulating Equipment (346)						
36. Other Equipment (347)						
37. Asset Retirement Costs for Products Extraction Plant (348)						
38. Total Products Extraction Plant						
39. Total Natural Gas Production Plant (Lines 27 and 38)						
40. Manufactured Gas Production Plant	\$6,071,918.00	\$179,866.00	\$22,545.00	\$0.00	\$0.00	\$6,229,239.00
41. Total Production Plant (Lines 39 and 40)	\$6,071,918.00	\$179,866.00	\$22,545.00	\$0.00	\$0.00	\$6,229,239.00

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Gas Plant in Service - Storage and Processing (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
NATURAL GAS STORAGE AND PROCESSING PLANT						
Underground Storage Plant						
44. Land (350.1)						
45. Rights-of-Way (350.2)						
46. Structures and Improvements (351)						
47. Wells (352)						
48. Storage Leaseholds and Rights (352.1)						
49. Reservoirs (352.2)						
50. Non-recoverable Natural Gas (352.3)						
51. Lines (353)						
52. Compressor Station Equipment (354)						
53. Measuring and Regulating Equipment (355)						
54. Purification Equipment (356)						
55. Other Equipment (357)						
56. Asset Retirement Costs for Underground Storage Plant (358)						
57. Total Underground Storage Plant						
Other Storage Plant						

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Gas Plant in Service - Storage and Processing (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
59. Land and Land Rights (360)						
60. Structures and Improvements (361)						
61. Gas Holders (362)						
62. Purification Equipment (363)						
63. Liquefaction Equipment (363.1)						
64. Vaporizing Equipment (363.2)						
65. Compressor Equipment (363.3)						
66. Measuring and Regulating equipment (363.4)						
67. Other Equipment (363.5)						
68. Asset Retirement Costs for Other Storage Plant (363.6)						
69. Total Other storage Plant						
70. Base Load Liquefied natural Gas Terminaling and Processing Plant						
71. Land and Land Rights (364.1)						
72. Structures and Improvements (364.2)						
73. LNG Processing Terminal Equipments (364.3)						

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Plant in Service - Storage and Processing (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
74. LNG Transportation Equipment (364.4)						
75. Measuring and Regulating Equipment (364.5)						
76. Compressor Station Equipment (364.6)						
77. Communications Equipment (364.7)						
78. Other Equipment (364.8)						
79. Asset Retirement Costs for Base Load Liquefied Natural Gas Terminaling and Processing Plant (364.9)						
80. Total Base Load Liquefied Nat'l Gas, Terminal and Processing Plant						
76. Total Nat'l Gas Storage and Processing Plant (57,69,80)						

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Gas Plant in Service - Transmission, Distribution and General (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
TRANSMISSION PLANT						
83. Land and Land Rights (365.1)						
84. Rights-of-Way (365.2)						
85. Structures and Improvements (366)						
86. Mains (367)						
87. Compressor Station Equipment (368)						
88. Measuring and Regulating Sstation Equipment (369)						
89. Communication Equipment (370)						
90. Other Equipment (371)						
91. Asset Retirement Costs for Transmission Plant (372)						
92. Total Transmission Plant						
DISTRIBUTION PLANT ()						
94. Land and Land Rights (374)	\$1,137,195.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,137,195.00
95. Structures and Improvements (375)	\$158,514.00	\$0.00	\$0.00	\$0.00	\$0.00	\$158,514.00
96. Mains (376)	\$239,296,541.00	\$2,029,563.00	\$28,961.00	\$0.00	\$0.00	\$241,297,143.00
97. Compressor Station Equipment (377)						
98. Measuring and Regulating Station Equipment - General (378)	\$5,784,980.00	\$362,298.00	\$0.00	\$0.00	\$0.00	\$6,147,278.00

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Gas Plant in Service - Transmission, Distribution and General (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
99. Measuring and Regulating Station Equipment - City Gate (379)						
100. Services (380)	\$104,606,422.00	\$6,541,887.00	\$208,392.00	\$0.00	\$0.00	\$110,939,917.00
101. Meters (381)	\$9,793,798.00	\$676,134.00	\$276,736.00	\$0.00	(\$200,978.00)	\$9,992,218.00
102. Meter Installations (382)	\$9,068,277.00	\$584,745.00	\$287,216.00	\$0.00	\$0.00	\$9,365,806.00
103. House Regulators (383)	\$6,640,802.00	(\$90,206.00)	\$0.00	\$0.00	\$0.00	\$6,550,596.00
104. House Regulator Installations (384)	\$5,902,025.00	\$584,747.00	\$0.00	\$0.00	\$0.00	\$6,486,772.00
105. Industrial Measuring and Regulating Station Equipment (385)	\$504,476.00	\$10,292.00	\$0.00	\$0.00	\$0.00	\$514,768.00
106. Other Property on Customers Premises (386)						
107. Other Equipment (387)	\$138,495.00	\$0.00	\$0.00	\$0.00	\$0.00	\$138,495.00
108. Asset Retirement Costs for Distribution Plant (388)	\$1,114,935.00	(\$128,081.00)	(\$100,744.00)	\$0.00	\$0.00	\$1,087,598.00
109. Total Distribution Plant	\$384,146,460.00	\$10,571,379.00	\$700,561.00	\$0.00	(\$200,978.00)	\$393,816,300.00
GENERAL PLANT						
111. Land and Land Rights (389)						
112. Structures and Improvements (390)						
113. Office Furniture and Equipment (391)	\$169,384.00	\$114,898.00	\$5,287.00	\$0.00	\$0.00	\$278,995.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Plant in Service - Transmission, Distribution and General (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
114. Transportation Equipment (392)	\$96,158.00	\$0.00	\$0.00	\$0.00	\$0.00	\$96,158.00
115. Stores Equipment (393)						
116. Tools, Shop and garage Equipment (394)	\$2,719,540.00	\$30,046.00	\$102,564.00	\$0.00	\$0.00	\$2,647,022.00
117. Laboratory Equipment (395)						
118. Power Operated Equipment (396)	\$47,221.00	\$0.00	\$0.00	\$0.00	\$0.00	\$47,221.00
119. Communication Equipment (397)						
120. Miscellaneous equipment (398)	\$125,562.00	\$7,780.00	\$0.00	\$0.00	\$0.00	\$125,562.00
121. Subtotal (Lines 104-113)	\$3,157,865.00	\$152,724.00	\$107,851.00	\$0.00	\$0.00	\$3,202,738.00
122. Other Tangible Property (399)						
123. Asset Retirement Costs for General Plant (399.1)						
124. Total General Plant (Lines 121, 122 and 123)	\$3,157,865.00	\$152,724.00	\$107,851.00	\$0.00	\$0.00	\$3,202,738.00
125. Total Accounts 101 and 106	\$395,430,097.00	\$11,594,031.00	\$830,957.00	\$0.00	(\$200,978.00)	\$405,992,193.00
126. Gas Plant Purchased						
127. (Less) Gas Plant Sold						
128. Experimental Gas Plant Unclassified						
Total Gas Plant in Service (Lines 125-128)	\$395,430,097.00	\$11,594,031.00	\$830,957.00	\$0.00	(\$200,978.00)	\$405,992,193.00

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22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Plant in Service - Transmission, Distribution and General (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
114. Transportation Equipment (392)	\$96,158.00	\$0.00	\$0.00	\$0.00	\$0.00	\$96,158.00
115. Stores Equipment (393)						
116. Tools, Shop and garage Equipment (394)	\$2,719,540.00	\$30,046.00	\$102,564.00	\$0.00	\$0.00	\$2,647,022.00
117. Laboratory Equipment (395)						
118. Power Operated Equipment (396)	\$47,221.00	\$0.00	\$0.00	\$0.00	\$0.00	\$47,221.00
119. Communication Equipment (397)		\$7,780.00	\$0.00	\$0.00	\$0.00	\$7,780.00
120. Miscellaneous equipment (398)	\$125,562.00	\$0.00	\$0.00	\$0.00	\$0.00	\$125,562.00
121. Subtotal (Lines 104-113)	\$3,157,865.00	\$152,724.00	\$107,851.00	\$0.00	\$0.00	\$3,202,738.00
122. Other Tangible Property (399)						
123. Asset Retirement Costs for General Plant (399.1)						
124. Total General Plant (Lines 121,122 and 123)	\$3,157,865.00	\$152,724.00	\$107,851.00	\$0.00	\$0.00	\$3,202,738.00
125. Total Accounts 101 and 106	\$395,430,097.00	\$11,594,031.00	\$830,957.00	\$0.00	(\$200,978.00)	\$405,992,193.00
126. Gas Plant Purchased						
127. (Less) Gas Plant Sold						
128. Experimental Gas Plant Unclassified						
Total Gas Plant in Service (Lines 125-128)	\$395,430,097.00	\$11,594,031.00	\$830,957.00	\$0.00	(\$200,978.00)	\$405,992,193.00

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22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Property and Capacity Leased From Others (Ref Page: 212)

Name of Lessor (a)	* (b)	Description of Lease (c)	Lease Payments For Current Year
2002 Bank of America Leasing & Capital		meters	\$307,737.00
2003 Bank of America Leasing & Capital		meters	\$250,860.00
2004 Bank of America Leasing & Capital		meters	\$248,030.00
2005 Bank of America Leasing & Capital		meters	\$254,900.00
2006 Bank of America Leasing & Capital		meters	\$296,326.00
2007 Bank of America Leasing & Capital		meters	\$379,606.00
2009 Bank of America Leasing & Capital		meters	\$431,579.00
2010 Bank of America Leasing & Capital		meters	\$111,975.00
Total			\$2,281,013.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Plant Held for Future Use (Acct 105) (Ref Page: 214)

	Description	Date Orig. Included (b)	Date Exp. to Use (c)	Balance (d)
	N/A			\$0.00
TOTAL				

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Construction Work in Progress - (Acct 107) (Ref Page: 216)

	Project (a)	Construction WIP (b)	Est Add Cost
	Projects less than \$1,000,000	\$3,837,880.00	\$0.00
TOTAL		\$3,837,880.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

General Description of Construction Overhead Procedure - Components of Formulat (Ref Page: 218)

	Amount (b)	Capitalization Ration (Percent) (c)	Cost Rate Percentage (d)
Please include all notes requested for construction overhead with the hard copy.			
Uppercase Vars (S,D,P,C,W) fall under Amount (b) column		0	0
Lowercase Vars (s,d,p,c) fall under Cost Rate Percentage (d) column			
1. Components of Formula (Derived from actual book balances and actual cost rates)			
Average Short-Term Debt (Var S)			
Short-Term Interest (Var s)			0
Long Term Debt (Vars D and d)		0	0
Preferred Stock (Vars P and p)		0	0
Common Equity (Vars C and c)		0	0
Total Capitalization			
Average Construction Work in Progress Balance (Var W)		0	0
2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C))(1-(S/W))]$			
3. Rate for Other Funds $[1-(S/W)][p(P/D+P+C)] + c(C/(D+P+C))]$			
4. Weighted Average Rate Actually Used for the Year:			
a. Rate for Borrowed Funds			0
b. Rate for Other Funds			0

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Provision for Depreciation of Gas Utility Plant (Acct 108) (Ref Page: 219)

Description	Total (b)	Gas Plant In Service (c)	Held for Future (d)	Leased (e)
A. BALANCES AND CHANGES DURING YEAR				
Balance beginning of Year	\$107,468,903.00	\$107,468,903.00	\$0.00	\$0.00
Depreciation Provisions for Year, Charged to				
Depreciation Expense (403)	\$9,597,556.00	\$9,597,556.00	\$0.00	\$0.00
Depreciation Expense for Asset Retirement Costs (403.1)				
Expense of Gas Plant Leased to Others (413)				
Transportation Expenses - Clearing				
Other Clearing Accounts				
Other Clearing (Specify) ARO Provision	(\$45,719.00)	(\$45,719.00)	\$0.00	\$0.00
Other Clearing (Specify) ARO Transfer/Adjustment	\$100,744.00	\$100,744.00	\$0.00	\$0.00
Total Deprec. Prov. for Year	\$9,652,581.00	\$9,652,581.00	\$0.00	\$0.00
Net Charges for Plant Retired				
Book Cost of Plant Retired	\$823,850.00	\$823,850.00	\$0.00	\$0.00
Cost of Removal	\$171,803.00	\$171,803.00	\$0.00	\$0.00
Salvage (Credit)				
Total Net Chrgs for Plant Ret	\$995,653.00	\$995,653.00	\$0.00	\$0.00
Other Debit or Credit Items (Describe)				
Transfers/Adjustments	\$553.00	\$553.00	\$0.00	\$0.00
Common Utility Plant Provision	(\$601,979.00)	(\$601,979.00)	\$0.00	\$0.00
Balance at End of Year	\$115,524,405.00	\$115,524,405.00	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Provision for Depreciation of Gas Utility Plant (Acct 108) (Ref Page: 219)

Description	Total (b)	Gas Plant In Service (c)	Held for Future (d)	Leased (e)
B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
Productions - Manufactured Gas	\$3,638,828.00	\$3,638,828.00	\$0.00	\$0.00
Production of Gathering-Natural Gas				
Products Extraction - Natural Gas				
Underground Gas Storage				
Other Storage Plant				
Base Load LNG Terminaling and Processing Plant				
Transmission				
Distribution	\$111,826,014.00	\$111,826,014.00	\$0.00	\$0.00
General	\$59,563.00	\$59,563.00	\$0.00	\$0.00
Total	\$115,524,405.00	\$115,524,405.00	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Stored Accounts (Lines 1-5) (Ref Page: 220)

	117.1 (b)	117.2 (c)	117.3 (d)	117.4 (e)	164.1 (f)	164.2 (g)	164.3 (h)	Total (i)
Balance at Beginning of Year	\$0.00	\$0.00	\$0.00	\$0.00	\$6,101,308.00	\$0.00	\$0.00	\$6,101,308.00
Gas delivered to Storage	\$0.00	\$0.00	\$0.00	\$0.00	\$5,588,205.00	\$0.00	\$0.00	\$5,588,205.00
Gas Withdrawn from Storage	\$0.00	\$0.00	\$0.00	\$0.00	\$4,464,417.00	\$0.00	\$0.00	\$4,464,417.00
Other Debits and Credits	\$0.00	\$0.00	\$0.00	\$0.00	(\$7,225,096.00)	\$0.00	\$0.00	(\$7,225,096.00)
Balance at End of Year	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Stored Accounts (Lines 6-7) (Ref Page: 220)

117.1 (b)	117.2 (c)	117.3 (d)	117.4 (e)	164.1 (f)	164.2 (g)	164.3 (h)	Total (I)
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MCF

Amount Per MCF

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Investments (123,124,136) (Ref Page: 222)

	Description of Investment (a)	(b)	Book Cost at Beginning of	Purchases or Additions (d)	Sales of Other Dispositions
Investments in Associated Companies (123)					
(123)					
Other Investments (124)					
(124)	124-9 Campbell County business dev. corp		\$1,500.00	\$0.00	\$0.00
Temporary Case Investments (136)					
(136)	136 Temporary cash investments		\$25,480,000.00	\$313,000,000.00	\$338,480,000.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Investments (123,124,136) (Ref Page: 222) (Part Two)

	Description of Investment (a)	Principal Amt or No of	Book Cost End of Year (g)	Revenues for Year (h)	Gain or Loss (i)
Investments in Associated Companies (123)					
(123)					
Other Investments (124)					
(124)	124-9 Campbell County business dev. corp	\$0.00	\$1,500.00	\$0.00	\$0.00
Temporary Case Investments (136)					
(136)	136 Temporary cash investments	\$0.00	\$0.00	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Investments in Subsidiary Companies (123.1) (Ref Page: 224)

Description	Date Acquired (b)	Date Maturity (c)	Investment Beg of Yr. (d)	Equity in Subsidiary (e)	Revenues (f)	Investment End Yr (g)	Invest Disposed of (h)
N/A			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL							

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Prepayments (Ref Page: 230)

Balance at End of Year	
Prepaid Insurance	
Prepaid Rents	
Prepaid Taxes	\$1,814,514.00
Prepaid Interest	
Miscellaneous Prepayments	\$1,135,983.00
Total	\$2,950,497.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Extraordinary Property Losses (182.1) (Ref Page: 230)

Description	Balance Beg Yr (b)	Total Loss (b)	Losses During Yr	Acct (d)	Written Off (e)	Balance (f)
N/A	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
TOTAL						

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Unrecovered Plant and Regulatory Study costs (182.2) (Ref Page: 230)

Description	Balance Beg Yr (b)	Total Loss (b)	Losses During Yr	Acct (d)	Written Off (e)	Balance (f)
N/A	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
TOTAL						

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Other Regulatory Assets (Acct 182.3) (Ref Page: 232)

Description and Purpose	Bal Beg Yr (b)	Debits (c)	Written Off Acct (d)	Written Off Amt (e)	Balance End Yr (f)
Income taxes	\$119,535.00	\$3,232,663.00	various	\$3,561,753.00	(\$209,555.00)
Ltd early retire prog delayed cash costs	\$19,682.00	\$0.00	930.2	\$18,168.00	\$1,514.00
AMRP study costs	\$34,710.00	\$0.00	928	\$32,040.00	\$2,670.00
Demand side management costs	\$1.00	\$4,638,637.00	various	\$4,638,638.00	\$0.00
0	\$0.00	\$0.00		\$0.00	\$0.00
0	\$0.00	\$0.00		\$0.00	\$0.00
0	\$0.00	\$0.00		\$0.00	\$0.00
ARO other regulatory asset	\$266,451.00	\$559,930.00	230	\$274,039.00	\$552,342.00
0	\$0.00	\$0.00		\$0.00	\$0.00
Gas ARO other regulatory asset	\$3,128,975.00	\$233,941.00	108	\$53,507.00	\$3,309,409.00
Interest rate hedges	\$3,659,272.00	\$5,935,260.00	245	\$2,078,694.00	\$7,515,838.00
Hurricane Ike regulatory asset	\$4,912,684.00	\$0.00	0	\$0.00	\$4,912,684.00
Carbon management regulatory asset	\$400,000.00	\$200,000.00	0	\$0.00	\$600,000.00
2010 smartgrid other def O&M	\$21.00	\$0.00	186	\$21.00	\$0.00
Total	\$12,541,331.00	\$14,800,431.00		\$10,656,860.00	\$16,684,902.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Miscellaneous Deferred Debits (Acct 186) (Ref Page: 233)

Description (a)	Bal Beg Yr (b)	Debits (c)	CR Acct (d)	CR Amt (e)	Bal End Yr (c)
Items deferred pending investigation	\$293.00	\$0.00	163	\$293.00	\$0.00
Private outdoor lighting	\$60,637.00	\$91,734.00	various	\$68,073.00	\$84,298.00
LT lease receivable	\$995,641.00	\$443.00	418	\$18,537.00	\$977,547.00
Vacation accrual	\$2,063,955.00	\$0.00	242	\$210,854.00	\$1,853,101.00
Accrued pension post retire - FAS158	\$31,614,440.00	\$5,009,782.00	various	\$2,210,632.00	\$34,413,590.00
Indirect OH allocation pool - undistributed	\$34,575.00	\$3,974,368.00	various	\$4,022,419.00	(\$13,476.00)
Joint owner	\$274,187.00	\$0.00	various	\$274,187.00	\$0.00
Duke Energy Kentucky 2009 gas rate case	\$103,597.00	\$0.00	928	\$51,798.00	\$51,799.00
Other miscellaneous items	\$10,000.00	\$0.00		\$0.00	\$10,000.00
Smart grid	\$103,375.00	\$135,895.00	various	\$239,270.00	\$0.00
Duke Energy Kentucky 2011 electric rate case	\$18,466.00	\$47,454.00	various	\$65,920.00	\$0.00
Misc. Work in Progress					
Total	\$35,279,166.00	\$9,259,676.00		\$7,161,983.00	\$37,376,859.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Deferred Income Taxes (Acct 190) (Ref Page: 234)

Description	Bal Beg Yr	Amt 410.1 (c)	Amt 411.1 (d)	Amt 410.2 (e)	Amt 411.2 (f)	
Account 190						
Electric	(\$9,994,664.00)	\$4,775,402.00	\$9,261,573.00	\$1,491,093.00	\$3,683,400.00	
Gas	\$10,392,152.00	\$9,070,928.00	\$219,370.00	\$81,302.00	\$1,710.00	
Other (Define)	MGP-hazardous clean up; tax interest accrual	\$980,262.00	\$0.00	\$0.00	\$7,366.00	\$7,363.00
Total	\$1,377,750.00	\$13,846,330.00	\$9,480,943.00	\$1,579,761.00	\$3,692,473.00	
Other (Specify)						
TOTAL Acct 190	\$1,377,750.00	\$13,846,330.00	\$9,480,943.00	\$1,579,761.00	\$3,692,473.00	
Classification of TOTAL						
Federal Income TAX	\$962,307.00	\$11,932,236.00	\$8,250,444.00	\$1,355,946.00	\$3,168,648.00	
State income Tax	\$415,443.00	\$1,914,094.00	\$1,230,499.00	\$223,815.00	\$523,825.00	
Local Income Tax						

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Deferred Income Taxes (Acct 190) (Ref Page: 234) (Part Two)

Description	Debit Adj Acct (g)	Debit Amount (h)	Credit Acct (i)	Credit Amount (j)	Balance End Yr (k)
Account 190					
Electric	254, 411	\$803,746.00	410, 411	\$4,667,454.00	\$547,522.00
Gas		\$0.00	410, 411	\$4,485,767.00	\$5,946,769.00
Other (Define)	MGP-hazardous clean up; 410, 411 tax interest accrual	\$738,717.00		\$0.00	\$241,542.00
Total		\$1,542,463.00		\$9,153,221.00	\$6,735,833.00
Other (Specify)					
TOTAL Acct 190		\$1,542,463.00		\$9,153,221.00	\$6,735,833.00
Classification of TOTAL					
Federal INcome TAX		\$1,510,605.00		\$8,204,073.00	\$5,786,685.00
State Income Tax		\$31,858.00		\$949,148.00	\$949,148.00
Local Income Tax					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Capital Stock (Accounts 201 and 204) (Ref Page: 250)

Class, Series and Name of	Num Shares Auth (b)	Par or Stated Val (c)	Call Price (d)	Outstanding Shares (e)
Common Stock				
Account 201	1,000,000	\$15.00	\$0.00	\$585,333.00
Total Common Stock	1,000,000	\$15.00	\$0.00	\$585,333.00
Preferred Stock				
Total Preferred Stock				
TOTAL Capital Stock	1,000,000	\$15.00	\$0.00	\$585,333.00
Other				

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Capital Stock (Accounts 201 and 204) (Ref Page: 250) (Part Two)

Class, Series and Name	Outstanding Amt (f)	Num Held Rqd 217 (g)	Cost Held Rqd 217 (h)	Num Held Sinking (i)	Num Held Amount (j)
Common Stock					
Account 201	\$8,779,995.00	0	\$0.00	0	\$0.00
Total Common Stock	\$8,779,995.00	0	\$0.00	0	\$0.00
Preferred Stock					
Total Preferred Stock					
TOTAL Capital Stock	\$8,779,995.00	0	\$0.00	0	\$0.00
Other					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Capital Stock Subscribed, Liability for Conversion Premium and Installments Received (Ref Page: 252)

Description (a)	* (b)	Shares (c)	Amount (d)
Capital Stock Subscribed (202,205)			
Total Capital Stock Subscribed			
Stock Liability for Conversion (203,206)			
Total Stock Liability for Conversion			
Premium on Capital Stock (207)			
Premium of \$15 per share on capital stock in 1955		62,419	\$936,287.00
Premium of \$17 per share on capital stock in 1957		104,000	\$1,768,003.00
Premium of \$38 per share on capital stock in 1961		69,333	\$2,634,656.00
Premium of \$135 per share on capital stock in 1992		100,000	\$13,500,000.00
Total Premium on Capital Stock (207)		335,752	\$18,838,946.00
Installments Received on Capital Stock (212)			
Total Installments Received on Capital Stock (212)			

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Other Paid-In Capital (208-211) (Ref Page: 253)

	Item (a)	Amount (b)
(a) Donations Received from Stockholders (208)	Balance - Beginning of year	\$148,811,383.00
Total (208)		\$148,811,383.00
(b) Reduction in Par or Stated Value (209)		
Total (209)		
(c) Gain or Resale or Cancellation of Reacquired Capital Stock (210)		
Total (210)		
(d) Miscellaneous Paid-In Capital (211)	Balance - Beginning of year (sharesaver)	(\$156,194.00)
Total (211)		(\$156,194.00)
Total Accts 208-211		\$148,655,189.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Discount on Capital Stock (Act 213) (Ref Page: 254)

	Class and Series (a)	Balance End Yr (b)
	N/A	0.0000
TOTAL		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Capital Stock Expense (Act 214) (Ref Page: 254)

	Class and Series (a)	Balance End Yr (b)
	N/A	\$0.00
TOTAL		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Long-Term Debt (221,222,223 and 224) (Ref Page: 256)

Class Series and Name (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (d)	Interest Rate in % (e)	
Acct 221 Bonds					
(221)				0	
Total (221)					
Acct 222 Reacquired Bonds					
(222)				0	
Total (222)					
Acct 223 Advances from Associated Companies					
(223)				0	
Total (223)					
Acct 224 Other Long Term Debt					
(224)	Unsecured debentures 5.00% due in 2014	12/06/2004	12/15/2014	\$40,000,000.00	5.0000
(224)	Unsecured debentures 5.75% due in 2016	03/07/2006	03/10/2016	\$50,000,000.00	5.7500
(224)	Unsecured debentures 6.20% due in 2036	03/07/2006	03/10/2036	\$65,000,000.00	6.2000
(224)	Pollution control bonds 2008 series A due in 2027	12/11/2008	08/01/2027	\$50,000,000.00	1.0460
(224)	Pollution control bonds 2010 series A due in 2027	11/24/2010	08/01/2027	\$26,720,000.00	0.0800
(224)	Gas storage from sale of Todhunter Cavern (TEPPCO)	07/31/2007	07/31/2027	\$851,494.00	0.0000
(224)	Unsecured debentures 4.65% due in 2019	09/22/2009	10/01/2019	\$100,000,000.00	4.6500
Total (224)				\$332,571,494.00	

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Long-Term Debt (221,222,223 and 224) (Ref Page: 256) (Part Two)

Class Series and Name (a)	Interest Amount (f)	Held - Required Bonds	Held - Sinking and Other	Redemption Price Per \$100	
Acct 221 Bonds					
(221)					
Total (221)					
Acct 222 Reacquired Bonds					
(222)					
Total (222)					
Acct 223 Advances from Associated Companies					
(223)					
Total (223)					
Acct 224 Other Long Term Debt					
(224)	Unsecured debentures 5.00% due in 2014	\$2,000,000.00	\$0.00	\$0.00	\$0.25
(224)	Unsecured debentures 5.75% due in 2016	\$2,875,000.00	\$0.00	\$0.00	\$0.20
(224)	Unsecured debentures 6.20% due in 2036	\$4,030,000.00	\$0.00	\$0.00	\$0.30
(224)	Pollution control bonds 2008 series A due in 2027	\$173,149.00	\$0.00	\$0.00	\$1.00
(224)	Pollution control bonds 2010 series A due in 2027	\$93,504.00	\$0.00	\$0.00	\$1.00
(224)	Gas storage from sale of Todhunter Cavern (TEPPCO)	\$0.00	\$0.00	\$0.00	\$0.00
(224)	Unsecured debentures 4.65% due in 2019	\$4,650,000.00	\$0.00	\$0.00	\$0.25
Total (224)		\$13,821,653.00	\$0.00	\$0.00	\$3.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Unamortized Debt Expense (181,225,226) (Ref Page: 258)

	Designation of Long-Term	Principal Amount of Debt	Total Expense Premium or	Amortization Period From (d)	Amortization Period To (e)
Acct 181					
(181)	Revolving credit facility due 2012	\$73,517,045.00	\$33,472.00	06/28/2007	06/29/2012
(181)	Master credit facility	\$0.00	\$454,094.00	11/18/2011	11/18/2016
(181)		\$0.00	\$0.00		
(181)	5.00% unsecured debentures due 2014	\$40,000,000.00	\$410,000.00	12/06/2004	12/15/2014
(181)	6.20% unsecured debentures due 2036	\$65,000,000.00	\$653,550.00	03/10/2006	03/10/2036
(181)	5.75% unsecured debentures due 2016	\$50,000,000.00	\$390,200.00	03/10/2006	03/10/2016
(181)	4.65% unsecured debentures due 2019	\$100,000,000.00	\$756,468.00	09/22/2009	10/01/2019
(181)	Pollution control bonds 2010 series due in 2027	\$26,720,000.00	\$939,966.00	11/24/2010	08/01/2027
(181)	Pollution control bonds 2008 series A due in 2027	\$50,000,000.00	\$691,754.00	12/03/2008	08/01/2027
Total (181)		\$405,237,045.00	\$4,329,504.00		
Acct 225					
(225)					
Total (225)					
Acct 226					
(226)		\$0.00	\$0.00		
(226)		\$0.00	\$0.00		
(226)		\$0.00	\$0.00		
(226)	5.00% unsecured debentures due 2014	\$40,000,000.00	\$379,200.00	12/06/2004	12/15/2014
(226)	6.20% unsecured debentures due 2036	\$65,000,000.00	\$367,900.00	03/10/2006	03/10/2036

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Unamortized Debt Expense (181,225,226) (Ref Page: 258)

	Designation of Long-Term	Principal Amount of Debt	Total Expense Premium or	Amortization Period From (d)	Amortization Period To (e)
(226)	5.75% unsecured debentures due 2016	\$50,000,000.00	\$30,000.00	03/10/2006	03/10/2016
(226)	4.65% unsecured debentures due 2019	\$100,000,000.00	\$374,000.00	09/22/2009	10/01/2019
Total (226)		\$255,000,000.00	\$1,151,100.00		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Unamortized Debt Expense (181,225,226) (Ref Page: 258) (Part Two)

	Designation of Long-Term	Beginning of Year (f)	Debits (g)	Credits (h)	Balance End of Year (i)
Acct 181					
(181)	Revolving credit facility due 2012	\$10,873.00	\$0.00	\$7,276.00	\$3,597.00
(181)	Master credit facility	\$0.00	\$454,094.00	\$10,847.00	\$443,247.00
(181)		\$0.00	\$0.00	\$0.00	\$0.00
(181)	5.00% unsecured debentures due 2014	\$161,924.00	\$0.00	\$40,936.00	\$120,988.00
(181)	6.20% unsecured debentures due 2036	\$548,810.00	\$0.00	\$21,785.00	\$527,025.00
(181)	5.75% unsecured debentures due 2016	\$202,623.00	\$0.00	\$39,029.00	\$163,594.00
(181)	4.65% unsecured debentures due 2019	\$759,296.00	\$0.00	\$242,990.00	\$516,306.00
(181)	Pollution control bonds 2010 series due in 2027	\$323,006.00	\$392.00	\$12,993.00	\$310,405.00
(181)	Pollution control bonds 2008 series A due in 2027	\$446,124.00	\$347,488.00	\$85,673.00	\$707,939.00
Total (181)		\$2,452,656.00	\$801,974.00	\$461,529.00	\$2,793,101.00
Acct 225					
(225)		\$0.00			
Total (225)					
Acct 226					
(226)		\$0.00	\$0.00	\$0.00	\$0.00
(226)		\$0.00	\$0.00	\$0.00	\$0.00
(226)		\$0.00	\$0.00	\$0.00	\$0.00
(226)	5.00% unsecured debentures due 2014	\$149,745.00	\$0.00	\$37,857.00	\$111,888.00
(226)	6.20% unsecured debentures due 2036	\$308,934.00	\$0.00	\$12,263.00	\$296,671.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Unamortized Debt Expense (181,225,226) (Ref Page: 258) (Part Two)

	Designation of Long-Term	Beginning of Year (f)	Debits (g)	Credits (h)	Balance End of Year (i)
(226)	5.75% unsecured debentures due 2016	\$15,575.00	\$0.00	\$3,000.00	\$12,575.00
(226)	4.65% unsecured debentures due 2019	\$326,435.00	\$0.00	\$37,307.00	\$289,128.00
Total (226)		\$800,689.00	\$0.00	\$90,427.00	\$710,262.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Unamortized Loss and Gain on Required Debt (189,257) (Ref Page: 260)

	Designation of	Date Reacquired (b)	Principle of Debt	Net Gain or Loss (d)	Balance Beginning of	Balance End of Year (f)
Acct 189						
(189)	10-1/4% series	06/01/1995	\$15,000,000.00	(\$925,479.00)	\$369,849.00	\$330,573.00
(189)	9.7% series	09/01/1995	\$20,000,000.00	(\$1,596,748.00)	\$569,466.00	\$502,470.00
(189)	10-1/4 series	02/15/1996	\$15,000,000.00	(\$917,675.00)	\$369,957.00	\$332,493.00
(189)			\$0.00	\$0.00	\$0.00	\$0.00
(189)	7.65% series	04/06/2006	\$15,000,000.00	(\$1,230,503.00)	\$929,536.00	\$865,613.00
(189)	5.5% series	09/01/2006	\$48,000,000.00	(\$669,996.00)	\$502,497.00	\$463,844.00
(189)	1985A floating	09/01/2006	\$16,000,000.00	(\$115,521.00)	\$43,147.00	\$26,445.00
(189)	6.5% series	09/01/2006	\$12,720,663.00	(\$73,931.00)	\$54,166.00	\$49,605.00
(189)	2006A series	12/26/2008	\$50,000,000.00	(\$289,319.00)	\$258,182.00	\$242,613.00
Total (189)			\$191,720,663.00	(\$5,819,172.00)	\$3,096,800.00	\$2,813,656.00
Acct 257						
(257)					\$0.00	
Total (257)						

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes (Ref Page: 261)

	Details (a)	Amount (b)
Net Income for the Year		\$24,309,618.00
Reconciling Items for the Year		
Taxable Income Not Reported on Books		
Deductions Recorded on Books Not Deducted For Return		
	Federal income tax expense	\$19,305,766.00
	State income tax expense	\$2,135,643.00
	Demand side management costs	\$3,319,197.00
	Loss on disposition of ACRES/MACRES property	\$2,411,049.00
	Joint owner pension receivable	\$2,060,547.00
	Unbilled revenue - fuel	\$1,889,653.00
	Non-cash overhead basis adjustment	\$1,473,992.00
	Emission allowance expense	\$1,026,805.00
	Impairment of plant assets	\$927,732.00
	Regulatory asset-accrued pension FAS158 & FAS106	\$611,445.00
	Tax interest capitalized	\$551,301.00
	Asset retirement obligation	\$466,325.00
	481(a) fixed asset retirement	\$351,496.00
	Amortization of loss on reacquired debt	\$283,143.00
	Tax interest accrual	\$256,939.00
	Duke merger - timing	\$219,723.00
	Regulatory asset - vacation pay accrual	\$210,833.00
	Offsite gas storage costs	\$119,614.00
	Rate case - deferred costs	\$103,375.00
	Other	\$365,684.00
Income Recorded on Books Not Included in Return		
	Allowance for funds used during construction	\$809,081.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes (Ref Page: 261)

	Details (a)	Amount (b)
	Amortization of investment tax credits	\$575,598.00
	Contributions in aid of construction	\$293,227.00
Deductions on Return Not Charged Against Book Income		
	Depreciation deducted in excess of amount booked	\$24,071,342.00
	Equipment repairs	\$8,356,020.00
	Regulatory asset/liability - deferred revenue	\$4,965,217.00
	Regulatory asset/liability - cash flow hedge	\$3,856,566.00
	Retirement plan	\$3,483,109.00
	Reg asset-accr pension-post retire benefits FAS158	\$3,110,422.00
	Property tax reserves	\$2,185,450.00
	Leased meters - electric and gas	\$1,914,593.00
	Manufacturing deduction	\$642,091.00
	Regulatory asset - asset retirement obligation	\$466,325.00
	Regulatory asset - carbon management	\$200,000.00
	Self-developed software	\$129,152.00
	Other	\$223,179.00
Federal Tax Net Income		\$7,118,508.00
Show Computation of Tax		
	Tax at 35% of federal tax net income of \$7,118,508	\$2,491,478.00
	Plus: prior period adjustments - FIT	\$3,489,547.00
	Plus: known tax reserve adjustments	\$137,980.00
	Less: adjustments of current year tax credit - FIT	\$72,290.00
Tax of Respondent		\$6,046,715.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Taxes Accrued, Prepaid and Charged During Year (Ref Page: 262)

Kind of Instruction (a)	Bal Beg Yr Taxes Accr (b)	Bal Beg Yr Prepaid Taxes (c)	Taxes Chrg (d)
	\$0.00	\$0.00	\$0.00
Federal - income	(\$2,967,743.00)	\$0.00	\$6,046,715.00
Federal - fuel taxes	\$0.00	\$0.00	\$4,667.00
Federal - federal insurance	\$1,523.00	\$0.00	\$2,440,762.00
Federal - unemployment	\$0.00	\$0.00	\$20,984.00
	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00
State - income	\$2,349,809.00	\$0.00	\$1,783,153.00
	\$0.00	\$0.00	\$0.00
State - unemployment	\$0.00	\$0.00	\$23,861.00
State - property	\$874,043.00	\$0.00	\$1,729,097.00
State - sales and use taxes	\$255,995.00	\$0.00	\$148,354.00
State - public utilities	\$0.00	\$482,915.00	\$0.00
State - franchise	\$0.00	\$0.00	\$11,437.00
	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00
Other - property	\$7,759,510.00	\$0.00	\$7,785,053.00
Total	\$8,273,137.00	\$482,915.00	\$19,994,083.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Taxes Accrued, Prepaid and Charged During Year (Ref Page: 262) (Part Two)

Kind of Instruction (a)	Taxes Paid (e)	Adj. (f)	Bal Accr - 236 (g)	Bal Prepaid - 165 (h)
	\$0.00	\$0.00	\$0.00	\$0.00
Federal - income	\$4,755,506.00	\$2,911,104.00	(\$2,773,124.00)	\$1,814,514.00
Federal - fuel taxes	\$4,667.00	\$0.00	\$0.00	\$0.00
Federal - federal insurance	\$2,398,158.00	\$0.00	\$44,127.00	\$0.00
Federal - unemployment	\$11,646.00	\$0.00	\$9,338.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
State - income	\$2,942,209.00	\$429,036.00	\$761,717.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
State - unemployment	\$27,308.00	\$0.00	(\$3,447.00)	\$0.00
State - property	\$1,665,391.00	\$0.00	\$937,749.00	\$0.00
State - sales and use taxes	\$31,737.00	\$0.00	\$372,612.00	\$0.00
State - public utilities	\$0.00	\$99,625.00	\$0.00	\$383,290.00
State - franchise	\$11,437.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
Other - property	\$7,503,841.00	\$0.00	\$8,040,722.00	\$0.00
Total	\$19,351,900.00	\$3,439,765.00	\$7,389,694.00	\$2,197,804.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Taxes Accr, Prepd and Charged - Distribution of Taxes (Ref Page: 262)

Kind of Instruction (a)	Electric (408.1, 409.1) (i)	Gas (408.1, 409.1) (j)	Other (408.1,409.1) (k)	Other Inc and Ded (l)
Federal - income	\$3,625,970.00	\$107,818.00	\$0.00	\$2,312,927.00
Federal - fuel taxes	\$3,472.00	\$1,195.00	\$0.00	\$0.00
Federal - federal insurance	\$1,794,174.00	\$646,588.00	\$0.00	\$0.00
Federal - unemployment	\$15,474.00	\$5,510.00	\$0.00	\$0.00
State - income	\$998,335.00	\$417,458.00	\$0.00	\$367,360.00
State - unemployment	\$17,594.00	\$6,267.00	\$0.00	\$0.00
State - property	\$1,123,919.00	\$605,178.00	\$0.00	\$0.00
State - sales and use taxes	\$16,335.00	\$28.00	\$0.00	\$131,991.00
State - public utilities	\$0.00	\$0.00	\$0.00	\$0.00
State - franchise	\$8,509.00	\$2,928.00	\$0.00	\$0.00
Other - property	\$4,967,326.00	\$2,655,138.00	\$0.00	\$162,589.00
Total	\$12,571,108.00	\$4,448,108.00	\$0.00	\$2,974,867.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Taxes Accr, Prepd and Charged - Distribution of Taxes (Ref Page: 262) (Part Two)

Kind of Instruction (a)	Ext Items (409.3) (m)	Other Opn Income (n)	Adj to Ret. Earnings (439)	Other (p)
Federal - income	\$0.00	\$0.00	\$0.00	\$0.00
Federal - fuel taxes	\$0.00	\$0.00	\$0.00	\$0.00
Federal - federal insurance	\$0.00	\$0.00	\$0.00	\$0.00
Federal - unemployment	\$0.00	\$0.00	\$0.00	\$0.00
State - income	\$0.00	\$0.00	\$0.00	\$0.00
State - unemployment	\$0.00	\$0.00	\$0.00	\$0.00
State - property	\$0.00	\$0.00	\$0.00	\$0.00
State - sales and use taxes	\$0.00	\$0.00	\$0.00	\$0.00
State - public utilities	\$0.00	\$0.00	\$0.00	\$0.00
State - franchise	\$0.00	\$0.00	\$0.00	\$0.00
Other - property	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Miscellaneous Current and Accrued Liabilities (242) (Ref Page: 268)

	Item (a)	Balance End Yr (b)
	Vacation entitlement reserve	\$1,999,547.00
	Retirement bank accrual	\$1,916,000.00
	Accrued liabilities MW joint owner	\$1,786,359.00
	Provision for incentive benefits program	\$576,835.00
	Wages payable	\$471,000.00
	MISO MTEP fee	\$422,000.00
	FAS 158 current liabilities	\$309,837.00
	Native deferred MTM liability	\$221,976.00
	Other	\$29,922.00
TOTAL		\$7,733,476.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Other Deferred Credits (253) (Ref Page: 269)

Description (a)	Balance Beg Yr (b)	Debits Acct (c)	Debit Amt (d)	Credits (e)	Balance End Yr (f)
Gas refunds	\$111,648.00	various	\$230,331.00	\$165,452.00	\$46,769.00
Pension cost adjustment - DPL share	\$5,280,726.00	143, 186	\$3,774,326.00	\$2,157,013.00	\$2,663,413.00
Post retirement benefits - health DPL	(\$255,156.00)	143, 186	\$146,549.00	\$174,547.00	(\$227,158.00)
Pension cost adjustment - FAS 106	\$3,194,011.00	various	\$591,771.00	\$909,552.00	\$3,511,792.00
Misc deferred credits and other	(\$23,110.00)	various	\$17,900.00	\$23,110.00	(\$17,900.00)
MISO exit fees	\$0.00	232, 565	\$0.00	\$15,472,893.00	\$15,472,893.00
TOTAL	\$8,308,119.00		\$4,760,877.00	\$18,902,567.00	\$22,449,809.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Deferred Income Taxes - Other Property (282) (Ref Page: 274)

Acct (a)	Balance Beg Yr (b)	Amt Acct 410.1 (c)	Amt Acct 411.1 (d)	Amt Acct 410.2 (e)	Amt Acct 411.2 (f)
Account 282					
Electric	\$167,140,589.00	\$23,316,748.00	\$16,796,885.00	\$242,982.00	\$3,592,125.00
Gas	\$54,833,348.00	\$13,000,080.00	\$4,965,579.00	\$894.00	\$252,778.00
Other (Define)					
Total	\$221,973,937.00	\$36,316,828.00	\$21,762,464.00	\$243,876.00	\$3,844,903.00
Other (specify)					
Non utility depreciation	(\$6,262,687.00)	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL Acct 282	\$215,711,250.00	\$36,316,828.00	\$21,762,464.00	\$243,876.00	\$3,844,903.00
Classification of Total					
Federal Income Tax	\$189,610,869.00	\$31,407,050.00	\$18,351,707.00	\$234,881.00	\$3,336,571.00
State Income Tax	\$26,100,381.00	\$4,909,778.00	\$3,410,757.00	\$8,995.00	\$508,332.00
Local Income tax					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Deferred Income Taxes - Other Property (282) (Ref Page: 274) (Part Two)

Acct (a)	Debit Adj Acct (g)	Debit Adj Amt (h)	Credit Adj. Acct (i)	Credit Adj. Amt (j)	Balance End Yr
Account 282					
Electric	182	\$18,072,723.00	182	\$569,527.00	\$187,814,505.00
Gas		\$0.00	182,410/11	\$7,316,322.00	\$55,299,643.00
Other (Define)					
Total		\$18,072,723.00		\$7,885,849.00	\$243,114,148.00
Other (specify)					
	Non utility depreciation	\$0.00	410, 411	\$4,231,181.00	(\$10,493,868.00)
TOTAL Acct 282		\$18,072,723.00		\$12,117,030.00	\$232,620,280.00
Classification of Total					
Federal Income Tax		\$15,885,981.00		\$10,649,204.00	\$204,801,299.00
State Income Tax		\$2,186,742.00		\$1,467,826.00	\$27,818,981.00
Local Income tax					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Deferred Income Taxes - Other (283) (Ref Page: 276)

Acct (a)	Balance Beg Yr (b)	Amt Acct 410.1 (c)	Amt Acct 411.1 (d)	Amt Acct 410.2 (e)	Amt Acct 411.2 (f)
Account 283					
Electric	\$3,755,102.00	\$3,471,145.00	\$285,434.00	\$869.00	\$57,674.00
Gas	\$2,691,377.00	\$328,187.00	\$2,076,886.00	(\$4,589.00)	(\$1,606.00)
Other					
Total	\$6,446,479.00	\$3,799,332.00	\$2,362,320.00	(\$3,720.00)	\$56,068.00
Other (Specify)					
Tax interest accrual	(\$4,666.00)	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL (Acct 283)	\$6,441,813.00	\$3,799,332.00	\$2,362,320.00	(\$3,720.00)	\$56,068.00
Classification of Total					
Federal Income Tax	\$4,868,557.00	\$3,206,768.00	\$1,878,867.00	(\$4,589.00)	\$48,114.00
State Income Tax	\$1,573,256.00	\$592,564.00	\$483,453.00	\$869.00	\$7,954.00
Local Income tax					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Accumulated Deferred Income Taxes - Other (283) (Ref Page: 276) (Part Two)

Acct (a)	Debit Adj Acct (g)	Debit Adj Amt (h)	Credit Adj. Acct (i)	Credit Adj. Amt (j)	Balance End Yr
Account 283					
Electric		\$0.00	190	\$994,670.00	\$5,889,338.00
Gas	190	\$2,903,107.00		\$0.00	\$3,842,802.00
Other					
Total		\$2,903,107.00		\$994,670.00	\$9,732,140.00
Other (Specify)					
	Tax interest accrual	\$0.00	410, 411	\$36,061.00	(\$40,727.00)
TOTAL (Acct 283)		\$2,903,107.00		\$1,030,731.00	\$9,691,413.00
Classification of Total					
Federal Income Tax		\$2,903,107.00		\$701,866.00	\$8,344,996.00
State Income Tax		\$0.00		\$328,865.00	\$1,346,417.00
Local Income tax					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Other Regulatory Liabilities (Acct 254) (Ref Page: 278)

Description and Purpose	Bal Beg Yr (b)	Debit Acct Credited (c)	Debits Amount (d)	Credits (e)	Balance End Yr (f)
Income taxes	\$862,234.00	various	\$5,193,301.00	\$5,100,589.00	\$769,522.00
DSM energy efficiency	\$2,734,658.00	various	\$3,517,084.00	\$6,836,280.00	\$6,053,854.00
Total	\$3,596,892.00		\$8,710,385.00	\$11,936,869.00	\$6,823,376.00

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Gas Operating Revenues (Ref Page: 301)

	Rev for Transistion Current	Rev for Transistion Prev Yr	GRI and ACA Current Yr (d)	GRI and ACA Prev Yr (e)	other Current Yr (f)
Sales (480-484)	\$0.00	\$0.00	\$0.00	\$0.00	\$109,174,163.00
Intracompany Transfers (485)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Forfeited Discounts (487)		\$0.00		\$0.00	
Miscellaneous Service Revenues (488)	\$0.00	\$0.00	\$0.00	\$0.00	\$565,951.00
Revenues from Transportaion of Gas of Others Through Gathering Facilities (489.1)					
Revenues from Transportaion of Gas of Others Through Transmission Facilities (489.2)	\$0.00	\$0.00	\$0.00	\$0.00	\$600,696.00
Revenues from Transportaion of Gas of Others Through Distribution Facilities (489.3)	\$0.00	\$0.00	\$0.00	\$0.00	\$4,847,008.00
Sales of Prod. Ext. from Natural Gas (490)					
Revenues from Natural Gas Proc. by Others (491)					
Incidental gasoline and Oil Sales (492)					
Rent from Gas Property (493)	\$0.00	\$0.00	\$0.00	\$0.00	\$14,240.00
Interdepartmental Rents (494)					
Other Gas Revenues (495)	\$0.00	\$0.00	\$0.00	\$0.00	\$1,686.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$115,203,744.00
(Less) Provision for Rate Refunds (496)		\$0.00		\$0.00	
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$115,203,744.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operating Revenues (Ref Page: 301) (Part Two)

	Rev for Transistion	Other Prev Yr (g)	Total Current Yr (h)	Total Prev Yr (i)	MCF Current Yr (h)	MCF Prev Yr (i)
Sales (480-484)	\$0.00	\$125,796,016.00	\$109,174,163.00	\$125,796,016.00	9,718,616	10,611,137
Intracompany Transfers (485)	\$0.00	\$32,483.00	\$0.00	\$32,483.00	0	3,785
Forfeited Discounts (487)		\$1,255.00		\$1,255.00		0
Miscellaneous Service Revenues (488)	\$0.00	\$574,099.00	\$565,951.00	\$574,099.00	0	0
Revenues from Transportaion of Gas of Others Through Gathering Facilities (489.1)						
Revenues from Transportaion of Gas of Others Through Transmission Facilities (489.2)	\$0.00	\$600,696.00	\$600,696.00	\$600,696.00	0	0
Revenues from Transportaion of Gas of Others Through Distribution Facilities (489.3)	\$0.00	\$4,774,442.00	\$4,847,008.00	\$4,774,442.00	3,227,047	3,160,516
Sales of Prod. Ext. from Natural Gas (490)						
Revenues from Natural Gas Proc. by Others (491)						
Incidental gasoline and Oil Sales (492)						
Rent from Gas Property (493)	\$0.00	\$34,176.00	\$14,240.00	\$34,176.00	0	0
Interdepartmental Rents (494)						
Other Gas Revenues (495)	\$0.00	\$1,391.00	\$1,686.00	\$1,391.00	0	0
Subtotal	\$0.00	\$131,814,558.00	\$115,203,744.00	\$131,814,558.00	12,945,663	13,775,438

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operating Revenues (Ref Page: 301) (Part Two)

	Rev for Transistion	Other Prev Yr (g)	Total Current Yr (h)	Total Prev Yr (i)	MCF Current Yr (h)	MCF Prev Yr (i)
(Less) Provision for Rate Refunds (496)		(\$7,517,628.00)		(\$7,517,628.00)		0
Total	\$0.00	\$139,332,186.00	\$115,203,744.00	\$139,332,186.00	12,945,663	13,775,438

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Rev From Transportation of Gas through Gathering Facilities (489.1) (Ref Page: 302)

Rate Schedule and Zone	Rev for Transition Costs	Rev for Transition Costs	Rev for GRI and ACA	Rev for GRI and ACA	Other Rev Current (f)
N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Rev From Transportation of Gas through Gathering Facilities (489.1) (Ref Page: 302) (Part Two)

Rate Schedule and Zone	Other Rev Previous (g)	Total Operating Rev	Total Operating Rev	MCF Current (j)	MCF Previous (k)
N/A	\$0.00	\$0.00	\$0.00	0	0

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Rev From Transportation of Gas through Transmission Facilities (489.2) (Ref Page: 304)

Rate Schedule and Zone	Rev for Transition Costs	Rev for Transition Costs	Rev for GRI and ACA	Rev for GRI and ACA	Other Rev Current (f)
No-Notice interstate transportation service	\$0.00	\$0.00	\$0.00	\$0.00	\$600,696.00
	\$0.00		\$0.00		\$0.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Rev From Transportation of Gas through Transmission Facilities (489.2) (Ref Page: 304) (Part Two)

Rate Schedule and Zone	Other Rev Previous (g)	Total Operating Rev	Total Operating Rev	MCF Current (j)	MCF Previous (k)
No-Notice interstate transportation service	\$600,696.00	\$600,696.00	\$600,696.00	8,729,524	5,940,158
		\$0.00		0	

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Rev From Stroring Gas of Others (489.4) (Ref Page: 306)

Rate Schedule and Zone	Rev for Transition Costs	Rev for Transition Costs	Rev for GRI and ACA	Rev for GRI and ACA	Other Rev	Current (f)
N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Rev From Storing Gas of Others (489.4) (Ref Page: 306) (Part Two)

Rate Schedule and Zone	Other Rev	Previous (g)	Total Operating Rev	Total Operating Rev	MCF Current (j)	MCF Previous (k)
N/A	\$0.00	\$0.00	\$0.00	0	0	

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Other Gas Revenues (495) (Ref Page: 308)

Description of Transaction	Revenues in Dollars
Items under the threshold	\$4,436.00
	\$4,436.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011
 Gas Operation and Maintenance - 1. Production (Ref Page: 317)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
1. PRODUCTION EXPENSES		
A. Manufactured Gas Production		
Manufactured Gas Production	\$302,892.00	\$247,622.00
B. Natural Gas Production		
B1. Natural Gas Production and Gathering		
Operation		
Operation Supervision and Engineering (750)		
Production Maps and Records (751)		
Gas Well Expenses (752)		
Field Lines Expenses (753)		
Field compressor Station Expenses (754)		
Field Compressor Station Fuel and Power (755)		
Field Measuring and Regulating Station Expenses (756)		
Purification Expenses (757)		
Gas Well Royalties (758)		
Other Expenses (759)		
Rents (760)		
18. Total Operation		
Maintenance		
Maintenance Supervision and Engineering (761)		
Maintenance of Structures and Improvements (762)		
Maintenance of Producing Gas Wells (763)		
Maintenance of Field Lines (764)		
Maintenance of Field Compressor Station Equipment (765)		
Maintenance of Field Measuring and Regulating Station Equipment (766)		
Maintenance of Purification Equipment (767)		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 1. Production (Ref Page: 317)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
Maintenance of Drilling and Cleaning Equipment (768)		
Maintenance of Other Equipment (769)		
29. Total Maintenance		
Total Natural Gas Production and Gathering (Lines 18,29)		
B2. Products Extraction		
Operation		
Operation Supervision and Engineering (770)		
Operation Labor (771)		
Gas Shrinkage (772)		
Fuel (773)		
Power (774)		
Materials (775)		
Operation Supplies and Expenses (776)		
Gas Processed by Others (777)		
Royalties on Products Extracted (778)		
Marketing Expenses (779)		
Products Purchased for Resale (780)		
Variation in Products Inventory (781)		
(Less) Extracted Products Used by the Utility - Credit (782)		
Rents (783)		
47. Total Operation		
Maintenance		
Maintenance Supervision and Engineering (784)		
Maintenance of Structures and Improvements (785)		
Maintenance of Extraction and Refining Equipment (786)		
Maintenance of Pipe Lines (787)		
Maintenance of Extracted Products Storage Equipment (788)		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011
Gas Operation and Maintenance - 1. Production (Ref Page: 317)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
Maintenance of Compressor Equipment (789)		
Maintenance of Gas Measuring and Regulating Equipment (790)		
Maintenance of Other Equipment (791)		
57. Total Maintenance		
58. Total Products Extraction (Lines 47 and 57)		
C. Exploration and Development		
Operation		
Delay Rentals (795)		
Nonproductive Well Drilling (796)		
Abandoned Leases (797)		
Other Exporation (798)		
65. Total Exploration and Development		
D. Other Gas Supply Expenses		
Operation		
Natural Gas Well Head Purchases (800)		
Natural Gas Well Head Purchases, Intracompany Transfers (800.1)		
Natural Gas Field Line Purchases (801)	\$53,561,882.00	\$67,656,917.00
Natural Gas Gasoline Plant Outlet Purchases (802)		
Natural Gas Transmission Line Purchases (803)		
Natural Gas City Gate Purchases (804)		
Liquified Natural Gas Purchases (804.1)		
Other Gas Purchases (805)	\$998,371.00	\$353,063.00
(Less) Purchases Gas Cost Adjustments (805.1)		
77. Total Purchased Gas	\$54,560,253.00	\$68,009,980.00
78. Exchange Gas (806)		
Purchased Gas Expense		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 1. Production (Ref Page: 317)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
Well Expense - Purchased Gas (807.1)		
Operation of Purchased Gas Measuring Stations (807.2)	\$103,394.00	\$120,876.00
Maintenance of PURchased Gas Measuring Stations (807.3)	\$49,922.00	\$30,000.00
Purchased Gas Calculations Expenses (807.4)		\$0.00
Other Purchased Gas Expenses (807.5)	\$272,905.00	\$360,943.00
85. Total Purchased Gas Expenses	\$426,221.00	\$511,819.00
Gas Withdrawn from Storage - Debit (808.1)		
(Less) Gas Delivered to Storage (Credit) (808.2)		
Withdrawals of Liquefied natural Gas for Processing - Debit (809.1)		
(Less) Deliveries of Natural Gas for Processing- Credit (809.2)		
Gas used in Utility Operation - Credit		
91. Gas Used for Compressor Station Fuel - Credit (810)		
92. Gas Used for Products Extraction - Credit (811)		
93. Gas Used for Other Utility Operations - Credit (812)		
94. Total Gas Used in Utility Operations - Credit (91-93)		
95. Other Gas Supply Expenses (813)		
97. Total Other Gas Supply Exp (77,78,85,86-89,94,95)	\$54,986,474.00	\$68,521,799.00
Total Production Expenses (3,30,58,65,96)	\$55,289,366.00	\$68,769,421.00

Gas Operation and Maintenance - 2. Natural Gas Storage (Ref Page: 320)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
A. Underground Storage Expenses		
Operation		
Operation Supervision and Engineering (814)		
Maps and Records (815)		
Wells Expenses (816)		
Lines Expenses (817)		
Compressor Station Expenses (818)		
Compressor Station Fuel and Power (819)		
Measuring and Regulating Station Expenses (820)		\$24.00
Purification Expenses (821)		
Exploration and Development (822)		
Gas Losses (823)		
Other Expenses (824)		
Storage well Royalties (825)		
Rents (826)		
114. Total Operation		\$24.00
Maintenance		
Maintenance Supervision and Engineering (830)		
Maintenance of Structures and Improvements (831)		
Maintenance of Reservoirs and Wells (832)		
Maintenance of Lines (833)		
Maintenance of Compressor Station Equipment (834)		
Maintenance of Measuring and Regulating Station Equipment (835)		
Maintenance of Purification Equipmetn (836)		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 2. Natural Gas Storage (Ref Page: 320)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
Maintenance of Other Equipment (837)		
124. Total Maintenance		
Total Underground Storage (Lines 114 and 124)		\$24.00
B. Other Storage Expenses		
Operation		
Operation Supervision and Engineering (840)		
Operation Labor and Expenses (841)		
Rents (842)		
Fuel (842.1)		
Power (842.2)		
Gas Losses (842.3)		
134. Total Operation		
Maintenance		
Maintenance Supervision and Engineering (843.1)		
Maintenance of Structures and Improvements (843.2)		
Maintenance of Gas Holders (843.3)		
Maintenance of Purification Equipment (843.4)		
Maintenance of Liquefaction Equipment (843.5)		
Maintenance of Vaporizing Equipment (843.6)		
Maintenance of Compressor Equipment (843.7)		
Maintenance of Measuring and Regulating Equipment (843.8)		
Maintenance of Other Equipment (843.9)		
145. TOTAL Maintenance		
Total Other Storage Expenses (Lines 134 and 145)		
C. Liquefied Natural Gas Terminaling and Processing Expenses		
Operation		
Operation Supervision and Engineering (844.1)		

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Gas Operation and Maintenance - 2. Natural Gas Storage (Ref Page: 320)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
LNG Processing Terminal Labor and Expenses (844.2)		
Liquefaction Processing Labor and Expenses (844.3)		
Liquefaction Transportaion Labor and Expenses (844.4)		
Measuring and Regulating Labor and Expenses (844.5)		
Compressor Station Labor and Expenses (544.6)		
Communication System Expenses (844.7)		
System Control and Load Dispatching (844.8)		
Fuel (845.1)		
Power (845.2)		
Rents (845.3)		
Demurrage Charges (845.4)		
(Less) Wharfage Receipts - Credit (845.5)		
Processing Liquefied or Vaporized Gas by Others (845.6)		
Gas Losses (846.1)		
Other Expenses (846.2)		
Total Operation		
Maintenance		
Maintenance Supervision and Engineering (847.1)		
Maintenance of Structures and Improvements (847.2)		
Maintenance of LNG Processing Terminal equipment (847.3)		
Maintenance of LNG Transportation Equipment (847.4)		
Maintenance of Measuring and Regulating Equipment (847.5)		
Maintenance of Compressor Station Equipment (847.6)		
Maintenance of Communication Equipment (847.7)		
Maintenance of Other Equipment (847.8)		
175. Total Maintenance		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 2. Natural Gas Storage (Ref Page: 320)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
176. Total Liqueified Nat Gas Terminaling and Proc Exp (Lines 165 and 175)		
177. Total Natural Gas Storage (Lines 125,146 and 176)		\$24.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 3 through 8 (Ref Page: 323)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
3. TRANSMISSION EXPENSES		
Operation		
Operation Supervision and Engineering (850)		
System Control and Load Dispatching (851)		
Communication System Expenses (852)		
Compressor Station labor and Expenses (853)		
Gas for Compressor Station Fuel (854)		
Other Fuel and Power for Compressor Stations (855)		
Mains Expenses (856)		
Measuring and Regulating Stations Expenses (857)		
Transmission and Compression of Gas by Others (858)		
Other Expenses (859)	\$68,606.00	\$13,010.00
Rents (860)		
191. Total Operation	\$68,606.00	\$13,010.00
Maintenance		
Maintenance Supervision and Engineering (861)		
Maintenance of Structures and Improvements (862)		
Maintenance of Mains (863)		
Maintenance of Compressor Station Equipment (864)		
Maintenance of Measuring and Regulating Station Equipment (865)		
Maintenance of Communication Equipment (866)		
Maintenance of Other Equipment (867)		
200. Total Maintenance		
201. Total Transmission Expenses (Total 191 and 200)	\$68,606.00	\$13,010.00
4. DISTRIBUTION EXPENSES		
Operation		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 3 through 8 (Ref Page: 323)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
Operation Supervision and Engineering (870)	\$9,376.00	\$9,334.00
Distribution Load Dispatching (871)	\$176,867.00	\$145,842.00
Compressor Station Labor and Expenses (872)		
Compressor Station Fuel and Power (873)		
Mains and Services Expenses (874)	\$1,828,624.00	\$1,715,933.00
Measuring and Regulating station Expenses - General (875)	\$5,355.00	\$32,028.00
Measuring and Regulating Station Expenses - Industrial (876)	\$38,197.00	\$31,911.00
Measuring and Regulating Station Expenses - City Gas Check Station (877)		
Meter and House Regulator Expenses (878)	\$474,720.00	\$186,972.00
Customer Installations Expenses (879)	\$1,239,450.00	\$1,154,549.00
Other Expenses (880)	\$630,468.00	\$589,369.00
Rents (881)	\$161,510.00	\$387,624.00
216. Total Operation	\$4,564,567.00	\$4,253,562.00
Maintenance		
Maintenance Supervision and Engineering (885)	\$38,525.00	\$24,493.00
Maintenance of Structures and Improvements (886)		
Maintenance of Mains (887)	\$403,553.00	\$477,915.00
Maintenance of Compressor Station Equipment (888)		
Maintenance of Measuring and Regulating Station Equipment - General (889)	\$26,019.00	\$46,549.00
Maintenance of Measuring and Regulating Station Equipment - Industrial (890)	\$1,925.00	\$8,490.00
Maintenance of Measuring and Regulating Station Equipment - City Gate Check Station (891)		
Maintenance of Services (892)	\$848,507.00	\$758,115.00
Maintenance of Meters and House Regulators (893)	\$249,858.00	\$294,785.00
Maintenance of Other Equipment (894)	\$49,415.00	\$19,116.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 3 through 8 (Ref Page: 323)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
228. Total Maintenance	\$1,617,802.00	\$1,629,463.00
229. Total Distribution Expenses (Lines 216 and 228)	\$6,182,369.00	\$5,883,025.00
5. CUSTOMER ACCOUNTS EXPENSES		
Operation		
Supervision (901)	\$282.00	\$569.00
Meter Reading Expenses (902)	\$659,485.00	\$661,780.00
Customer Records and Collections Expenses (903)	\$3,257,712.00	\$2,970,386.00
Uncollectible Accounts (904)	\$925,068.00	\$925,196.00
Miscellaneous Customer Account Expenses (905)		
237. Total Customer Accounts Expenses	\$4,842,547.00	\$4,557,931.00
6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
Operation		
Supervision (907)		
Customer Assistance Expenses (908)	\$132,457.00	\$138,390.00
Informational and Instructional Expenses (909)	\$3,923.00	\$13,140.00
Miscellaneous Customer Service and Informational Expenses (910)	\$1,330,567.00	\$982,628.00
244. Total Customer Service and Informational Expenses	\$1,466,947.00	\$1,134,158.00
7. SALES EXPENSES		
Operation		
Supervision (911)	\$2,301.00	\$0.00
Demonstrating and Selling Expenses (912)	\$27.00	\$75.00
Advertising Expenses (913)	\$34,826.00	\$12,557.00
Miscellaneous Sales Expenses (916)		
251. TOTAL Sales Expenses	\$37,154.00	\$12,632.00
8. ADMINISTRATIVE AND GENERAL EXPENSES		
Operation		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Operation and Maintenance - 3 through 8 (Ref Page: 323)

	Amt for Current Yr (b)	Amt for Prev Yr (c)
Administrative and General Salaries (920)	\$2,023,847.00	\$3,010,311.00
Office Supplies and Expenses (921)	\$1,479,614.00	\$1,368,441.00
(Less) Administrative Expenses Transferred - Credit (922)	(\$110.00)	\$10.00
Outside Services Employed (923)	\$1,332,913.00	\$1,265,096.00
Property Insurance (924)	\$210,573.00	\$139,562.00
Injuries and Damanges (925)	\$136,517.00	\$105,968.00
Employee Pensions and benefits (926)	\$2,372,491.00	\$2,288,199.00
Franchise Requirements (927)		
Regulatory Commission Expenses (928)	\$284,622.00	\$624,440.00
(Less) Duplicate Charges - Credit (929)	\$247,938.00	\$186,583.00
General Advertising Expenses (930.1)	\$5,727.00	\$7,126.00
Miscellaneous General Expenses (930.2)	\$201,211.00	\$190,691.00
Rents (931)	\$679,221.00	\$483,223.00
267. Total Operation	\$8,478,908.00	\$9,296,464.00
Maintenance		
269. Maintenance of General Plant (935)	\$56,000.00	\$134,034.00
270. Total Administrative and General (Total 267 and 269)	\$8,534,908.00	\$9,430,498.00
Total Gas O and M Expenses (Total Lines 97,177,201,229,237,244,251 and 270)	\$76,421,897.00	\$89,800,699.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Exchange and Imbalance Transactions (Ref Page: 328)

Zone/Rate Schedule	Gas Received Amount (b)	Gas Received MCF (c)	Gas Delivered Amount (d)	Gas Delivered MCF (e)
N/A	\$0.00	0	\$0.00	0
Total				

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Gas Used in Utility Operations (Ref Page: 331)

Purpose (a)	Acct Charged (b)	Natural Gas Used MCF (c)	Natural Gas Amount of Credit (d)	Manufactured Gas MCF (e)	Manufactured Gas Amount of Credit (f)
Gas Used for Compressor Station Fuel - Credit (810)					
Gas Used For Products Extration - Credit (811)					
Gas Shrinkage and Other Usage in Respondent's Own Processing					
Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
Gas Used for Other Utility Operations - Credit (812)					
(Report seperately each principal use. Group minor uses.)					
Total					

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Transmission and Compression of Gas by Others (858) (Ref Page: 332)

Name of Company and Desc. of	* (b)	Amount of Payment (c)	MCF of Gas (d)
N/A		\$0.00	0

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Other Gas Supply Expenses (813) (Ref Page: 334)

	Description (a)	Amount (b)
	N/A	\$0.00
Total		

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Miscellaneous General Expenses (Acct 930.2) (Ref Page: 335)

Description	Amount
Industry association dues	
Experimental and general research expenses.	
a. Gas Research Institute (GRI)	
b. Other	\$154.00
Publishing and distributing information and reports to stockholders, trustee, registrar and transfer agent fees and expenses and other expenses	
Other	
Business and service company support	\$104,922.00
Dues & subscriptions to various organizations	\$50,321.00
Limited early retirement	\$18,168.00
Director's fees and expenses	\$16,607.00
Shareholder's communications/systems	\$10,107.00
Account analysis reconciliation adjustments	\$576.00
Corporate sponsorships	\$356.00
Total	\$201,211.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Depreciation, Depletion and Amortization of Gas Plant (403,403.1,404.1,404.2,404.3,405) (Ref Page: 336)

	Depreciation 403 (b)	Depreciation Exp	404.1 (d)	404.2 (e)	404.3 (f)	405 (g)	Total (h)
Intangible Plant	\$0.00	\$0.00	\$0.00	\$0.00	\$630,381.00	\$0.00	\$630,381.00
Production Plant, manufactured gas	\$113,040.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$113,040.00
Production and gathering plant, natural gas							
Products extraction plant							
Underground gas storage plant							
Other storage plant							
Base load LNG terminaling and processing plant							
Transmission plant							
Distribution plant	\$9,160,735.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,160,735.00
General Plant	\$0.00	\$0.00	\$0.00	\$0.00	\$142,465.00	\$0.00	\$142,465.00
Common plant - gas	\$323,781.00	\$0.00	\$0.00	\$0.00	\$844,189.00	\$0.00	\$1,167,970.00
Other							
Total	\$9,597,556.00	\$0.00	\$0.00	\$0.00	\$1,617,035.00	\$0.00	\$11,214,591.00

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Depreciation, Depletion and Amortization of Gas Plant (cont) (Ref Page: 338)

Functional Classification (a)	Plant Bases (thousands) (b)	Applied Depr or Amort Rates (c)
Production and Gathering Plant		
Offshore		
Onshore	6,112	2
Underground Gas Storage Plant		
Transmission Plant		
Offshore		
Onshore		
General Plant		
General Plant	3,059	5
Distribution Plant	393,774	2
Intangible Plant	2,744	20

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Particulars Concerning Cetrain Income Deductions and Interest Charges Accounts (Ref Page: 340)

Item (a)	Amount (b)
Acct 426.1 (Customer assistance programs)	\$46,839.00
Acct 426.1 (Items under threshold)	\$4,961.00
Acct 426.2 (Items under threshold)	\$18,226.00
Acct 426.3 (Items under threshold)	\$4,338.00
Acct 426.4 (Civic, political & related activities)	\$299,532.00
Acct 426.5 (PP&E impairment)	\$927,732.00
Acct 426.5 (Sale of A/R fees)	\$298,411.00
Acct 426.5 (Items under threshold)	\$152,396.00
Acct 431 (Swap net interest)	\$989,154.00
Acct 431 (Credit facility)	\$847,217.00
Acct 431 (Customer service deposits @ 6% annum)	\$500,209.00
Acct 431 (Capital meter lease interest)	\$498,203.00
Acct 431 (FIN 48)	\$182,121.00
Acct 431 (Cox Ave office lease)	\$138,420.00
Acct 431 (Interest - assigned from service co)	\$113,778.00
Acct 431 (Deferred Comp for Board of Directors)	\$12,769.00
Acct 431 (Bank service fees)	\$11,500.00
Acct 431 (Interest expense)	\$7,288.00
Acct 431 (Interest expense-taxes-KY UGRLT audit)	\$5,576.00
Acct 431 (Gas refund/recon adj PUCO rule 28)	(\$52.00)

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Regulatory Commission Expenses (928) (Ref Page: 350)

Description (a)	Assessed by Reg Commission (b)	Expenses of the Utility (c)	Total Expenses (d)	Deferred in 182.3 Beg of Yr (e)	Expenses Incurred Charged to Department
KyPSC expense - gas related	\$200,784.00	\$0.00	\$200,784.00	\$0.00	Gas
KyPSC expense - electric related	\$534,714.00	\$0.00	\$534,714.00	\$0.00	Electric
MISO - FERC annual assessment	\$280,992.00	\$0.00	\$280,992.00	\$0.00	Electric
AMRP rate study case no. 2001-092	\$0.00	\$32,040.00	\$32,040.00	\$34,710.00	Gas
KyPSC - request for rate increase - gas	\$0.00	\$51,798.00	\$51,798.00	\$103,597.00	Gas
	\$1,016,490.00	\$83,838.00	\$1,100,328.00	\$138,307.00	

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Regulatory Commission Expenses (928) (Ref Page: 350) (Part Two)

Description (a)	Expenses Incurred Charged to Acct (g)	Expenses Incurred Charged to Amount	Expenses Incurred Deferred to 182.3 (f)	Amortized Contra Acct (j)	Amortized Amt (k)	Deferred in 182.3 End of Yr (l)
KyPSC expense - gas related	928	\$200,784.00	\$0.00		\$0.00	\$0.00
KyPSC expense - electric related	928	\$534,714.00	\$0.00		\$0.00	\$0.00
MISO - FERC annual assessment	928	\$280,992.00	\$0.00		\$0.00	\$0.00
AMRP rate study case no. 2001-092	928	\$32,040.00	\$0.00		\$32,040.00	\$2,670.00
KyPSC - request for rate increase - gas	928	\$51,798.00	\$0.00		\$51,798.00	\$51,799.00
		\$1,100,328.00	\$0.00		\$83,838.00	\$54,469.00

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Distribution of Salaries and Wages - Electric (Ref Page: 355)

Specify	Direct Payroll (b)	Alloc Clearing Accts (c)	Total (d)
Electric			
Operation			
3. Production	\$3,793,201.00	\$87,695.00	\$3,880,896.00
4. Transmission	\$12,089.00	\$5,346.00	\$17,435.00
5. Distribution	\$854,329.00	\$30,916.00	\$885,245.00
6. Customer Accounts	\$1,053,784.00	\$45,162.00	\$1,098,946.00
7. Customer Service and Informational	\$53,962.00	\$9,901.00	\$63,863.00
8. Sales			
9. Administrative and General	(\$162,813.00)	\$92,339.00	(\$70,474.00)
10. Total Operation	\$5,604,552.00	\$271,359.00	\$5,875,911.00
Maintenance			
12. Production	\$3,062,961.00	\$0.00	\$3,062,961.00
13. Transmission	\$19,834.00	\$0.00	\$19,834.00
14. Distribution	\$496,450.00	\$0.00	\$496,450.00
15. Administrative and General	\$2,242.00	\$0.00	\$2,242.00
16. Total Maint	\$3,581,487.00	\$0.00	\$3,581,487.00
Total Operation and Maintenance			
18. Total Production (Lines 3 and 12)	\$6,856,162.00	\$87,695.00	\$6,943,857.00
19. Total Transmission (Lines 4 and 13)	\$31,923.00	\$5,346.00	\$37,269.00
20. Total Distribution (Lines 5 and 14)	\$1,350,779.00	\$30,916.00	\$1,381,695.00
21. Customer Accounts (Transcribe from Line 6)	\$1,053,784.00	\$45,162.00	\$1,098,946.00
22. Customer Service and Informational (Transcribe from Line 7)	\$53,962.00	\$9,901.00	\$63,863.00
23. Sales (Transcribe from Line 8)			
24. Administrative and General (Lines 9 and 15)	(\$160,571.00)	\$92,339.00	(\$68,232.00)

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Distribution of Salaries and Wages - Electric (Ref Page: 355)

Specify	Direct Payroll (b)	Alloc Clearing Accts (c)	Total (d)
25. Total Oper. and Maint. (Lines 18-24)	\$9,186,039.00	\$271,359.00	\$9,457,398.00

22210012 Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

Distribution of Salaries and Wages - Gas (Ref Page: 355)

Specify	Direct Payroll (b)	Ailoc Clearing Accts (c)	Total (d)
Gas			
Operation			
28. Production -- Manufactured Gas	\$135,268.00	\$159.00	\$135,427.00
29. Production -- Nat. Gas (Including Expl and Dev.)			
20. Other Gas Supply	\$1,619.00	\$324.00	\$1,943.00
31. Storage, LNG Terminaling and Processing			
32. Transmission			
33. Distribution	\$2,301,747.00	\$2,971.00	\$2,304,718.00
34. Customer Accounts	\$534,472.00	\$2,014.00	\$536,486.00
35. Customer Service and Informational	\$37,873.00	\$575.00	\$38,448.00
36. Sales			
37. Administrative and General	(\$39,647.00)	\$1,652.00	(\$37,995.00)
38. Total Operation	\$2,971,332.00	\$7,695.00	\$2,979,027.00
Maintenance			
40. Production -- Manufactured Gas	\$202,925.00	\$0.00	\$202,925.00
41. Production -- Natural Gas			
42. Other Gas Supply			
43. Storage, LNG Terminaling and Processing			
44. Transmission			
45. Distribution	\$244,606.00	\$0.00	\$244,606.00
46. Administrative and General			
47. Total Maint	\$447,531.00	\$0.00	\$447,531.00
Total Operation and Maintenance			

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Distribution of Salaries and Wages - Gas (Ref Page: 355)

Specify	Direct Payroll (b)	Alloc Clearing Accts (c)	Total (d)
50. Total Production -- Manufactured Gas (Lines 28 and 40)	\$338,193.00	\$159.00	\$338,352.00
51. Total Production -- Natural Gas (Lines 29 and 41)			
52. Total Other Gas Supply (Lines 30 and 42)	\$1,619.00	\$324.00	\$1,943.00
53. Total Storage LNG Terminating and Processing (Lines 31 and 43)			
54. Total Transmission (Lines 32 and 44)			
55. Total Distribution (Lines 33 and 45)	\$2,546,353.00	\$2,971.00	\$2,549,324.00
56. Customer Accounts (Transcribe Line 34)	\$534,472.00	\$2,014.00	\$536,486.00
57. Customer Service and Informational (Transcribe Line 35)	\$37,873.00	\$575.00	\$38,448.00
58. Sales (Transcribe Line 36)			
59. Administrative and General (Line 37 + 46)	(\$39,647.00)	\$1,652.00	(\$37,995.00)
60. Total Operation and Maint (Lines 50-59)	\$3,418,863.00	\$7,695.00	\$3,426,558.00
Other Utility Departments			
62. Operation and Maintenance			
63. Total All Utility Dept (Lines 25,60,62)	\$12,604,902.00	\$279,054.00	\$12,883,956.00

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Distribution of Salaries and Wages - Utility Plant (Ref Page: 356)

Specify	Direct Payroll (b)	Alloc Clearing Accts (c)	Total (d)
Utility Plant			
Construction (By Utility Departments)			
66. Electric Plant	\$2,163,914.00	\$682,030.00	\$2,845,944.00
67. Gas Plant	\$1,019,165.00	\$115,169.00	\$1,134,334.00
68. Other			
69. Total Construction	\$3,183,079.00	\$797,199.00	\$3,980,278.00
70. Plant Removal (By Utility Departments)			
71. Electric Plant	\$289,968.00	\$0.00	\$289,968.00
72. Gas Plant	\$54,965.00	\$0.00	\$54,965.00
73. Other			
74. Total Plant Removal	\$344,933.00	\$0.00	\$344,933.00
75. Other Accounts			
Other work in progress	(\$856,732.00)	\$0.00	(\$856,732.00)
Other accounts	\$14,696.00	\$0.00	\$14,696.00
76. Total Other Accounts	(\$842,036.00)	\$0.00	(\$842,036.00)
77. Total Salaries and Wages	\$15,290,878.00	\$1,076,253.00	\$16,367,131.00

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Charges for Outside Professional and Other Consultative Services (Ref Page: 358)

Description (a)	* (b)	Amount (2)
Other		\$972,046.00

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Compressor Stations (Ref Page: 508)

Name of Station and	Number of Units (b)	Certified Horsepower (c)	Plant Cost (d)	Fuel or Power (e)	Fuel or Power Type
N/A	0	0	\$0.00	\$0.00	

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Compressor Stations (Ref Page: 508) (Part Two)

Name of Station and	Other (f)	Gas for Comp Fuel MCF	Total Comp Hours	Comp operating at Time	Date of Station Peak (j)
N/A	\$0.00	0	0	0	

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Gas Storage Projects (Ref Page: 512)

	Gas Belonging to Respondent MCF (b)	Gas Belonging to Others MCF (c)	Total MCF (d)
Storage Operations (in MCF)			
Gas Delivered to Storage			
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total			
Gas Withdrawn from Storage			
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			

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Gas Storage Projects (Ref Page: 512)

	Gas Belonging to Respondent MCF (b)	Gas Belonging to Others MCF (c)	Total MCF (d)
December			
Total			

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Gas Storage Projects (cont) (Ref Page: 513)

	Total Amount (b)	Date
Storage Operations		
Top or Working Gas End of Year		
Cushion Gas (Including native gas)		
Total Gas in Reservoir		
Certified Storage Capacity		
Number of Injection - Withdrawal Wells		
Number of Observation Wells		
Maximum Days Withdrawal from Storage		
Date of Maximum Days Withdrawal		
LNG Terminal Companies (MCF)		
Number of Tanks		
Capacity of Tanks		
LNG Volume		
Received at Ship Rail		
Transferred to Tanks		
Withdrawn from Tanks		
Boil Off Vaporization Loss		

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Transmission Lines (Ref Page: 514)

Designation of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
N/A		0

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Transmission System Peak Deliveries (Ref Page: 518)

Description	MCF Gas to Interstate Pipelines (b)	MCF Gas to Others (c)	Total (d)
Section A: Single Day Peak Deliveries			
Date			
Volumes of Gas Transported			
No-Notice Transportation			
Other Firm Transportation			
Interruptible Transportation			
Other (Describe)			
Total			
Volumes of gas Withdrawn form Storage under Storage Contracts			
No-Notice Storage			
Other Firm Storage			
Interruptible Storage			
Other (Describe)			
Total			
Other Operational Activities			
Gas Withdrawn from Storage for System Operations			
Reduction in Line Pack			
Other (Describe)			
Total			
Section B: Consecutive Three-Day Peak Deliveries			
Dates:			
Volumes of Gas Transported			

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Transmission System Peak Deliveries (Ref Page: 518)

Description	MCF Gas to Interstate Pipelines (b)	MCF Gas to Others (c)	Total (d)
No-Notice Transportation			
Other Firm Transportation			
Interruptible Transportation			
Other (Describe)			
Total			
Volumes of Gas Withdrawn from Storage under Storage Contacts			
No-Notice Storage			
Other Firm Storage			
Interruptible Storage			
Other (Describe)			
Total			
Other Operational Activities			
Gas Withdrawn from Storage for System Operations			
Reduction in Line Pack			
Other (Describe)			
Total			

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Auxiliary Peaking Facilities (Ref Page: 519)

Location (a)	Type (b)	Max Daily Delivery Capacity MCF (c)	Cost of Facility (d)	Operated on Date Highest Trans Peak Del? (yes/no)
Erlanger (KY)	Liquid petroleum	25,060	\$5,036,181.00	Yes

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Gas Account - Natural Gas (Ref Page: 520)

Description	Amt MCF
GAS RECEIVED	
Gas Purchases (800-805)	9,693,417
Gas of Others received for Gathering (ref pg 303) (489.1)	
Gas of Others Received for Transmission (Ref pg 305) (489.2)	8,729,524
Gas of Others Received for Distrubution (ref pg 301) (489.3)	3,375,003
Gas of Others Received for Contract Storage (Ref Pg 307) (489.4)	
Exchanged Gas Received from Others (Ref Pg 328) (806)	
Gas Received as Imbalances (Ref Pg 328) (806)	
Receipts of Respondent's Gas Transported by Others (Ref pg 332) (858)	
Other Gas Withdrawn from Storage (Explain)	
Gas Received from Shippers as Compressor Station Fuel	
Gas Received from Shippers as Lost and Unaccounted for	
Other Reciepts (Specify)	
Propane produced from peaking facility; invent adj	8,210
Total Receipts	21,806,154
GAS DELIVERED	
Gas Sales (480-484)	9,718,613
Deliveries of gas Gathered for Others (Ref pg 303) (489.1)	
Deliveries of Gas Transported for Others (Ref Pg 305) (489.2)	8,729,524
Deliveries of Gas Distributed for Others (Ref Pg 301) (489.3)	3,227,047
Deliveries of Contract Storage gas (Ref Pg 307) (489.4)	
Exchange Gas Delivered to Others (Ref Pg 328) (806)	
Gas Delivered as Imbalances (Ref Pg 328) (806)	
Deliveries of Gas to Others for Transportation (Ref Pg 332) (858)	
Other Gas Delivered to Storage (Explain)	

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Gas Account - Natural Gas (Ref Page: 520)

Description	Amt MCF
Gas Used for Compressor Station Fuel (509)	
Other Deliveries (Specify)	
Other deliveries & gas used for other operations	6,746
28. Total Deliveries	21,681,930
GAS UNACCOUNTED FOR	
Production System Losses	
Gathering System Losses	
Transmission System Losses	
Distribution System Losses	124,224
Storage System Losses	
Other Losses (Specify)	
36. Total Unaccounted For	124,224
Total Deliveries and Unaccounted For For (Line 28 and 36)	21,806,154

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CheckList

Item	Value 1	Value 2	Agree	Explain
Balance Sheet (Ref pg 110)				
Utility Plant agrees with Sched Summary of Utility Plant (Ref pg 200) Line 13. Total Utility Plant less Line 11. Construction Work In Progress	1629663486.00	1629663486.00	OK	
Line 3. Construction Work In Progress agrees with Sched Summary of Utility Plant (Ref pg 200) Line 11. Construction Work In Progress	27611713.00	27611713.00	OK	
Line 5. Accum. Prov for Depr and Amort Depl agrees with Sched Summary of Utility Plant (Ref Pg 200) Lines 14. Accum. Prov for Depr and Amort Depl	744281884.00	744281884.00	OK	
Line 5. Accum. Prov for Depr and Amort Depl agrees with Sched Summary of Utility Plant (Ref Pg 200) Lines 33. Total Accumulated Provisions	744281884.00	744281884.00	OK	
Line 6. Net Utility Plant agrees with Sched Summary of Utility Plant (Ref Pg 200) Lines 15. Net Utility Plant	912993315.00	912993315.00	OK	
Line 11. Utility Plant Adjustments are supported by Submitted Financial Statements as requested on Ref Pg 122				
Line 12. Gas Stored-Base Gas (117.1) agrees with Sched Gas Stored Accounts (Ref Pg 220) Line Balance at End of Year Column 117.1 (b)	0.0000	0.0000	OK	
Line 14. Gas Stored Underground - Non Current (117.3) agrees with Sched Gas Stored Accounts (Ref Pg 220) Line Balance at End of Year Column 117.4 (d)	0.0000	0.0000	OK	
Line 15. Gas Owned to System Gas (117.4) agrees with Sched Gas Stored Accounts (Ref Pg 220) Line Balance at End of Year Column 117.4 (e)	0.0000	0.0000	OK	
Line 17. Investments in Subsidiary Companies agrees with Sched Investments in Subsidiary Companies 123.1 (Ref Pg 224) Line Total Column Amt of Investment (g)	0.0000	0	OK	
Line 47. Gas Stored Underground - Current (164.1) agrees with Sched Gas Stored Accounts (Ref Pg 220) Col 164.1 (f)	0.0000	0.0000	OK	

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CheckList

Item	Value 1	Value 2	Agree	Explain
Line 48. Liquefied Nat Gas Stored and Held (164.3) agrees with Sched Gas Stored Accounts (Ref Pg 220) Sum of Cols 164.2 and 164.3	0.0000	0.0000	OK	
Line 49. Prepayments agrees with Sched Prepayments (Ref Pg 230)	2950497.00	2950497.00	OK	
Line 58. Extraordinary Property Losses agrees with Sched Extraordinary Property Losses (Ref Pg 230)	0.0000	0	OK	
Line 59 Unrecovered Plant and Regulatory Study Costs agrees with Sched Unrecovered Plant and Regulatory Study Costs (Ref Pg 230)	0.0000	0	OK	
Line 65 Miscellaneous Deferred Debits agrees with Sched Miscellaneous Deferred Debits (Ref Pg 233)	37376859.00	37376859.00	OK	
Line 69 Accumulated Deferred Income Taxes agrees with Sched Accumulated Deferred Income Taxes (Ref Pg 234) Total Acct 190	6735833.00	6735833.00	OK	
Comparative Balance Sheet (Liabilities and Other Credits) (Ref Pg 112)				
Line 2. Common Stock Issued agrees with Sched Capital Stock (Ref Pg 250) Line Total Common Stock Col (f)	8779995.00	8779995.00	OK	
Line 3. Preferred Stock Issued agrees with Sched Capital Stock (Ref Pg 250) Line Total Preferred Stock Col (f)	0.0000	0	OK	
Line 4. Capital Stock Subscribed agrees with Sched Capital Stock Subscribed, Liability for Conversion Premium and Installments Received (Ref Pg 252) Line Total Capital Stock Subscribed Col (d)	0.0000	0	OK	
Line 5. Stock Liability for Conversion agrees with Sched Capital Stock Subscribed, Liability for Conversion Premium and Installments Received (Ref Pg 252) Line Total Stock Liability for Conversion	0.0000	0	OK	

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CheckList

Item	Value 1	Value 2	Agree	Explain
Line 6. Premium on Capital Stock agrees with Sched Capital Stock Subscribed, Liability for Conversion Premium and Installments Received (Ref Pg 252) Line Total Premium on Capital Stock	18838946.00	18838946.00	OK	
Line 7. Other Paid-in Capital Stock agrees with Sched Other Paid in Capital(Ref Pg 253) Line Total	148655189.00	148655189.00	OK	
Line 8. Installmnts Recvd Capital Stk agrees with Sched Capital Stock Subscribed, Liability for Conversion Premium and Installments Received (Ref Pg 252) Line Tot Inst. Recvd on Capital Stock	0.0000	0	OK	
Line 9. Discount on Capital Stock agrees with Sched Discount on Capital Stock Acct 213 (Ref Pg 254) Line Total	0.0000	0	OK	
Line 10. Capital Stock Expense agrees with Sched Capital Stock Expense Acct 214 (Ref Pg 254) Line Total	0.0000	0	OK	
Line 11 Retained Earnings agrees with Statement of Retained Earnings for the Year (Ref Pg 118) Line 19. Total Retained Earnings	178389553.00	178389553.00	OK	
Line 12. Unappropriated Undistributed Subsidiary Earnings agrees with Statement of Retained Earnings for the Year (Ref Pg 118) Line 24. Balance End of Year	0.0000	0	OK	
Line 13. Reacquired Capital Stock agrees with Capital Stock (Ref Pg 250) Line Total col Acct 217 (h)	0.0000	0.0000	OK	
Line 39. Taxes Accrued agrees with Sched Taxes Accrued, Prepaid and Charged (Ref Pg 263) Line Total Col Acct 236 (g)	7389694.00	7389694.00	OK	
Line 45. Misc Current and Accrued Liabilities agrees with Sched Misc Current and Accrued Liabilities (Ref Pg 268) Line Total	7733476.00	7733476.00	OK	
Line 52. Other Deferred Credits agrees with Sched Other Deferred Credits (Ref Pg 269) Line Total	22449809.00	22449809.00	OK	
Income Statement (Ref Pg 114)				

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CheckList

Item	Value 1	Value 2	Agree	Explain
Line 2. Gas Operating Revenues agrees with Sched Gas Operating Revenues (Ref Pg 300) Line Total Col (h)	115203744.00	115203744.00	OK	
Sum of Lines 4 and 5 Operation and Maint Expenses agrees with Sched Gas Operation and Maintenance (Ref Pg 335) Line Total Gas O and M Expenses	76421897.00	76421897.00	OK	
Line 6. Depreciation Exp (403) agrees with Sched Depreciation, Depletion and Amort (Ref Pg 336) Line Total Col Depreciation (b)	9597556.00	9597556.00	OK	
Line 7. Amort and Depl (404-405) agrees with Sched Depreciation, Depletion and Amort (Ref Pg 336) Line Total Sum of Cols (c-f)	1617035.00	1617035.0000	OK	
Sum of Lines 13,14 and 15. Taxes (408.1-409.1) agrees with Sched Taxes Accr, Prepd and Charged (Ref Pg 262) Line Total Col (j)	4448108.00	4448108.00	OK	
Line 16. Provision for Deferred Income Taxes (410.1) agrees with SUM OF Acct 190 (Ref Pg 234) Col c , Acct 282 (Ref Pg 274) Col c and Acct 282 (Ref Pg 276) Col c	54160006.00	53962490.00	NO	
Line 17. (Less) Provision for Deferred Income Taxes (411.1) agrees with SUM OF Acct 190 (Ref Pg 234) Col d , Acct 282 (Ref Pg 274) Col d and Acct 282 (Ref Pg 276) Col d	33606494.00	33605727.00	NO	
Income Statement (Ref Pg 116)				
Sum of Lines 48,49 and 50 agrees with Sched Taxes Accr, Prepd and Charged (Ref Pg 262) Line Total Taxes Other Than Income Col (l)	2974867.00	2974867.00	OK	
Line 49. Provision for Deferred Inc. Taxes agrees with Sched Accumulated Deferred Income Taxes (Ref Pg 234) Line Total Acct 190 Col 410.2 (e)	1819917.00	1579761.00	NO	
Line 52. (Less) Provision for Deferred Inc. Taxes CR agrees with Sched Accumulated Deferred Income Taxes (Ref Pg 234) Line Total Acct 190 Col 411.2 (f)	7593444.00	3692473.00	NO	

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CheckList

Item	Value 1	Value 2	Agree	Explain
Line 70. Income Taxes - Federal and Other agrees with Sched Taxes Accr, Prepd and Charged (Ref Pg 262) Col 409.3 (m) Sum of Lines Total Income Taxes Federal and Other	0.0000	0.0000	OK	
Summary of Utility Plant and Accumulated Provisions for Depreciation Amortization and Depletion (Ref Pg 200)				
Line 8. Total Utility Plant agrees with Sched Gas Plant in Service (Ref Pg 206) Line Total Gas Plant in Service Col (g)	405992193.00	405992193.00	OK	
Line 10. Held for Future Use agrees with Sched Gas Plant Held for Future Use (Ref Pg 214) Line Total	0	0	OK	
Line 11. Construction Work in Progress agrees with Sched Construction Work in Progress (Ref Pg 216) Line Total	3837880.00	3837880.00	OK	
Line 18. Depreciation agrees with Sched Accumulated Provision for Depreciation of Gas Utility Plant (Ref Pg 219) Line Balance at End of Year	115524405.00	115524405.00	OK	
Statement of Retained Earnings for the Year (Ref Pg 118)				
Line 10 Total Dividends Declared - Preferred Stock agrees with Statement of Cash Flows (Ref Pg 120) Line 68. Dividends on Preferred Stock	0	0	OK	
Line 11. Total Dividends Declared - Common Stock agrees with Statement of Cash Flows (Ref Pg 120) Line 69. Dividends on Common Stock	-135000000.00	-135000000.00	OK	
Miscellaneous General Expenses (Ref Pg 335)				
Line Total agrees with Sched Gas Operation and Maintenance (Ref Pg 323) Line Miscellaneous General Expenses	201211.00	201211.00	OK	

PUBLIC SERVICE COMMISSION
ANNUAL REPORT BRANCH
APR 30 2012
RECEIVED
EXAMINED BY _____

Kentucky Public Service Commission

SUPPLEMENTAL REPORTS

for

Duke Energy Kentucky, Inc.

ADDITIONAL INFORMATION TO BE FURNISHED WITH
ANNUAL REPORT

ELECTRIC UTILITIES

Please furnish the following information, for Kentucky Operations only, and attach to your annual report.

Number of Rural Customers (Other than Farms)	28,905
Number of Farms Served (A farm is any agricultural operating unit consisting of 3 acres or more)	754
Number of K. W. H. sold to all Rural Customers	1,418,542,317
Total Revenue from all Rural Customers	104,481,396

LINE DATA

Total number Miles of Wire Energized (Located in Kentucky)	
Total Number of Miles of Pole Line (Located in Kentucky)	

Name of Counties in which you furnish Electric Service:

- Boone County
- Campbell County
- Grant County
- Kenton County
- Pendleton County
- _____
- _____
- _____
- _____

**ADDITIONAL INFORMATION TO BE FURNISHED WITH
ANNUAL REPORT**

GAS UTILITIES - CLASS A & B

Please furnish the following information, for Kentucky Operations only, and attach to your annual report.

Name of Counties in which you furnish Gas Service:

- Boone County
- Bracken County
- Campbell County
- Gallatin County
- Grant County
- Kenton County
- Pendleton County
-
-
-
-
-
-

Duke Energy Kentucky, Inc.
Supplemental Electric Information
Revenues, Customers and KWH Sales

	<u>For Reporting Year 2011</u>		
	<u>Revenues</u>	<u>KWHs Sold</u>	<u>Customers</u>
440 Residential	125,417,440	1,494,370,524	120,423
442 Commercial & Industrial Sales			
Small (or Commercial)	110,313,927	1,427,247,888	13,396
Large (or Industrial)	52,612,717	785,033,393	379
444 Public St & Highway Lighting	1,458,272	15,225,721	408
445 Other Sales to Public Authorities	22,607,569	300,085,325	968
446 Sales to Railroads and Railways		-	
448 Interdepartmental Sales	52,567	714,466	-
TOTAL Sales to Ultimate Customers	312,462,492	4,022,677,317	135,574
447 Sales for Resale	23,334,960	662,841,000	1
TOTAL Sales of Electricity	<u>335,797,452</u>	<u>4,685,518,317</u>	<u>135,575</u>

Duke Energy Kentucky, Inc.
Supplemental Gas Information
 Revenues, Customers and MCF Sales

	<u>For Reporting Year 2011</u>		
	<u>Revenues</u>	<u>MCFs of Natural Gas Sold</u>	<u>Customers</u>
480 Residential	<u>76,858,764</u>	<u>6,043,620</u>	<u>87,316</u>
481 Commercial & Industrial Sales			
Small (or Commercial)	<u>26,585,123</u>	<u>2,894,103</u>	<u>7,011</u>
Large (or Industrial)	<u>2,364,506</u>	<u>285,804</u>	<u>211</u>
482 Other Sales to Public Authorities	<u>3,340,849</u>	<u>406,175</u>	<u>360</u>
484 Interdepartmental Sales	<u>24,921</u>	<u>3,193</u>	
TOTAL Sales to Ultimate Customers	109,174,163	9,632,895	94,898
483 Sales for Resale	-	-	
TOTAL Natural Gas Service	<u><u>109,174,163</u></u>	<u><u>9,632,895</u></u>	<u><u>94,898</u></u>

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2011

1. Amount of Principal Payment during calendar year \$ 0
2. Is Principal Current? (YES) x (NO) _____
3. Is Interest Current? (YES) x (NO) _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant?

(YES) X (NO) _____

If yes, which service is performed?

Audit X

Compilation _____

Review _____

Please enclose a copy of the accountant's report with annual report.

2011 TOTAL NUMBER OF MILES ENERGIZED

VOLTAGE		UNDERGROUND		OVERHEAD	
		CIRCUIT MILES	ENERG. MILES	CIRCUIT MILES	ENERG. MILES
<i>DEK DISTRIBUTION</i>					
2.4		1.34	2.68	13.84	27.68
4		0.90	3.60	4.61	18.44
7.5		367.67	735.34	765.38	1530.76
13		300.83	1203.32	678.73	2714.92
20		0.00	0.00	0.00	0.00
34.5		0.00	0.00	0.00	0.00
SECONDARY	(X3)	129.33	387.99	667.85	2003.55
TOTAL		800.07	2332.93	2130.41	6295.35
<i>DEK OVERHEAD TRANSMISSION</i>					
138 KV - (X4) DE OHIO OWNED				125.69	502.76
345 KV + CCD (X4) DE OHIO OWNED				59.57	238.28
69 KV (X4)				126.45	505.80
TOTAL				311.71	1246.84
<i>TOTAL MILES:</i>					
		800.07	2332.93	2442.12	7542.19
<i>TOTAL ENERGIZED MILES:</i>					
		9875.12			

DUKE ENERGY, KENTUCKY INC DISTRIBUTION AND TRANSMISSION (MILES OF LINE) 2011

<u>TAX DISTRICT</u>	<u>DISTRIBUTION POLE MILES</u>	<u>DISTRIBUTION U.G. TRENCH MILES</u>	<u>TRANSMISSION POLE MILES</u>
5902020000	82.85	15.11	4.28
5900030000	54.83	11.52	1.69
5908030000	42.81	12.22	5.13
5907030200	16.46	3.49	1.99
5910010000	21.32	7.69	0.36
5900040000	40.27	32.66	1.17
5917040000	10.04	1.36	0.00
5916050000	0.78	0.00	0.00
5914040000	9.58	2.63	0.00
5914010000	0.01	0.22	0.00
5911040000	29.55	11.61	2.76
5906040000	33.50	18.24	0.64
5913040000	0.65	0.00	0.00
5905040000	8.31	14.03	3.35
5903040000	0.93	0.18	0.00
5915040000	2.31	0.01	0.00
5919040000	31.93	14.89	2.80
5904040000	0.16	0.08	0.00
5909040000	2.31	0.08	1.38
5920040000	15.87	32.49	1.30
5902040000	27.34	11.23	0.73
5916040000	10.93	1.67	0.00
5908040000	1.97	0.39	0.69
5918040800	35.03	4.00	1.17
5910040000	2.97	2.10	0.00
5911010000	0.35	0.12	0.00
5900040600	29.16	7.54	2.00
5900040400	15.39	0.29	2.77
5900040200	26.30	6.52	1.72
5900040800	45.07	5.35	2.20
5909040000	2.31	0.08	0.70
5900040300	27.43	9.65	6.14
5912040300	74.43	36.85	0.00
5900040500	10.04	1.36	0.00
5900040700	33.50	18.24	0.00
5900040100	37.28	9.10	3.91
5900040080	0.02	0.01	0.00
5901040000	3.35	0.05	0.00
5900040070	0.10	0.00	0.00
TOTAL			
KENTON COUNTY	787.44	293.06	48.88

<u>TAX DISTRICT</u>	<u>DISTRIBUTION POLE MILES</u>	<u>DISTRIBUTION U.G. TRENCH MILES</u>	<u>TRANSMISSION POLE MILES</u>
1911050000	37.25	7.15	1.34
1902010000	14.9	1.20	0.00
1906030000	14.36	2.15	0.00
1913070000	6.32	1.21	0.00
1901020500	28.07	13.47	3.32
1900020000	2.55	0.17	2.20
1915020000	0.72	0.03	0.00
1908020000	4.18	2.27	0.86
1914020000	15.98	8.66	7.07
1904020000	11.63	5.51	2.94
1900060800	2.09	0.53	0.00
1913020000	5.93	1.11	0.00
1911020000	0.63	0.89	0.00
1902020000	0.02	0.14	0.00
1900020200	71.84	40.28	7.38
1900020600	22.33	3.81	0.00
1900020700	33.44	9.65	0.37
1900020500	88.00	28.01	5.52
1907020000	3.38	2.72	0.00
1900020100	53.05	9.22	0.00
1900020800	3.34	0.23	0.00
1905020000	0.73	0.04	0.00
1909020600	10.38	5.82	0.00
1912060000	5.11	0.52	0.00
1999020000	0.06	0.00	0.00
1907040000	57.38	13.24	0.00
TOTAL			
CAMPBELL COUNTY	493.67	158.03	31.00

<u>TAX DISTRICT</u>	<u>DISTRIBUTION POLE MILES</u>	<u>DISTRIBUTION U.G. TRENCH MILES</u>	<u>TRANSMISSION POLE MILES</u>
800010000	7.51	19.76	0.60
800020800	0.00	0.00	0.00
801000000	0.00	0.00	3.03
803020100	64.92	44.60	2.97
802010000	27.18	12.03	0.00
800010100	48.13	37.57	3.10
800020100	85.13	53.66	6.33
800010200	8.48	0.37	0.00
800010400	35.73	43.84	0.00
800010300	60.95	53.54	15.87
800010500	38.28	35.29	2.40
800010600	17.31	5.02	2.34
800010900	115.97	95.96	12.70
800010700	19.22	5.29	0.00
801010000	24.50	0.01	0.00
800010800	9.13	3.57	0.00
TOTAL			
BOONE COUNTY	562.44	410.51	49.34

<u>TAX DISTRICT</u>	<u>DISTRIBUTION POLE MILES</u>	<u>DISTRIBUTION U.G. TRENCH MILES</u>	<u>TRANSMISSION POLE MILES</u>
4100010000	38.94	19.36	9.63
4103010000	10.48	2.87	2.03
4104020000	0.00	0.00	0.08
4100020000	0.17	0.00	1.17
4104010000	0.00	0.00	0.08
4102010000	4.13	1.22	0.00
TOTAL			
GRANT COUNTY	53.72	23.45	12.99

9600010000	5.79	0.31	0.00
901040000	3.35	0.05	0.00
TOTAL			
PENDLETON COUNTY	9.14	0.36	0.00

GRAND TOTALS	1906.41	885.41	142.21
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**ADDITIONAL INFORMATION TO BE FURNISHED WITH
ANNUAL REPORT
GAS PURCHASES**

(Accounts 800, 801, 802, 803, 804, 804.1, 805, 805.1, 805.2, 806)

Name of Seller	Account Number	Gas Purchased - Mcf	Cost of Gas
STORAGE CONTRA-EXPENSE	801	(1,059,505)	(5,449,354)
ONEOK	801	83,278	389,518
INTER-CO TRANSFER	801	(82,935)	(142,211)
GAS COST CONTRACT EXPENSE	801	-	-
ANADARKO	801	19,882	97,550
CONOCO	801	1,319,793	6,800,944
TENASKA MARKETING VENTURES	801	3,326,022	15,896,286
CHEVRON	801	1,261,812	6,531,510
IBERDROLA	801	269,426	1,190,954
TOTAL GAS & POWER	801	-	-
SEQUENT	801	1,773,133	7,896,808
SHELL ENERGY	801	1,169,245	5,901,823
BP ENERGY	801	190,049	932,368
NJR ENERGY SERVICES	801	342,848	1,520,275
IT ENDUSER CASHOUT (BANK)	805	(4,696)	-
IT ENDUSER UNAUTHORIZED OVERRUN	805	2,151	-
		8,610,503	41,566,470

OATH

State of NORTH CAROLINA)
County of MECKLENBURG COUNTY) ss:

Steven K. Young makes oath and says
(Name of Officer)

that he/she is Senior Vice President and Controller of
(Official title of officer)

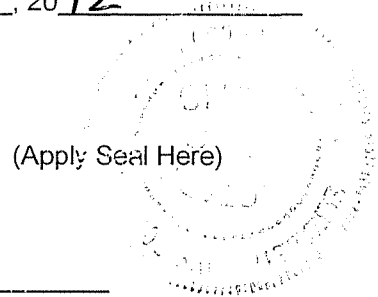
Duke Energy Kentucky, Inc.
(Exact legal title or name of respondent)

that it is her/her duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he/she knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he/she has carefully examined the said report and to have the best of his/her knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he/she believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 2011, to and including December 31, 2011

Steven K. Young
(Signature of Officer)

subscribed and sworn to before me, a Notary Public, in and for
the State and County named in the above this 18th day of April, 2012



My Commission expires 12/7/2013

Elizabeth Love Rotrock
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

Cline, Jeff D (PSC)

From: PSC_UFR_WebApp@ky.gov
Sent: Friday, April 27, 2012 9:12 AM
To: Cline, Jeff D (PSC); Owen, Kenneth R (PSC); Rhodes, Jim R (PSC)
Subject: 22210012 ALL Schedules Complete - Duke Energy Kentucky, Inc.(2011)

Importance: High

22210012 has just marked all schedules complete. The Utility Financial Report is ready for your review. This message has been autogenerated by the PSC Utility Financial .NET Application. Please do not respond to this message.

Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

**Total Rows with Errors
Gas Plant in Service - Transmission, Distribution and General**

	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
121. Subtotal (Lines 104-113)	\$152,724.00	\$107,851.00	\$0.00	\$0.00	\$3,202,738.00
(calculated)	\$152,724.00	\$107,851.00	\$0.00	\$0.00	\$3,194,958.00

CheckList Items

Item	value 1	value 2	Agree	Explain
Statement of Income for the Year (Ref Pg 114) Line 16. Provision for Deferred Income Taxes (410.1) agrees with SUM OF Acct 190 (Ref Pg 234) Col c , Acct 282 (Ref Pg 274) Col c and Acct 282 (Ref Pg 276) Col c	54160006.00	53962490.00	False	
Statement of Income for the Year (Ref Pg 114) Line 17. (Less) Provision for Deferred Income Taxes (411.1) agrees with SUM OF Acct 190 (Ref Pg 234) Col d , Acct 282 (Ref Pg 274) Col d and Acct 282 (Ref Pg 276) Col d	33606494.00	33605727.00	False	
Statement of Income (continued) (Ref Pg 116) Line 49. Provision for Deferred Inc. Taxes agrees with Sched Accumulated Deferred Income Taxes (Ref Pg 234) Line Total Acct 190 Col 410.2 (e)	1819917.00	1579761.00	False	
Statement of Income (continued) (Ref Pg 116) Line 52. (Less) Provision for Deferred Inc. Taxes CR agrees with Sched Accumulated Deferred Income Taxes (Ref Pg 234) Line Total Acct 190 Col 411.2 (f)	7593444.00	3692473.00	False	

Cline, Jeff D (PSC)

From: PSC_UFR_WebApp@ky.gov
Sent: Wednesday, July 11, 2012 3:41 PM
To: Cline, Jeff D (PSC); Owen, Kenneth R (PSC); Rhodes, Jim R (PSC)
Subject: 22210012 ALL Schedules Complete - Duke Energy Kentucky, Inc.(2011)

Importance: High

22210012 has just marked all schedules complete. The Utility Financial Report is ready for your review. This message has been autogenerated by the PSC Utility Financial .NET Application. Please do not respond to this message.

Cline, Jeff D (PSC)

From: Hood, Sharon L <Sharon.Hood@duke-energy.com>
Sent: Tuesday, August 14, 2012 2:21 PM
To: Cline, Jeff D (PSC)
Cc: Hood, Sharon L
Subject: FW: Duke Energy Kentucky, Inc. - 2011 Annual Financial and Statistical Report Issue
Attachments: Duke (Gas) 2011AR Checklist.pdf

Jeff,

Below are the explanations for the variances.

Line 16: Value 2 should also include \$197,747 (page 272, column C) which are amounts debited to 410.1

Line 17: Value 2 should also include \$767 (page 272, column D) which are amounts credited to 411.1

Line 49: Value 2 should also include \$243,876 (page 275, column E) and -\$3,720 (page 277, column E) which are amounts debited to 410.2

Line 52: Value 2 should also include \$3,844,903 (page 275, column F) and \$56,068 (page 277, column F) which are amounts credited to 411.2

Please let me know if you have any more questions.

Sharon L. Hood | Duke Energy - Consolidations | **T:** 704-382-3451 | **F:** 980-373-8725 | **Mailcode:** DEC44C

From: Cline, Jeff D (PSC) [<mailto:JeffD.Cline@ky.gov>]
Sent: Tuesday, August 14, 2012 9:20 AM
To: Hood, Sharon L
Subject: RE: Duke Energy Kentucky, Inc. - 2011 Annual Financial and Statistical Report Issue

Dear Ms. Hood:

Can you please take a look at the attached checklist from the end of the Duke's Gas 2011 Annual Report? Is it possible for you to please provide explanations for all of the items that do not cross-reference listed on page 4?

Jeff Cline
Annual Report Branch Manager
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

Phone: 502.564.3940 X 218 | Fax: 502.564.3460 | Web: www.psc.ky.gov

From: Hood, Sharon L [<mailto:Sharon.Hood@duke-energy.com>]
Sent: Wednesday, July 11, 2012 4:05 PM
To: Cline, Jeff D (PSC)
Cc: Laub, Peggy A; Cocanougher, Kristen; D'Ascenzo, Rocco O; Longueira, Phil; Hood, Sharon L
Subject: RE: Duke Energy Kentucky, Inc. - 2011 Annual Financial and Statistical Report Issue

Mr. Cline,

I have made the following revisions to the Duke Energy Kentucky's 2011 Annual Financial and Statistical Reports:

Electric Annual Report - Electric Operation and Maintenance Expenses – Customer, Sales and Administrative Expenses (Ref Page 321):

I have added a note explaining the difference which is the same explanation as prior year (Market Facilitation, Monitoring and Compliance Services (575.7))

Gas Annual Report - Gas Plant in Service – Transmission, Distribution (Ref Page 206):

Cost \$7,780 was incorrectly classified as Miscellaneous Equipment and should have been Communication Equipment. I have moved this amount to the correct line.

I have made the changes to the reports noted and changed the status to complete. Thank you for bringing these errors to our attention and please contact me if you have any questions.

Sharon Lam Hood | Duke Energy - Consolidations | **T:** 704-382-3451 | **F:** 980-373-8725 | **Mailcode:** DEC44C

From: Cline, Jeff D (PSC) [<mailto:JeffD.Cline@ky.gov>]

Sent: Wednesday, July 11, 2012 12:16 PM

To: D'Ascenzo, Rocco O

Subject: Duke Energy Kentucky, Inc. - 2011 Annual Financial and Statistical Report Issue

Dear Mr. D'Ascenzo:

This correspondence has been issued to advise that the following items in Duke Energy Kentucky's 2011 Annual Financial and Statistical Reports filed April 30, 2012 may be in need of correction or explanation.

ELECTRIC ANNUAL REPORT

Electric Operation and Maintenance Expenses – Customer, Sales and Administrative Expenses (Ref Page 321); Amount for Current Year

Using figures as provide, the **Total Electric Operation and Maintenance** appears to be incorrect. In prior year reports, a note was included indicating the difference was attributed to Market Facilitation, Monitoring and Compliance Services (575.7). In the event the difference is the same for the 2011 report, can Duke please utilize the "add note" item in the web portal tools menu?

GAS ANNUAL REPORT

Gas Plant in Service – Transmission, Distribution (Ref Page 206); Balance End Year

Using figures as provide, the **Subtotal (line 121)** appears to be incorrect. Based on other information the this schedule, it seems that if Subtotal is correct, Miscellaneous Equipment (line 120) could potentially be incorrect.

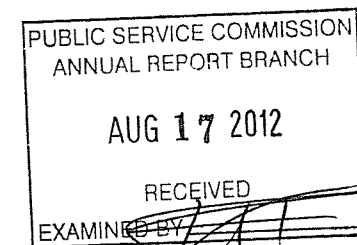
The above referenced schedules are attached and Have been electronically placed into "*edit*" mode on our web portal. Please make the appropriate changes or explanations you deem necessary and resubmit any revisions by marking all schedules complete in the web portal tools menu and providing a hard-copy by mail of any modified pages no later than **July 18, 2012**.

Jeff Cline
Annual Report Branch Manager
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

Duke Energy Kentucky, Inc. 01/01/2011 - 12/31/2011

**No Errors Found in Total Rows
CheckList Items**

Item	value 1	value 2	Agree	Explain
Statement of Income for the Year (Ref Pg 114) Line 16. Provision for Deferred Income Taxes (410.1) agrees with SUM OF Acct 190 (Ref Pg 234) Col c , Acct 282 (Ref Pg 274) Col c and Acct 282 (Ref Pg 276) Col c	54160006.00	53962490.00	False	Value 2 should also include \$197,747 (page 272, column C) which are amounts debited to 410.1
Statement of Income for the Year (Ref Pg 114) Line 17. (Less) Provision for Deferred Income Taxes (411.1) agrees with SUM OF Acct 190 (Ref Pg 234) Col d , Acct 282 (Ref Pg 274) Col d and Acct 282 (Ref Pg 276) Col d	33606494.00	33605727.00	False	Value 2 should also include \$767 (page 272, column D) which are amounts credited to 411.1
Statement of Income (continued) (Ref Pg 116) Line 49. Provision for Deferred Inc. Taxes agrees with Sched Accumulated Deferred Income Taxes (Ref Pg 234) Line Total Acct 190 Col 410.2 (e)	1819917.00	1579761.00	False	Value 2 should also include \$243,876 (page 275, column E) and -\$3,720 (page 277, column E) which are amounts debited to 410.2
Statement of Income (continued) (Ref Pg 116) Line 52. (Less) Provision for Deferred Inc. Taxes CR agrees with Sched Accumulated Deferred Income Taxes (Ref Pg 234) Line Total Acct 190 Col 411.2 (f)	7593444.00	3692473.00	False	Value 2 should also include \$3,844,903 (page 275, column F) and \$56,068 (page 277, column F) which are amounts credited to 411.2



THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 2 Approved
OMB No.1902-0028
(Expires 10/31/2014)
Form 3-Q Approved
OMB No.1902-0205
(Expires 05/31/2014)



PUBLIC SERVICE COMMISSION
ANNUAL REPORT BRANCH

APR 30 2012

RECEIVED
EXAMINED BY _____

FERC FINANCIAL REPORT

FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company) Duke Energy Kentucky, Inc.	Year/Period of Report End of <u>2011/Q4</u>
---	---

INDEPENDENT AUDITORS' REPORT

Duke Energy Kentucky, Inc.

We have audited the balance sheet — regulatory basis of Duke Energy Kentucky, Inc. (the "Company") as of December 31, 2011, and the related statements of income — regulatory basis, retained earnings — regulatory basis, and cash flows — regulatory basis for the year then ended, included on pages 110 through 122 of the accompanying Federal Energy Regulatory Commission Form 2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed on pages 122.1 and 122.2, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such regulatory-basis financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of the Company as of December 31, 2011, and the results of its operations and its cash flows for the year then ended, in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

April 16, 2012

QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

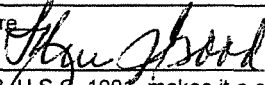
IDENTIFICATION

01 Exact Legal Name of Respondent Duke Energy Kentucky, Inc.		Year/Period of Report End of <u>2011/Q4</u>	
03 Previous Name and Date of Change (If name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1697 A. Monmouth Street, Newport, KY 41071			
05 Name of Contact Person Sharon Hood		06 Title of Contact Person Lead Accounting Analyst	
07 Address of Contact Person (Street, City, State, Zip Code) 550 South Tryon Street, Charlotte, NC 28202			
08 Telephone of Contact Person, Including Area Code 704-382-3451		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr)

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

11 Name Lynn J. Good		12 Title Chief Financial Officer	
13 Signature 		14 Date Signed 04/16/2012	

Title 18 U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

List of Schedules (Natural Gas Company)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
	GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103		N/A
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Accumulated Comprehensive Income and Hedging Activities	117		
9	Statement of Retained Earnings for the Year	118-119		
10	Statements of Cash Flows	120-121		
11	Notes to Financial Statements	122		
	BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
13	Gas Plant in Service	204-209		
14	Gas Property and Capacity Leased from Others	212		
15	Gas Property and Capacity Leased to Others	213		N/A
16	Gas Plant Held for Future Use	214		N/A
17	Construction Work in Progress-Gas	216		
18	Non-Traditional Rate Treatment Afforded New Projects	217		N/A
19	General Description of Construction Overhead Procedure	218		
20	Accumulated Provision for Depreciation of Gas Utility Plant	219		
21	Gas Stored	220		
22	Investments	222-223		
23	Investments in Subsidiary Companies	224-225		N/A
24	Prepayments	230		
25	Extraordinary Property Losses	230		N/A
26	Unrecovered Plant and Regulatory Study Costs	230		N/A
27	Other Regulatory Assets	232		
28	Miscellaneous Deferred Debits	233		
29	Accumulated Deferred Income Taxes	234-235		
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
30	Capital Stock	250-251		
31	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
32	Other Paid-in Capital	253		
33	Discount on Capital Stock	254		N/A
34	Capital Stock Expense	254		N/A
35	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		
36	Long-Term Debt	256-257		
37	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		

List of Schedules (Natural Gas Company) (continued)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No	Title of Schedule (a)	Reference Page No (b)	Date Revised (c)	Remarks (d)
38	Unamortized Loss and Gain on Reacquired Debt	260		
39	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		
40	Taxes Accrued, Prepaid, and Charged During Year	262-263		
41	Miscellaneous Current and Accrued Liabilities	268		
42	Other Deferred Credits	269		
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44	Accumulated Deferred Income Taxes-Other	276-277		
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	INCOME ACCOUNT SUPPORTING SCHEDULES			
46	Monthly Quantity & Revenue Data by Rate Schedule	299		
47	Gas Operating Revenues	300-301		
48	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		N/A
49	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		
50	Revenues from Storage Gas of Others	306-307		N/A
51	Other Gas Revenues	308		
52	Discounted Rate Services and Negotiated Rate Services	313		N/A
53	Gas Operation and Maintenance Expenses	317-325		
54	Exchange and Imbalance Transactions	328		N/A
55	Gas Used in Utility Operations	331		N/A
56	Transmission and Compression of Gas by Others	332		N/A
57	Other Gas Supply Expenses	334		N/A
58	Miscellaneous General Expenses-Gas	335		
59	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
60	<i>Particulars Concerning Certain Income Deduction and Interest Charges Accounts</i>	340		
	COMMON SECTION			
61	Regulatory Commission Expenses	350-351		
62	Employee Pensions and Benefits (Account 926)	352		
63	Distribution of Salaries and Wages	354-355		
64	Charges for Outside Professional and Other Consultative Services	357		
65	Transactions with Associated (Affiliated) Companies	358		
	GAS PLANT STATISTICAL DATA			
66	Compressor Stations	508-509		N/A
67	Gas Storage Projects	512-513		N/A
68	Transmission Lines	514		N/A
69	Transmission System Peak Deliveries	518		N/A
70	Auxiliary Peaking Facilities	519		
71	Gas Account-Natural Gas	520		
72	Shipper Supplied Gas for the Current Quarter	521		N/A
73	System Map	522		N/A
74	Footnote Reference	551		N/A
75	Footnote Text	552		N/A
76	Stockholder's Reports (check appropriate box)			
	<input type="checkbox"/> Four copies will be submitted <input checked="" type="checkbox"/> No annual report to stockholders is prepared			

General Information

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Steven K. Young Senior Vice President and Controller 550 South Tryon Street Charlotte, NC 28202	Other Corporate Books of Account: 139 East Fourth Street Cincinnati, OH 45202
--	---

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Commonwealth of Kentucky
 Date of Incorporation: March 20, 1901

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased

Not applicable

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Kentucky - Gas and Electric

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) Yes... Enter the date when such independent accountant was initially engaged:
 (2) No

Name of Respondent
Duke Energy Kentucky, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2011/Q4

Control Over Respondent

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.
2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.
3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	Duke Energy Ohio, Inc.	M	OH	100.00
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30				

Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants,

<p>1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:</p>	<p>2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.</p> <p>Total: 585333</p> <p>By Proxy:</p>	<p>3. Give the date and place of such meeting:</p>
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Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		4. Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	585,333	585,333		
6	TOTAL number of security holders	1	1		
7	TOTAL votes of security holders listed below	585,333	585,333		
8					
9	Duke Energy Ohio, Inc.				
10	139 East Fourth Street				
11	Cincinnati, OH 45202				
12					
13					
14					
15					
16					
17					
18					
19					
20					

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
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Important Changes During the Quarter/Year

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.
Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
13. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
Important Changes During the Quarter/Year			

1. None
2. See Notes to Financial Statements, Note 2, "Acquisitions"
3. See Notes to Financial Statements, Note 2, "Acquisitions" and Note 3, "Regulatory Matters"
4. None
5. None
6. See Notes to Financial Statements, Note 5, "Debt and Credit Facilities"
7. None
8. During the fourth quarter 2011, employees bargained for by IBEW Local 1347 received pay changes (promotion, demotion, pay rate change/merit, job reclassification and adjustments) that totaled \$4,306 in annualized costs or a monthly amount of approximately \$359.
9. See Notes to Financial Statements, Note 3, "Regulatory Matters" and Note 4, "Commitments and Contingencies"
10. None
11. None
12. None
13. N/A

Comparative Balance Sheet (Assets and Other Debits)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	1,629,663,486	1,593,477,412
3	Construction Work in Progress (107)	200-201	27,611,713	14,510,244
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	1,657,275,199	1,607,987,656
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		744,281,884	708,752,314
6	Net Utility Plant (Total of line 4 less 5)		912,993,315	899,235,342
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		0	0
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		0	0
9	Nuclear Fuel (Total of line 7 less 8)		0	0
10	Net Utility Plant (Total of lines 6 and 9)		912,993,315	899,235,342
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored-Base Gas (117.1)	220	0	0
13	System Balancing Gas (117.2)	220	0	0
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0
15	Gas Owed to System Gas (117.4)	220	0	0
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)		24,088,348	24,088,348
18	(Less) Accum. Provision for Depreciation and Amortization (122)		17,723,306	16,435,934
19	Investments in Associated Companies (123)	222-223	0	0
20	Investments in Subsidiary Companies (123.1)	224-225	0	0
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances		0	0
23	Other Investments (124)	222-223	1,500	1,500
24	Sinking Funds (125)		0	0
25	Depreciation Fund (126)		0	0
26	Amortization Fund - Federal (127)		0	0
27	Other Special Funds (128)		0	0
28	Long-Term Portion of Derivative Assets (175)		0	0
29	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		6,366,542	7,653,914
31	CURRENT AND ACCRUED ASSETS			
32	Cash (131)		9,873,513	7,315,421
33	Special Deposits (132-134)		0	0
34	Working Funds (135)		0	2,500
35	Temporary Cash Investments (136)	222-223	0	25,480,000
36	Notes Receivable (141)		0	0
37	Customer Accounts Receivable (142)		2,711,715	1,354,042
38	Other Accounts Receivable (143)		4,009,492	5,108,551
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		243,221	339,747
40	Notes Receivable from Associated Companies (145)		31,908,184	101,860,360
41	Accounts Receivable from Associated Companies (146)		70,462	4,443,258
42	Fuel Stock (151)		17,624,306	20,129,313
43	Fuel Stock Expenses Undistributed (152)		0	0

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="checked" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Comparative Balance Sheet (Assets and Other Debits)(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0
45	Plant Materials and Operating Supplies (154)		18,379,080	15,920,942
46	Merchandise (155)		0	0
47	Other Materials and Supplies (156)		0	0
48	Nuclear Materials Held for Sale (157)		0	0
49	Allowances (158.1 and 158.2)		553,203	1,580,008
50	(Less) Noncurrent Portion of Allowances		0	0
51	Stores Expense Undistributed (163)		814,113	1,266,445
52	Gas Stored Underground-Current (164.1)	220	0	6,101,308
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0
54	Prepayments (165)	230	2,950,497	1,483,709
55	Advances for Gas (166 thru 167)		0	0
56	Interest and Dividends Receivable (171)		0	49,929
57	Rents Receivable (172)		78,000	0
58	Accrued Utility Revenues (173)		0	0
59	Miscellaneous Current and Accrued Assets (174)		8,509,140	561,502
60	Derivative Instrument Assets (175)		221,976	0
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
62	Derivative Instrument Assets - Hedges (176)		0	0
63	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
64	TOTAL Current and Accrued Assets (Total of lines 32 thru 63)		97,460,460	192,317,541
65	DEFERRED DEBITS			
66	Unamortized Debt Expense (181)		2,793,101	2,452,656
67	Extraordinary Property Losses (182.1)	230	0	0
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
69	Other Regulatory Assets (182.3)	232	16,684,902	12,541,331
70	Preliminary Survey and Investigation Charges (Electric)(183)		2,301,918	1,761,706
71	Preliminary Survey and Investigation Charges (Gas)(183.1 and 183.2)		0	0
72	Clearing Accounts (184)		35,376	21,652
73	Temporary Facilities (185)		(21,595)	(1,525)
74	Miscellaneous Deferred Debits (186)	233	37,376,859	35,279,166
75	Deferred Losses from Disposition of Utility Plant (187)		0	0
76	Research, Development, and Demonstration Expend. (188)		0	0
77	Unamortized Loss on Reacquired Debt (189)		2,813,656	3,096,800
78	Accumulated Deferred Income Taxes (190)	234-235	6,735,833	1,377,750
79	Unrecovered Purchased Gas Costs (191)		(2,306,548)	(416,895)
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		66,413,502	56,112,641
81	TOTAL Assets and Other Debits (Total of lines 10-15,30,64,and 80)		1,083,233,819	1,155,319,438

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Comparative Balance Sheet (Liabilities and Other Credits)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	8,779,995	8,779,995
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	18,838,946	18,838,946
7	Other Paid-In Capital (208-211)	253	148,655,189	148,655,189
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	178,389,553	289,079,935
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	117	0	0
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		354,663,683	465,354,065
16	LONG TERM DEBT			
17	Bonds (221)	256-257	0	0
18	(Less) Reacquired Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	0	0
20	Other Long-Term Debt (224)	256-257	332,571,494	332,571,494
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	710,262	800,689
23	(Less) Current Portion of Long-Term Debt		1,955,899	0
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)		329,905,333	331,770,805
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases-Noncurrent (227)		8,878,042	10,914,651
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		13,754,004	16,864,581
30	Accumulated Miscellaneous Operating Provisions (228.4)		520,000	520,000
31	Accumulated Provision for Rate Refunds (229)		0	0

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Comparative Balance Sheet (Liabilities and Other Credits)(continued)

Line No	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
32	Long-Term Portion of Derivative Instrument Liabilities		8,472,629	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	4,628,100
34	Asset Retirement Obligations (230)		5,859,011	5,512,010
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		37,483,686	38,439,342
36	CURRENT AND ACCRUED LIABILITIES			
37	Current Portion of Long-Term Debt		1,955,899	0
38	Notes Payable (231)		0	0
39	Accounts Payable (232)		27,166,108	30,381,577
40	Notes Payable to Associated Companies (233)		0	0
41	Accounts Payable to Associated Companies (234)		25,977,263	17,304,664
42	Customer Deposits (235)		8,367,445	8,127,400
43	Taxes Accrued (236)	262-263	7,389,694	8,273,137
44	Interest Accrued (237)		4,133,070	3,985,331
45	Dividends Declared (238)		0	0
46	Matured Long-Term Debt (239)		0	0
47	Matured Interest (240)		0	0
48	Tax Collections Payable (241)		1,625,734	1,883,035
49	Miscellaneous Current and Accrued Liabilities (242)	268	7,733,476	9,719,380
50	Obligations Under Capital Leases-Current (243)		2,046,316	1,903,733
51	Derivative Instrument Liabilities (244)		8,472,629	42,847
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		8,472,629	0
53	Derivative Instrument Liabilities - Hedges (245)		0	4,628,100
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	4,628,100
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		86,395,005	81,621,104
56	DEFERRED CREDITS			
57	Customer Advances for Construction (252)		1,030,284	1,323,510
58	Accumulated Deferred Investment Tax Credits (255)		1,776,454	2,554,791
59	Deferred Gains from Disposition of Utility Plant (256)		0	0
60	Other Deferred Credits (253)	269	22,449,809	8,308,119
61	Other Regulatory Liabilities (254)	278	6,823,376	3,596,892
62	Unamortized Gain on Reacquired Debt (257)	260	0	0
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		394,496	197,747
64	Accumulated Deferred Income Taxes - Other Property (282)		232,620,280	215,711,250
65	Accumulated Deferred Income Taxes - Other (283)		9,691,413	6,441,813
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		274,786,112	238,134,122
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		1,083,233,819	1,155,319,438

Statement of Income

Quarterly

1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.

2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.

3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.

4. If additional columns are needed place them in a footnote.

Annual or Quarterly, if applicable

5. Do not report fourth quarter data in columns (e) and (f).

6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.

7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

9. Use page 122 for important notes regarding the statement of income for any account thereof.

10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.

11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.

13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.

14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.

15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	458,674,872	486,740,594	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	306,812,697	311,682,848	0	0
5	Maintenance Expenses (402)	317-325	27,533,307	32,051,992	0	0
6	Depreciation Expense (403)	336-338	38,438,584	37,481,857	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	4,595,742	6,181,917	0	0
9	Amortization of Utility Plant Acc. Adjustment (406)	336-338	0	0	0	0
10	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		0	0	0	0
11	Amortization of Conversion Expenses (407.2)		0	0	0	0
12	Regulatory Debits (407.3)		7,052,265	8,751,639	0	0
13	(Less) Regulatory Credits (407.4)		0	0	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	11,869,635	10,545,022	0	0
15	Income Taxes-Federal (409.1)	262-263	3,733,788	1,218,643	0	0
16	Income Taxes-Other (409.1)	262-263	1,415,793	1,495,631	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	54,160,006	53,187,046	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	33,606,494	33,962,981	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		(142,557)	(160,714)	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		6,841	11,239	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		0	0	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		421,855,925	428,461,661	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		36,818,947	58,278,933	0	0

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Statement of Income

Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	343,471,128	347,408,408	115,203,744	139,332,186	0	0
3						
4	232,174,175	223,659,680	74,638,522	88,023,168	0	0
5	25,749,932	30,274,461	1,783,375	1,777,531	0	0
6	28,841,028	28,251,922	9,597,556	9,229,935	0	0
7	0	0	0	0	0	0
8	2,978,707	4,074,574	1,617,035	2,107,343	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	5,197,697	5,345,286	1,854,568	3,406,353	0	0
13	0	0	0	0	0	0
14	7,946,803	7,169,435	3,922,832	3,375,587	0	0
15	3,625,970	(1,968,211)	107,818	3,186,854	0	0
16	998,335	656,583	417,458	839,048	0	0
17	31,760,811	37,884,849	22,399,195	15,302,197	0	0
18	26,344,659	24,919,053	7,261,835	9,043,928	0	0
19	(70,561)	(87,997)	(71,996)	(72,717)	0	0
20	0	0	0	0	0	0
21	0	0	0	0	0	0
22	6,841	11,239	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	312,851,397	310,330,290	109,004,528	118,131,371	0	0
26	30,619,731	37,078,118	6,199,216	21,200,815	0	0

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Statement of Income(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		36,818,947	58,278,933	0	0
28	OTHER INCOME AND DEDUCTIONS					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues form Merchandising, Jobbing and Contract Work (415)		220,100	327,566	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		78,550	114,631	0	0
33	Revenues from Nonutility Operations (417)		8,289	1,094	0	0
34	(Less) Expenses of Nonutility Operations (417 1)		(181,222)	1,153	0	0
35	Nonoperating Rental Income (418)		(239,695)	(636,132)	0	0
36	Equity in Earnings of Subsidiary Companies (418 1)	119	0	0	0	0
37	Interest and Dividend Income (419)		2,815,133	2,917,823	0	0
38	Allowance for Other Funds Used During Construction (419 1)		595,773	353,341	0	0
39	Miscellaneous Nonoperating Income (421)		1,484	54,628	0	0
40	Gain on Disposition of Property (421 1)		0	0	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		3,503,756	2,902,536	0	0
42	Other Income Deductions					
43	Loss on Disposition of Property (421 2)		0	0	0	0
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426 1)	340	51,800	27,939	0	0
46	Life Insurance (426 2)		18,226	(1,323)	0	0
47	Penalties (426 3)		4,338	220	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426 4)		299,532	337,609	0	0
49	Other Deductions (426 5)		1,378,539	440,726	0	0
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	1,752,435	805,171	0	0
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other than Income Taxes (408 2)	262-263	294,580	304,148	0	0
53	Income Taxes-Federal (409 2)	262-263	2,312,927	4,061,919	0	0
54	Income Taxes-Other (409 2)	262-263	367,360	706,305	0	0
55	Provision for Deferred Income Taxes (410 2)	234-235	1,819,917	292,056	0	0
56	(Less) Provision for Deferred Income Taxes-Credit (411 2)	234-235	7,593,444	3,890,203	0	0
57	Investment Tax Credit Adjustments-Net (411 5)		(433,041)	(541,655)	0	0
58	(Less) Investment Tax Credits (420)		0	0	0	0
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(3,231,701)	932,570	0	0
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		4,983,022	1,164,795	0	0
61	INTEREST CHARGES					
62	Interest on Long-Term Debt (427)		13,821,653	13,839,721	0	0
63	Amortization of Debt Disc. and Expense (428)	258-259	294,680	450,571	0	0
64	Amortization of Loss on Reacquired Debt (428 1)		283,143	283,143	0	0
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	0	0	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429 1)		0	0	0	0
67	Interest on Debt to Associated Companies (430)	340	0	0	0	0
68	Other Interest Expense (431)	340	3,306,183	1,764,048	0	0
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		213,308	155,043	0	0
70	Net Interest Charges (Total of lines 62 thru 69)		17,492,351	16,182,440	0	0
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		24,309,618	43,261,288	0	0
72	EXTRAORDINARY ITEMS					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409 3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		24,309,618	43,261,288	0	0

Statement of Accumulated Comprehensive Income and Hedging Activities

1. Report in columns (b) (c) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on available-for-sale securities (b)	Minimum Pension liability Adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Quarter/Year to Date Reclassifications from Account 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Quarter/Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Quarter/Year to Date Reclassifications from Account 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				

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Statement of Accumulated Comprehensive Income and Hedging Activities(continued)

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges (Insert Category) (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 116, Line 78) (i)	Total Comprehensive Income (j)
1					
2					
3					
4				43,261,288	43,261,288
5					
6					
7					
8					
9				24,309,618	24,309,618
10					

Statement of Retained Earnings

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.

Line No	Item (a)	Contra Primary Account Affected (b)	Current Quarter Year to Date Balance (c)	Previous Quarter Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance-Beginning of Period		289,079,935	245,818,647
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)			
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)			
6	Balance Transferred from Income (Acct 433 less Acct 418.1)		24,309,618	43,261,288
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436) (footnote details)			
9	Dividends Declared-Preferred Stock (Account 437)			
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (footnote details)			
11	Dividends Declared-Common Stock (Account 438)			
12	TOTAL Dividends Declared-Common Stock (Account 438) (footnote details)	131	135,000,000	
13	Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance-End of Period (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		178,389,553	289,079,935
15	APPROPRIATED RETAINED EARNINGS (Account 215)			
16	TOTAL Appropriated Retained Earnings (Account 215) (footnote details)			
17	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account			
18	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account			
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines			
20	TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1		178,389,553	289,079,935
21	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
	Report only on an Annual Basis no Quarterly			
22	Balance-Beginning of Year (Debit or Credit)			
23	Equity in Earnings for Year (Credit) (Account 418.1)			
24	(Less) Dividends Received (Debit)			
25	Other Changes (Explain)			
26	Balance-End of Year			

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FOOTNOTE DATA			

Schedule Page: 118 Line No.: 12 Column: c
September 2011 Common Stock Dividends Declared

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Statement of Cash Flows

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper, and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 78(c) on page 116)	24,309,618	43,261,288
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	38,438,584	37,481,857
5	Amortization of (Specify) (footnote details)	5,173,565	6,915,631
6	Deferred Income Taxes (Net)	14,779,985	15,625,918
7	Investment Tax Credit Adjustments (Net)	(575,598)	(702,369)
8	Net (Increase) Decrease in Receivables	17,531,761	(7,510,782)
9	Net (Increase) Decrease in Inventory	(624,587)	5,034,092
10	Net (Increase) Decrease in Allowances Inventory	1,026,805	1,219,324
11	Net Increase (Decrease) in Payables and Accrued Expenses	(1,880,075)	(3,652,671)
12	Net (Increase) Decrease in Other Regulatory Assets	179,321	5,211,601
13	Net Increase (Decrease) in Other Regulatory Liabilities	3,226,484	2,632,468
14	(Less) Allowance for Other Funds Used During Construction	595,773	353,341
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other (footnote details):	9,890,034	(6,512,314)
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16)	110,880,124	98,650,702
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	(54,253,866)	(59,893,609)
23	Gross Additions to Nuclear Fuel		
24	Gross Additions to Common Utility Plant	(722,841)	(1,327,937)
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction	(595,773)	(353,341)
27	Other (footnote details):		
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(54,380,934)	(60,868,205)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)		
32			
33	Investments in and Advances to Assoc. and Subsidiary Companies	56,410,000	(31,599,839)
34	Contributions and Advances from Assoc. and Subsidiary Companies		
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

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Statement of Cash Flows (continued)

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other (footnote details):		
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	2,029,066	(92,468,044)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)		26,720,000
54	Preferred Stock		
55	Common Stock		
56	Other (footnote details):		
57	Net Increase in Short-term Debt (c)		
58	Other (footnote details):		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)		26,720,000
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)		(26,720,000)
63	Preferred Stock		
64	Common Stock		
65	Other (footnote details):	(833,598)	(268,016)
66	Net Decrease in Short-Term Debt (c)		
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	(135,000,000)	
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	(135,833,598)	(268,016)
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of line 18, 49 and 71)	(22,924,408)	5,914,642
75			
76	Cash and Cash Equivalents at Beginning of Period	32,797,921	26,883,279
77			
78	Cash and Cash Equivalents at End of Period	9,873,513	32,797,921

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 78 Column: b

	YTD <u>Dec '11</u>	YTD <u>Dec '10</u>
Supplemental Disclosures (in thousands):		
Cash paid for interest, net of amount capitalized	\$ 16,875	\$ 15,639
Cash paid for income taxes	4,817	11,962

Significant non-cash transactions (in thousands):		
AFUDC - equity component	\$ 596	\$ 353
Accrued capital expenditures	7,794	3,053

	YTD <u>Dec '11</u>	YTD <u>Dec '10</u>
Cash and Cash Equivalents at End of Period:		
Cash (131)	\$9,873,513	\$ 7,315,421
Working Funds (135)	0	2,500
Temporary Cash Investments (136)	0	25,480,000
Total	<u>\$9,873,513</u>	<u>\$32,797,921</u>

Schedule Page: 120 Line No.: 16 Column: b

Other:

Unrecovered Purchased Gas Costs	1,889,653
Prepayments	(1,466,788)
Clearing Accounts	(13,724)
Miscellaneous Current and Accrued Assets	(722,542)
Derivative Instrument Assets	(221,976)
Miscellaneous Deferred Debits	(2,097,693)
Obligations under Capital Leases-Non-current	(2,036,609)
Accumulated Provisions	3,228,505
Customer Advances for Construction	(293,226)
Other Deferred Credits	13,794,688
Contributions to Company Sponsored Pension Plan	(6,339,082)
Temporary Facilities	20,070
Net Utility Plant and Nonutility Property	1,364,923
Cost of Removal	3,075,458
Deferred Income Taxes	14,572
Derivative Instruments	(42,847)
Preliminary Survey and Investigation Charges	(540,212)
Debt Expenses	288,901
Derivative Instrument Liabilities	(12,037)
	<u>9,890,034</u>

Schedule Page: 120 Line No.: 16 Column: c

Other:

Unrecovered Purchased Gas Costs	1,495,166
Prepayments	243,545
Clearing Accounts	(12,975)

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Miscellaneous Current and Accrued Assets	(69,623)
Miscellaneous Deferred Debits	1,720,244
Obligations Under Capital Leases - Non-current	(980,071)
Accumulated Provisions	(7,537,548)
Customer Advances for Construction	(109,594)
Other Deferred Credits	1,747,620
Contributions to Company Pension	(5,403,974)
Temporary Facilities	(50,213)
Net Utility Plant and Non Utility Property	1,310,329
Cost of Removal	1,559,350
Deferred Income Taxes	386,520
Derivative Instruments	27,141
Preliminary Survey and Investigation Charges	(750,033)
Debt Expenses	(137,881)
Derivative Instrument Liabilities - Hedges	49,683
	\$(6,512,314)

Schedule Page: 120 Line No.: 5 Column: b

Amortization of:

Plant Items	\$4,595,742
Debt Discount, Premium, Expense and Loss on Reacquired Debt	\$ 577,823
Total Amortization	\$5,173,565

Schedule Page: 120 Line No.: 5 Column: c

Amortization of:

Plant Items	\$6,181,917
Debt Discount, Premium, Expense and Loss on Reacquired Debt	\$ 733,714
Total Amortization	\$6,915,631

Schedule Page: 120 Line No.: 65 Column: b

Other:

Premium payments and fees on deferred debt	(\$833,598)
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Schedule Page: 120 Line No.: 65 Column: c

Other:

Premium payments and fees on deferred debt	(\$268,016)
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Duke Energy Kentucky, Inc.			
Notes to Financial Statements			

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Recquired Debt, and 257, Unamortized Gain on Recquired Debt, are not used, give an explanation, providing the rate treatment given these item. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

This Federal Energy Regulatory Commission (FERC) Form 2 represents the financial statements of Duke Energy Kentucky, Inc. (Duke Energy Kentucky) as of and for the year ended December 31, 2011. Duke Energy Kentucky's financial statements have been prepared in conformity with the requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The following areas represent the significant differences between the Uniform System of Accounts and GAAP: (1) the presentation of significant non-cash transactions, (2) the presentation of current and non-current portions of preferred stock and other liabilities, (3) the presentation of extraordinary deductions, (4) the presentation of removal costs, (5) the presentation of ASC 740-10 (formerly SFAS No. 109) regulatory assets and liabilities, (6) the presentation of the current portion of deferred income taxes, (7) the presentation of purchases and sales of emission allowances, (8) the presentation of credit balances in asset accounts and debit balances in liability accounts, and (9) the presentation of capital leases vs. operating leases.

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GAAP requires that the current and non-current portions of preferred stock and other liabilities be appropriately identified and reported on the Balance Sheet. FERC requires that these items be reported as set forth in the Uniform System of Accounts and published accounting releases, which does not recognize any segregation between the current and non-current portions of these items for reporting purposes.

GAAP requires that public business enterprises report certain information about operating segments in complete sets of financial statements of the enterprise and certain information about their products and services, which are not required for FERC reporting purposes. The item reported differently due to these guidelines is the non-current portion of profits from wholesale power sales to be shared with customers, reported as a deferred credit per GAAP and as a current liability per FERC.

FERC requires that losses of unusual nature and infrequent occurrence, which would significantly distort the current year's income, be recorded as extraordinary deductions.

GAAP requires that removal costs for property that does not have an associated legal retirement obligation be presented as a liability on the Balance Sheet. These costs are presented as accumulated depreciation on the Balance Sheet for FERC reporting purposes. The portion of accumulated depreciation related to removal costs was \$63 million at December 31, 2011 and \$56 million at December 31, 2010.

GAAP requires the regulatory assets and liabilities resulting from the implementation of ASC 740-10 (formerly SFAS No. 109) be presented as a net amount on the Balance Sheet. For FERC reporting purposes, these assets and liabilities are presented separately and are included in the other regulatory asset and other regulatory liability line items.

GAAP requires the current portion of deferred income taxes be reported as a current asset or liability on the balance sheet. For FERC reporting purposes, the current portion of deferred income taxes are included in Accumulated Deferred Income Taxes, which is non-current.

GAAP requires proceeds from the purchase and sale of emission allowances to be presented within the Investing Section of the Statement of Cash Flows. For FERC purposes, these amounts are included within the Operating Section of the Cash Flow Statement.

GAAP requires that certain account balances within financial statement line items which are not in the natural position for that line item (i.e., an account within Accounts Receivable with a credit balance) be reclassified to the appropriate side of the Balance Sheet. FERC does not require certain accounts which are not in a natural position for their respective line item to be reclassified, as long as the line item in total is in its natural position.

GAAP requires the payments related to capital leases to be included within the Financing Section of the Statement of Cash Flows. For FERC purposes, payments related to these capital leases are included within the Operating Section of the Cash Flow Statement.

In Docket No. A1-07-2-000, the FERC issued accounting and financial reporting guidance related to the implementation of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (FIN 48). Duke Energy Kentucky reflects this guidance in the FERC Form No. 1.

Duke Energy Kentucky's Notes to the Financial Statements have been prepared in conformity with GAAP. Accordingly, certain footnotes are not reflective of Duke Energy Kentucky's Financial Statements contained herein.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
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1. Summary of Significant Accounting Policies

Nature of Operations. Duke Energy Kentucky, Inc. (Duke Energy Kentucky) a Kentucky corporation organized in 1901, is a combination electric and gas public utility company that provides service in northern Kentucky. Duke Energy Kentucky's principal lines of business include generation, transmission and distribution of electricity, as well as the sale of and/or transportation of natural gas. Duke Energy Kentucky's common stock is wholly owned by Duke Energy Ohio, Inc. (Duke Energy Ohio) an indirect wholly-owned subsidiary of Duke Energy Corporation (Duke Energy).

These statements reflect Duke Energy Kentucky's proportionate share of the East Bend generating station which is jointly owned with Dayton Power & Light.

Use of Estimates. To conform to GAAP, management makes estimates and assumptions that affect the amounts reported in the Financial Statements and Notes. Although these estimates are based on management's best available knowledge at the time, actual results could differ.

Cash and Cash Equivalents. All highly liquid investments with remaining maturities of three months or less at the date of acquisition are considered cash equivalents.

Inventory. Inventory consists primarily of coal held for electric generation, materials and supplies and natural gas held in storage for transmission and sales commitments. Inventory is recorded primarily using the average cost method.

Components of Inventory

	December 31, 2011	December 31, 2010
	(in thousands)	
Coal held for electric generation	\$ 14,500	\$ 16,057
Materials and supplies	21,081	19,867
Gas held in storage	1,236	7,494
Total Inventory	<u>\$ 36,817</u>	<u>\$ 43,418</u>

Cost-Based Regulation. Duke Energy Kentucky accounts for its regulated operations in accordance with applicable regulatory accounting guidance. The economic effects of regulation can result in a regulated company recording assets for costs that have been or are expected to be approved for recovery from customers in a future period or recording liabilities for amounts that are expected to be returned to customers in the rate-setting process in a period different from the period in which the amounts would be recorded by an unregulated enterprise. Accordingly, Duke Energy Kentucky records assets and liabilities that result from the regulated ratemaking process that would not be recorded under GAAP for non-regulated entities. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. Management continually assesses whether regulatory assets are probable of future recovery by considering factors such as applicable regulatory changes, recent rate orders applicable to other regulated entities and the status of any pending or potential deregulation legislation. Additionally, management continually assesses whether any regulatory liabilities have been incurred. Based on this continual assessment, management believes the existing regulatory assets are probable of recovery and that no regulatory liabilities, other than those recorded, have been incurred. These regulatory assets and liabilities are primarily classified in the Balance Sheets as Regulatory Assets and Deferred Debits, and Deferred Credits and Other Liabilities. Duke Energy Kentucky periodically evaluates the applicability of regulatory accounting treatment, and considers factors such as regulatory changes and the impact of competition. If cost-based regulation ends or competition increases, Duke Energy Kentucky may have to reduce its asset balances to reflect a market basis less than cost and write off their associated regulatory assets and liabilities. For further information see Note 3.

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In order to apply regulatory accounting treatment and record regulatory assets and liabilities, certain criteria must be met. Management makes significant judgments in determining whether the criteria are met for its operations, including determining whether revenue rates for services provided to customers are subject to approval by an independent, third-party regulator, whether the regulated rates are designed to recover specific costs of providing the regulated service, and a determination of whether, in view of the demand for the regulated services and the level of competition, it is reasonable to assume that rates are set at levels that will recover the operations' costs and can be charged to and collected from customers. This final criterion requires consideration of anticipated changes in levels of demand or competition, direct and indirect, during the recovery period for any capitalized costs.

Fuel Cost Deferrals. Fuel expense includes fuel costs or other recoveries that are deferred through fuel clauses established by Duke Energy Kentucky's regulators. These clauses allow Duke Energy Kentucky to recover fuel costs, fuel-related costs and portions of purchased power costs through surcharges on customer rates. These deferred fuel costs are recognized in revenues and fuel expenses as they are billable to customers.

Property, Plant and Equipment. Property, plant and equipment are stated at the lower of historical cost less accumulated depreciation or fair value, if impaired. Duke Energy Kentucky capitalizes all construction-related direct labor and material costs, as well as indirect construction costs. Indirect costs include general engineering, taxes and the cost of funds used during construction (see "Allowance for Funds Used During Construction (AFUDC) and Interest Capitalized," discussed below). The cost of renewals and betterments that extend the useful life of property, plant and equipment are also capitalized. The cost of repairs, replacements and major maintenance projects, which do not extend the useful life or increase the expected output of property, plant and equipment, is expensed as incurred. Depreciation is generally computed over the asset's estimated useful life using the straight-line method. The composite weighted-average depreciation rate was 2.7% and 2.8% for the year ended December 31, 2011 and 2010, respectively. Depreciation studies are conducted periodically to update the composite rates and are approved by the Kentucky Public Service Commission (KPSC).

When Duke Energy Kentucky retires its regulated property, plant and equipment, it charges the original cost plus the cost of retirement, less salvage value, to accumulated depreciation, consistent with regulated rate making practices, if the retirement is considered a normal retirement. When it (i) sells entire regulated operating units or (ii) retires regulated property, plant and equipment and the retirement is not considered normal, the cost is removed from the property account and the related accumulated depreciation and amortization accounts are reduced. Any gain or loss is recorded in earnings, unless otherwise required by the applicable regulatory body.

See Note 7 for further information on the components and estimated useful lives of Duke Energy Kentucky's property, plant and equipment balance.

Allowance for Funds Used During Construction (AFUDC) and Interest Capitalized. In accordance with applicable regulatory accounting guidance, Duke Energy Kentucky records AFUDC, which represents the estimated debt and equity costs of capital funds necessary to finance the construction of new regulated facilities. Both the debt and equity components of AFUDC are non-cash amounts within the Statements of Operations. AFUDC is capitalized as a component of the cost of Property, Plant and Equipment, with an offsetting credit to Other Income and Expenses, net on the Statements of Operations for the equity component and as an offset to Interest Expense on the Statements of Operations for the debt component. After construction is completed, Duke Energy Kentucky is permitted to recover these costs through inclusion in the rate base and the corresponding depreciation expense.

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AFUDC equity is recorded in the Statements of Operations on an after-tax basis and is a permanent difference item for income tax purposes (i.e. a permanent difference between financial statement and income tax reporting), thus reducing Duke Energy Kentucky's effective tax rate during the construction phase in which AFUDC equity is being recorded. The effective tax rate is subsequently increased in future periods when the completed property, plant and equipment is placed in service and depreciation of the AFUDC equity commences.

Asset Retirement Obligations. Duke Energy Kentucky recognizes asset retirement obligations for legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal use of the asset, and for conditional asset retirement obligations. The term conditional asset retirement obligation refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. When recording an asset retirement obligation, the present value of the projected liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The present value of the liability is added to the carrying amount of the associated asset. This additional carrying amount is then depreciated over the estimated useful life of the asset. See Note 6 for further information regarding Duke Energy Kentucky's asset retirement obligations.

Unamortized Debt Premium, Discount and Expense. Premiums, discounts and expenses incurred with the issuance of outstanding long-term debt are amortized over the terms of the debt issues. Any call premiums or unamortized expenses associated with refinancing higher-cost debt obligations to finance regulated assets and operations are amortized consistent with regulatory treatment of those items, where appropriate. The amortization expense is recorded as a component of interest expense in the Statements of Operations and is reflected as Depreciation and amortization within Net cash provided by operating activities on the Statements of Cash Flows.

Loss Contingencies and Environmental Liabilities. Duke Energy Kentucky is involved in certain legal and environmental matters that arise in the normal course of business. Contingent losses are recorded when it is determined that it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. When a range of the probable loss exists and no amount within the range is a better estimate than any other amount, Duke Energy Kentucky records a loss contingency at the minimum amount in the range. Unless otherwise required by GAAP, legal fees are expensed as incurred.

Environmental liabilities are recorded on an undiscounted basis when the necessity for environmental remediation becomes probable and the costs can be reasonably estimated, or when other potential environmental liabilities are reasonably estimable and probable. Duke Energy Kentucky expenses environmental expenditures related to conditions caused by past operations that do not generate current or future revenues. Certain environmental expenses receive regulatory accounting treatment, under which the expenses are recorded as regulatory assets. Environmental expenditures related to operations that generate current or future revenues are expensed or capitalized, as appropriate.

See Note 4 for further information.

Pension and Other Post-Retirement Benefit Plans. Duke Energy maintains qualified, non-qualified and other post-retirement benefit plans. Duke Energy Kentucky participates in Duke Energy's qualified and non-qualified and other post-retirement benefit plans and is allocated its proportionate share of benefit costs by Duke Energy. See Note 14 for information related to Duke Energy Kentucky's benefit plans, including certain accounting policies associated with these plans.

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Severance and Special Termination Benefits. Duke Energy has an ongoing severance plan under which, in general, the longer a terminated employee worked prior to termination the greater the amount of severance benefits. Duke Energy Kentucky records a liability for involuntary severance once an involuntary severance plan is committed to by management, or sooner, if involuntary severances are probable and the related severance benefits can be reasonably estimated. For involuntary severance benefits that are incremental to its ongoing severance plan benefits, Duke Energy Kentucky measures the obligation and records the expense at its fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the service period. From time to time, Duke Energy offers special termination benefits under voluntary severance programs. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. Employee acceptance of voluntary severance benefits is determined by management based on the facts and circumstances of the special termination benefits being offered. See Note 13 for further information.

Revenue Recognition and Unbilled Revenue. Revenues on sales of electricity and gas are recognized when either the service is provided or the product is delivered. Unbilled retail revenues are estimated by applying an average revenue per kilowatt-hour or per thousand cubic feet (Mcf) for all customer classes to the number of estimated kilowatt-hours or Mcfs delivered but not billed. Unbilled wholesale energy revenues are calculated by applying the contractual rate per megawatt hour (MWh) to the number of estimated MWh delivered, but not yet billed. Unbilled wholesale demand revenues are calculated by applying the contractual rate per megawatt (MW) to the MW volume not yet billed. The amount of unbilled revenues can vary significantly from period to period as a result of factors including seasonality, weather, customer usage patterns and customer mix.

Cinergy Receivables Company LLC (CRC) is a bankruptcy remote, special purpose entity that is a wholly-owned limited liability company of Cinergy. Unbilled revenues, which are primarily recorded as Receivables on the Balance Sheets and exclude receivables sold to CRC, primarily relate to wholesale sales and were immaterial as of December 31, 2011 and \$1 million at December 31, 2010.

Additionally, Duke Energy Kentucky sells, on a revolving basis, nearly all of its retail accounts receivable and related collections to CRC. As discussed further in Note 12, Duke Energy Kentucky meets the revised sales/derecognition criteria of the accounting rules and, therefore, continues to account for the transfers of receivables to CRC as sales. Accordingly, the receivables sold are not reflected on the Balance Sheets of Duke Energy Kentucky. Receivables for unbilled revenues related to retail accounts receivable at Duke Energy Kentucky included in the sales of accounts receivable to CRC were \$19 million at December 31, 2011 and \$23 million at December 31, 2010.

Accounting for Risk Management and Hedging Activities and Financial Instruments. Duke Energy Kentucky may use a number of different derivative and non-derivative instruments in connection with its interest rate risk management activities, including swaps, futures, forwards and options. All derivative instruments not designated as hedges and not qualifying for the normal purchase/normal sale (NPNS) exception within the accounting guidance for derivatives are recorded on the Balance Sheets at their fair value. Duke Energy Kentucky may designate qualifying derivative instruments as either cash flow hedges or fair value hedges, while others either have not been designated as hedges or do not qualify as a hedge (hereinafter referred to as undesignated contracts).

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For all contracts accounted for as a hedge, Duke Energy Kentucky prepares formal documentation of the hedge in accordance with the accounting guidance for derivatives. In addition, at inception and at least every three months thereafter, Duke Energy Kentucky formally assesses whether the hedge contract is highly effective in offsetting changes in cash flows or fair values of hedged items. Duke Energy Kentucky documents hedging activity by transaction type (futures/swaps) and risk management strategy (interest rate risk).

See Note 10 for additional information and disclosures regarding risk management activities and derivative transactions and balances.

Accounting For Purchases and Sales of Emission Allowances. Emission allowances are issued by the Environmental Protection Agency (EPA) at zero cost and permit the holder of the allowance to emit certain gaseous by-products of fossil fuel combustion, including sulfur dioxide (SO₂) and nitrogen oxide (NO_x). Allowances may also be bought and sold via third party transactions. Allowances allocated to or acquired by Duke Energy Kentucky are held primarily for consumption. Duke Energy Kentucky records emission allowances as Intangible Assets on its Balance Sheets at cost and recognizes the allowances in earnings as they are consumed or sold. Any gains or losses on sales of recoverable emission allowances are returned to customers via profit sharing mechanism riders included in the rate structure of the regulated entity and are deferred as a regulatory asset or liability. Purchases and sales of emission allowances are presented gross as investing activities on the Statements of Cash Flows.

Income Taxes. Duke Energy Kentucky entered into a tax sharing agreement with Duke Energy, where the separate return method is used to allocate tax expenses and benefits to the subsidiaries whose investments or results of operations provide these tax expenses or benefits. The accounting for income taxes essentially represents the income taxes that Duke Energy Kentucky would incur if Duke Energy Kentucky were a separate company filing its own federal tax return as a C-Corporation. Deferred income taxes have been provided for temporary differences between the GAAP and tax carrying amounts of assets and liabilities. These differences create taxable or tax-deductible amounts for future periods. Investment tax credits (ITC) associated with regulated operations are deferred and are amortized as a reduction of income tax expense over the estimated useful lives of the related properties.

Duke Energy Kentucky records tax benefits for uncertain positions taken or expected to be taken on tax returns, including the decision to exclude certain income or transactions from a return, when a more-likely-than-not threshold is met for a tax position and management believes that the position will be sustained upon examination by the taxing authorities. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Duke Energy Kentucky records the largest amount of the uncertain tax benefit that is greater than 50% likely of being realized upon settlement or effective settlement. Management considers a tax position effectively settled for the purpose of recognizing previously unrecognized tax benefits when the following conditions exist: (i) the taxing authority has completed its examination procedures, including all appeals and administrative reviews that the taxing authority is required and expected to perform for the tax positions, (ii) Duke Energy Kentucky does not intend to appeal or litigate any aspect of the tax position included in the completed examination, and (iii) it is remote that the taxing authority would examine or reexamine any aspect of the tax position. See Note 15 for further information.

Duke Energy Kentucky records, as it relates to taxes, interest expense as Interest Expense and interest income and penalties in Other Income and Expenses, net, in the Statements of Operations.

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New Accounting Standards. The following new accounting standards were adopted by Duke Energy Kentucky during the year ended December 31, 2011 and the impact of such adoption, if applicable, has been presented in the accompanying Financial Statements:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 605—Revenue Recognition. In October 2009, the FASB issued new revenue recognition accounting guidance in response to practice concerns related to the accounting for revenue arrangements with multiple deliverables. This new accounting guidance primarily applies to all contractual arrangements in which a vendor will perform multiple revenue generating activities and addresses the unit of accounting for arrangements involving multiple deliverables, as well as how arrangement consideration should be allocated to the separate units of accounting. For Duke Energy Kentucky, the new accounting guidance was effective January 1, 2011, and applied on a prospective basis. This new accounting guidance did not have a material impact to the results of operations, cash flows or financial position of Duke Energy Kentucky.

ASC 805—Business Combinations. In November 2010, the FASB issued new accounting guidance in response to diversity in the interpretation of pro forma information disclosure requirements for business combinations. The new accounting guidance requires an entity to present pro forma financial information as if a business combination occurred at the beginning of the earliest period presented as well as additional disclosures describing the nature and amount of material, nonrecurring pro forma adjustments. This new accounting guidance was effective January 1, 2011, and will be applied to all business combinations consummated after that date.

ASC 820—Fair Value Measurements and Disclosures. In January 2010, the FASB amended existing fair value measurements and disclosures accounting guidance to clarify certain existing disclosure requirements and to require a number of additional disclosures, including amounts and reasons for significant transfers between the three levels of the fair value hierarchy, and presentation of certain information in the reconciliation of recurring Level 3 measurements on a gross basis. For Duke Energy Kentucky, certain portions of this revised accounting guidance were effective on January 1, 2010, with additional disclosures effective for periods beginning January 1, 2011. The adoption of this accounting guidance resulted in additional disclosure in the notes to the financial statements but did not have an impact on Duke Energy Kentucky's results of operations, cash flows or financial position. See Note 11 for additional disclosures required by the revised accounting guidance in ASC 820.

ASC 350—Intangibles—Goodwill and Other. In September 2011, the FASB amended existing goodwill impairment testing accounting guidance to provide an entity testing goodwill for impairment with the option of performing a qualitative assessment prior to calculating the fair value of a reporting unit in step one of a goodwill impairment test. Under this revised guidance, a qualitative assessment would require an evaluation of economic, industry, and company-specific considerations. If an entity determines, on a basis of such qualitative factors, that the fair value of a reporting unit is more likely than not less than the carrying value of a reporting unit, the two-step impairment test, as required under pre-existing applicable accounting guidance, would be required. Otherwise, no further impairment testing would be required. This accounting guidance did not have an impact on Duke Energy Kentucky's results of operations, cash flows or financial position.

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The following new accounting standards were adopted by Duke Energy Kentucky during the year ended December 31, 2010 and the impact of such adoption, if applicable has been presented in the accompanying Financial Statements:

ASC 860—Transfers and Servicing. In June 2009, the FASB issued revised accounting guidance for transfers and servicing of financial assets and extinguishment of liabilities, to require additional information about transfers of financial assets, including securitization transactions, as well as additional information about an enterprise's continuing exposure to the risks related to transferred financial assets. This revised accounting guidance eliminated the concept of a Qualifying Special Purpose Entity (QSPE) and required those entities which were not subject to consolidation under previous accounting rules to now be assessed for consolidation. In addition, this accounting guidance clarified and amended the derecognition criteria for transfers of financial assets (including transfers of portions of financial assets) and required additional disclosures about a transferor's continuing involvement in transferred financial assets. For Duke Energy Kentucky, this revised accounting guidance was effective prospectively for transfers of financial assets occurring on or after January 1, 2010, and early adoption of this statement was prohibited. Since 2002, Duke Energy Kentucky has sold, on a revolving basis, nearly all of its accounts receivable and related collections through CRC, a bankruptcy-remote QSPE. The securitization transaction was structured to meet the criteria for sale accounting treatment, and accordingly, Duke Energy Kentucky did not consolidate CRC, and the transfers were accounted for as sales. Duke Energy Kentucky's sales of accounts receivable and related financial statement presentation were not impacted by the adoption of ASC 860. See Note 12 for additional information.

ASC 810—Consolidations. In June 2009, the FASB amended existing consolidation accounting guidance to eliminate the exemption from consolidation for QSPEs, and clarified, but did not significantly change, the criteria for determining whether an entity meets the definition of a VIE. This revised accounting guidance also required an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether that enterprise has both the power to direct the activities that most significantly impact the economic performance of a VIE and the obligation to absorb losses or the right to receive benefits of a VIE that could potentially be significant to a VIE. In addition, this revised accounting guidance modified existing accounting guidance to require an ongoing evaluation of a VIE's primary beneficiary and amended the types of events that trigger a reassessment of whether an entity is a VIE. Furthermore, this accounting guidance required enterprises to provide additional disclosures about their involvement with VIEs and any significant changes in their risk exposure due to that involvement.

For the Duke Energy Kentucky, this accounting guidance was effective beginning on January 1, 2010, and is applicable to all entities in which Duke Energy Kentucky is involved, including entities previously subject to existing accounting guidance for VIEs, as well as any QSPEs that existed as of the effective date. Duke Energy Kentucky's sales of accounts receivable and related financial statement presentation were not impacted by the adoption of ASC 810.

ASC 820—Fair Value Measurements and Disclosures. In January 2010, the FASB amended existing fair value measurements and disclosures accounting guidance to clarify certain existing disclosure requirements and to require a number of additional disclosures, including amounts and reasons for significant transfers between the three levels of the fair value hierarchy, and presentation of certain information in the reconciliation of recurring Level 3 measurements on a gross basis. For Duke Energy Kentucky, certain portions of this revised accounting guidance were effective on January 1, 2010, with additional disclosures effective for periods beginning January 1, 2011. The initial adoption of this accounting guidance resulted in additional disclosure in the notes to the financial statements but did not have an impact on Duke Energy Kentucky's results of operations, cash flows or financial position.

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2. Acquisitions

Duke Energy Kentucky consolidates assets and liabilities from acquisitions as of the purchase date, and includes earnings from acquisitions in consolidated earnings after the purchase date.

On January 8, 2011, Duke Energy entered into an Agreement and Plan of Merger (Merger Agreement) among Diamond Acquisition Corporation, a North Carolina corporation and Duke Energy's wholly-owned subsidiary (Merger Sub) and Progress Energy, Inc. (Progress Energy), a North Carolina corporation. Upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Progress Energy with Progress Energy continuing as the surviving corporation and a wholly-owned subsidiary of Duke Energy. The merger is conditioned upon, among other things, approval by the shareholders of both companies, as well as expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and approval by the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission (FCC), the U.S. Nuclear Regulatory Commission, the North Carolina Utilities Commission, and the KPSC. Duke Energy and Progress Energy are also seeking review of the merger by the Public Service Commission of South Carolina (PSCSC) and approval of the joint dispatch agreement by the PSCSC. Although there are no merger-specific regulatory approvals required in Indiana, Ohio or Florida, the companies will continue to update the public services commissions in those states on the merger, as applicable and as required.

On April 4, 2011, Duke Energy and Progress Energy filed a merger application with the KPSC. On June 24, 2011, Duke Energy and Progress Energy filed a settlement agreement with the Attorney General. A public hearing occurred on July 8, 2011. An order conditionally approving the merger was issued on August 2, 2011. On September 15, 2011, Duke Energy and Progress Energy filed for approval of a stipulation revising one of the merger conditions contained in the KPSC order. On October 28, 2011, the KPSC issued an order approving the stipulation and merger and again required Duke Energy and Progress Energy to accept all conditions contained in the order. Duke Energy and Progress Energy filed their acceptance of those conditions on November 4, 2011.

No assurances can be given as to the timing of the satisfaction of all closing conditions or that all required approvals will be received.

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3. Regulatory Matters

Regulatory Assets and Liabilities. Duke Energy Kentucky's regulated operations apply regulatory accounting. Accordingly, Duke Energy Kentucky records assets and liabilities that result from the regulated ratemaking process that would not be recorded under GAAP for non-regulated entities. See Note 1 for further information.

Duke Energy Kentucky's Regulatory Assets and Liabilities:

	As of December 31,		Recovery/Refund Period Ends
	2011	2010	
(in thousands)			
<i>Regulatory Assets</i> ^(a)			
Deferred debt expense	\$ 283	\$ -	2012
Vacation accrual	1,853	2,064	2012
Under-recovery of fuel costs	1,537	-	2012
Hedge costs and other deferrals	529	539	2012
Other	56	-	2012
Total current regulatory assets ^(e)	\$ 4,258	\$ 2,603	
Accrued pension and other post-retirement benefits	34,414	31,614	(b)
Storm cost deferrals	4,913	4,913	(b)
Hedge costs and other deferrals	7,516	3,659	(b)
Deferred debt expense	2,531	3,097	2033
Other	599	577	(b)
Total non-current regulatory assets	49,973	43,860	
Total Regulatory Assets	\$ 54,231	\$ 46,463	
<i>Regulatory Liabilities</i> ^(a)			
Gas purchase costs	\$ 2,353	\$ 3,958	2012
Other	222	-	2012
Total current regulatory liabilities ^(f)	2,575	3,958	
Removal costs ^(c)	59,167	52,111	(d)
Accrued pension and other post-retirement benefits	3,512	3,194	(b)
Demand side management	6,054	2,734	(b)
Other	1,726	2,918	(b)
Total non-current regulatory liabilities	70,459	60,957	
Total Regulatory Liabilities	\$ 73,034	\$ 64,915	

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- (a) All regulatory assets and liabilities are excluded from rate base unless otherwise noted.
- (b) Recovery/refund period varies for these items with some currently unknown.
- (c) Included in rate base.
- (d) Recovery/refund is over the life of the associated asset or liability.
- (e) Included in Other within Current Assets on the Balance Sheets.
- (f) Included in Other within Current Liabilities on the Balance Sheets.

Restrictions on the Ability of Duke Energy Kentucky to Make Dividends, Advances and Loans to Duke Energy. As a condition of the Duke Energy and Cinergy Corp. (Cinergy) merger approval, the KPSC imposed conditions on the ability of Duke Energy Kentucky to transfer funds to Duke Energy through loans or advances, as well as restricted amounts available to pay dividends to Duke Energy. Pursuant to these conditions, Duke Energy Kentucky is required to pay dividends solely out of retained earnings and to maintain a minimum of 35% equity in its capital structure.

Progress Energy Merger. See Note 2 for information regarding Duke Energy's pending merger with Progress Energy.

Rate Related Information. The KPSC approves rates for retail electric and gas services within the Commonwealth of Kentucky. The FERC approves rates for electric sales to wholesale customers served under cost-based rates, as well as sales of transmission service.

Potential Plant Retirement. Duke Energy Kentucky periodically files Integrated Resource Plans (IRP) with the KPSC. The IRPs provide a view of forecasted energy needs over a long term (15-20 years), and options being considered to meet those needs. The IRP's filed by Duke Energy Kentucky in 2011 and 2010 included planning assumptions to potentially retire by 2015, its 163 MW Miami Fort Unit 6, as it does not have the requisite emission control equipment. This is primarily to meet EPA regulations that are not yet effective. As of December 31, 2011, the net carrying value of Miami Fort 6 in the Balance Sheets, was \$14 million.

Regional Transmission Organization Realignment. Duke Energy Ohio, which includes its wholly-owned subsidiary Duke Energy Kentucky, transferred control of its transmission assets to effect a Regional Transmission Organization (RTO) realignment from the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) to PJM, effective December 31, 2011.

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On December 16, 2010, FERC issued an order related to the Midwest ISO's cost allocation methodology surrounding Multi-Value Projects (MVP), a type of Midwest ISO Transmission Expansion Planning (MTEP) project cost. The Midwest ISO expects that MVP will fund the costs of large transmission projects designed to bring renewable generation from the upper Midwest to load centers in the eastern portion of the Midwest ISO footprint. The Midwest ISO approved MVP proposals with estimated project costs of approximately \$5.2 billion prior to the date of Duke Energy Ohio's exit from the Midwest ISO on December 31, 2011. These projects are expected to be undertaken by the constructing transmission owners from 2012 through 2020 with costs recovered through the Midwest ISO over the useful life of the projects. The FERC order did not clearly and expressly approve the Midwest ISO's apparent interpretation that a withdrawing transmission owner is obligated to pay its share of costs of all MVP projects approved by the Midwest ISO up to the date of the withdrawing transmission owners' exit from the Midwest ISO. Duke Energy Ohio, including Duke Energy Kentucky, has historically represented approximately five-percent of the Midwest ISO system. The impact of this order is not fully known, but could result in a substantial increase in the Midwest ISO transmission expansion costs allocated to Duke Energy Ohio and Duke Energy Kentucky subsequent to a withdrawal from the Midwest ISO. Duke Energy Ohio and Duke Energy Kentucky, among other parties, sought rehearing of the FERC MVP order. On October 21, 2011, the FERC issued an order on rehearing in this matter largely affirming its original MVP order and conditionally accepting Midwest ISO's compliance filing as well as determining that the MVP allocation methodology is consistent with cost causation principles and FERC precedent. The FERC also reiterated that it will not prejudice any settlement agreement between an RTO and a withdrawing transmission owner for fees that a withdrawing transmission owner owes to the RTO. The order further states that any such fees that a withdrawing transmission owner owes to an RTO are a matter for those parties to negotiate, subject to review by the FERC. The FERC also ruled that Duke Energy Ohio and Duke Energy Kentucky's challenge of the Midwest ISO's ability to allocate MVP costs to a withdrawing transmission owner is beyond the scope of the proceeding. The Order further stated that Midwest ISO's tariff withdrawal language establishes that once cost responsibility for transmission upgrades is determined, withdrawing transmission owners retain any costs incurred prior to the withdrawal date. In order to preserve their rights, Duke Energy Ohio and Duke Energy Kentucky filed an appeal of the FERC order in the D.C. Circuit Court of Appeals. The case was consolidated with appeals of the FERC order by other parties in the Seventh Circuit Court of Appeals.

Duke Energy Ohio and Duke Energy Kentucky have entered into settlements or have received state regulatory approvals associated with the RTO realignment if ultimately allocated to Duke Energy Ohio and Duke Energy Kentucky. On December 22, 2010, the KPSC issued an order granting approval of Duke Energy Kentucky's request to effect the RTO realignment, subject to several conditions. The conditions accepted by Duke Energy Kentucky include a commitment to not seek to double-recover in a future rate case the transmission expansion fees that may be charged by the Midwest ISO and PJM in the same period or overlapping periods. On January 25, 2011, the KPSC issued an order stating that the order had been satisfied and is now unconditional.

On October 14, 2011, Duke Energy Ohio and Duke Energy Kentucky filed an application with the FERC to establish new wholesale customer rates for transmission service under PJM's Open Access Transmission Tariff. In this filing, Duke Energy Ohio and Duke Energy Kentucky are seeking recovery of their legacy MTEP costs. The new rates went into effect, subject to refund, on January 1, 2012. Protests were filed by certain transmission customers. The matter is pending response from FERC.

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On November 2, 2011, the Midwest ISO, the Midwest ISO Transmission Owners, Duke Energy Ohio and Duke Energy Kentucky jointly submitted to the FERC a filing that addresses the treatment of MTEP costs, excluding MVP costs. The November 2, 2011 filing, which was accepted by the FERC on December 30, 2011, provides that the MISO Transmission Owners will continue to be obligated to construct the non-MVP MTEP projects, for which Duke Energy Ohio and Duke Energy Kentucky will continue to be obligated to pay a portion of the costs. Likewise, transmission customers serving load in the Midwest ISO will continue to be obligated to pay a portion of the costs of a previously identified non-MVP MTEP project that Duke Energy Ohio has constructed.

On December 29, 2011, Midwest ISO filed with FERC a Schedule 39 to the Midwest ISO's tariff. Schedule 39 provides for the allocation of MVP costs to a withdrawing owner based on the owner's actual transmission load after the owner's withdrawal from the Midwest ISO, or, if the owner fails to report such load, based on the owner's historical usage in the Midwest ISO assuming annual load growth. On January 19, 2012, Duke Energy Ohio and Duke Energy Kentucky filed with FERC a protest of the allocation of MVP costs to them under Schedule 39. On February 27, 2012, the FERC accepted Schedule 39 as a just and reasonable basis for the Midwest ISO to charge for MVP costs, a transmission owner that withdraws from the Midwest ISO after January 1, 2012. The FERC set hearing and settlement procedures regarding whether the Midwest ISO's proposal to use the methodology in Schedule 39 to calculate the obligation of transmission owners who withdrew from the Midwest ISO prior to January 1, 2012 (such as Duke Energy Ohio and Duke Energy Kentucky) to pay for MVP costs is consistent with the MVP-related withdrawal obligations in the tariff at the time that they withdrew from the Midwest ISO, and, if not, what amount of, and methodology for calculating, any MVP cost responsibility should be.

On December 31, 2011, Duke Energy Kentucky recorded a liability for its Midwest ISO exit obligation and share of MTEP costs, excluding MVP, of approximately \$18 million. The charges were recorded to Operation, maintenance and other in Duke Energy Kentucky's statement of operations and are included in Other liabilities within the operating section of the statements of cash flows, upon exit from the Midwest ISO on December 31, 2011. In addition to the above amounts, Duke Energy Kentucky may also be responsible for costs associated with the Midwest ISO MVP projects. Duke Energy Kentucky is contesting its obligation to pay for such costs. However, depending on the final outcome of this matter, Duke Energy Kentucky could incur material costs associated with MVP projects, which are not reasonably estimable at this time. Regulatory accounting treatment will be pursued for any costs incurred in connection with the resolution of this matter.

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4. Commitments and Contingencies

General Insurance

Duke Energy Kentucky carries, either directly or through Duke Energy's captive insurance company, Bison Insurance Company Limited, insurance and reinsurance coverage consistent with companies engaged in similar commercial operations with similar type properties. Duke Energy Kentucky's insurance coverage includes (i) commercial general liability coverage for liabilities arising to third parties for bodily injury and property damage resulting from Duke Energy Kentucky's operations; (ii) workers' compensation liability coverage to statutory limits; (iii) automobile liability coverage for all owned, non-owned and hired vehicles covering liabilities to third parties for bodily injury and property damage; (iv) insurance policies in support of the indemnification provisions of Duke Energy Kentucky's by-laws and (v) property coverage for all real and personal property damage, excluding electric transmission and distribution lines, including damages arising from boiler and machinery breakdowns, earthquake, flood damage and extra expense. All coverage is subject to certain deductibles or retentions, sublimits, terms and conditions common for companies with similar types of operations.

Duke Energy Kentucky also maintains excess liability insurance coverage above the established primary limits for commercial general liability and automobile liability insurance. Limits, terms, conditions and deductibles are comparable to those carried by other energy companies of similar size.

The cost of Duke Energy Kentucky's coverage can fluctuate year to year reflecting the changing conditions of the insurance and reinsurance markets.

Environmental

Duke Energy Kentucky is subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time, imposing new obligations on Duke Energy Kentucky.

Clean Water Act 316(b). The EPA published its proposed cooling water intake structures rule on April 20, 2011. Duke Energy submitted comments on the proposed rule on August 16, 2011. The proposed rule advances one main approach and three alternatives. The main approach establishes aquatic protection requirements for existing facilities and new on-site facility additions that withdraw two million gallons or more of water per day from rivers, streams, lakes, reservoirs, estuaries, oceans, or other U.S. waters for cooling purposes. Based on the main approach proposed, Duke Energy Kentucky's two coal-fired generating facilities are likely affected sources.

The EPA has plans to finalize the 316(b) rule in July 2012. Compliance with portions of the rule could begin as early as 2015. Because of the wide range of potential outcomes, including the other three alternative proposals, Duke Energy Kentucky is unable to estimate its costs to comply at this time.

Cross-State Air Pollution Rule (CSAPR). On August 8, 2011, the final Cross-State Air Pollution Rule (CSAPR) was published in the Federal Register. The CSAPR established state-level annual SO₂ and NO_x budgets that were to take effect on January 1, 2012, and state-level ozone-season NO_x budgets that were to take effect on May 1, 2012, allocating emission allowances to affected sources in each state equal to the state budget less an allowance set-aside for new sources. The budget levels were set to decline in 2014 for many states, including each state that Duke Energy Kentucky operates. The rule allowed both intrastate and interstate allowance trading.

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Numerous petitions for review of the CSAPR and motions for stay of the CSAPR were filed with the U.S Court of Appeals for the District of Columbia. On December 30, 2011 the court ordered a stay of the CSAPR pending the court's resolution of the various petitions for review. Based on the court's order, the EPA continues to administer the Clean Air Interstate Rule that Duke Energy Kentucky has been complying with since 2009 and which was to be replaced by the CSAPR beginning in 2012. Oral arguments in the case are scheduled for April 13, 2012, with a court decision expected in the third quarter of 2012.

Duke Energy Kentucky is currently evaluating options for achieving the CSAPR requirements. Where the CSAPR requirements were to be constraining, activities to meet the requirements could include purchasing emission allowances, power purchases, curtailing generation and utilizing low sulfur fuel. The CSAPR was not expected to result in Duke Energy Kentucky adding new emission controls. Technical adjustments to the CSAPR recently finalized by the EPA will not materially impact Duke Energy Kentucky. Duke Energy Kentucky cannot predict the outcome of the litigation or how it might affect the CSAPR requirements as they apply to Duke Energy Kentucky.

Coal Combustion Product (CCP) Management. The EPA and a number of states are considering additional regulatory measures that will contain specific and more detailed requirements for the management and disposal of CCPs, primarily ash, from Duke Energy Kentucky's coal-fired power plants.

On June 21, 2010, the EPA issued a proposal to regulate, under the Resource Conservation and Recovery Act, coal combustion residuals (CCR), a term the EPA uses to describe the CCPs associated with the generation of electricity. The EPA proposal contains two regulatory options whereby CCRs not employed in approved beneficial use applications would either be regulated as hazardous waste or would continue to be regulated as non-hazardous waste. Duke Energy Kentucky cannot predict the outcome of this rulemaking. However, based on the proposal, the cost of complying with the final regulation will be material. The EPA Administrator has indicated that the Agency could issue a final rule in late 2012.

Duke Energy Kentucky currently estimates that it will spend \$14 million over the period 2012-2016 to comply with current CCP regulations.

Mercury and Air Toxics Standards (MATS). On February 16, 2012, the final Mercury and Air Toxics Standards rule (previously referred to as the Utility MACT Rule) was published in the Federal Register. The final rule establishes emission limits for hazardous air pollutants, including mercury, from new and existing coal-fired electric generating units. The rule requires sources to comply with the emission limits by April 16, 2015. Under the Clean Air Act, permitting authorities have the discretion to grant up to a 1-year compliance extension, on a case-by-case basis, to sources that are unable to complete the installation of emission controls before the compliance deadline. Duke Energy Kentucky is evaluating the requirements of the rule and developing strategies for complying with the rule's requirements. Strategies to achieve compliance with the final MATS rules are likely to include installation of new or upgrades to existing air emission control equipment, the development of monitoring processes and accelerated retirement of some coal-fired electric-generating units. Based on a preliminary review, the cost to Duke Energy Kentucky to comply with the final regulation will be material.

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Litigation

Carbon Dioxide (CO₂) Litigation. In July 2004, the states of Connecticut, New York, California, Iowa, New Jersey, Rhode Island, Vermont, Wisconsin and the City of New York brought a lawsuit in the U.S. District Court for the Southern District of New York against Cinergy, American Electric Power Company, Inc., American Electric Power Service Corporation, Southern Company, Tennessee Valley Authority, and Xcel Energy Inc. A similar lawsuit was filed in the U.S. District Court for the Southern District of New York against the same companies by Open Space Institute, Inc., Open Space Conservancy, Inc., and The Audubon Society of New Hampshire. These lawsuits allege that the defendants' emissions of CO₂ from the combustion of fossil fuels at electric generating facilities contribute to global warming and amount to a public nuisance. The complaints also allege that the defendants could generate the same amount of electricity while emitting significantly less CO₂. The plaintiffs were seeking an injunction requiring each defendant to cap its CO₂ emissions and then reduce them by a specified percentage each year for at least a decade. In September 2005, the District Court granted the defendants' motion to dismiss the lawsuit. The plaintiffs appealed this ruling to the Second Circuit Court of Appeals. Oral arguments were held before the Second Circuit Court of Appeals on June 7, 2006. In September 2009, the Court of Appeals issued an opinion reversing the district court and reinstating the lawsuit. Defendants filed a petition for rehearing en banc, which was subsequently denied. Defendants filed a petition for certiorari to the U.S. Supreme Court on August 2, 2010. On December 6, 2010, the Supreme Court granted certiorari. Argument on this matter was held on April 19, 2011. On June 20, 2011, the Supreme Court held that the Second Court of Appeals decision should be reversed on the basis that plaintiffs' claims cannot proceed under federal common law, which was displaced by the CAA and actual or potential EPA regulations. The Court's decision did not address plaintiffs' state law claims as those claims had not been presented. On September 2, 2011, plaintiffs notified the Court that they had decided to withdraw their complaints. On December 2, 2011, the District Court dismissed plaintiffs' federal claims and on December 6, 2011, plaintiffs filed notices of dismissal.

Other Litigation and Legal Proceedings. Duke Energy Kentucky is involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve substantial amounts. Duke Energy Kentucky believes that the final disposition of these proceedings will not have a material effect on its results of operations, cash flows or financial position.

Duke Energy Kentucky has exposure to certain legal matters that are described herein. As of both December 31, 2011 and 2010, Duke Energy Kentucky has recorded immaterial reserves for these proceedings and exposures. Duke Energy Kentucky expenses legal costs related to the defense of loss contingencies as incurred.

Other Commitments and Contingencies

General. Duke Energy Kentucky enters into various commitments to purchase or sell power or capacity. As of December 31, 2011, most of these commitments are designated as non-derivative contracts or normal purchases and sales and therefore not recognized on the Balance Sheets.

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Operating and Capital Lease Commitments

Duke Energy Kentucky leases assets in several areas of its operations. Rental expense for operating leases, which is included in Operation, Maintenance and Other on the Statements of Operations, was \$3 million for each of the years ended December 31, 2011 and 2010. Capitalized lease obligations are classified as debt on the Balance Sheets (see Note 5). Amortization of assets recorded under capital leases is included in Depreciation and Amortization on the Statements of Operations. The following is a summary of future minimum lease payments under operating leases, which at inception had a noncancelable term of more than one year, and capital leases as of December 31, 2011:

	<u>Operating Leases</u>	<u>Capital Leases</u>
	(in thousands)	
2012	\$ 1,947	\$ 2,046
2013	1,626	1,878
2014	1,459	1,725
2015	1,220	1,617
2016	1,007	1,518
Thereafter	<u>1,327</u>	<u>2,140</u>
Total future minimum lease payments	<u>\$ 8,586</u>	<u>\$ 10,924</u>

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5. Debt and Credit Facilities

Summary of Debt and Related Terms

	Weighted - Average Rate	Year Due	December 31, 2011	December 31, 2010
			(in thousands)	
Unsecured debt	5.30%	2014 – 2036	\$ 255,000	\$ 255,000
Capital leases	5.30%	2012 – 2020	10,924	12,819
Other debt ^(a)	0.75%	2027	77,572	77,571
Unamortized debt discount and premium, net			(710)	(801)
Total debt			342,786	344,589
Current maturities of long-term debt			(1,956)	(1,813)
Total long-term debt			<u>\$ 340,830</u>	<u>\$ 342,776</u>

(a) Includes \$77 million of Duke Energy Kentucky tax-exempt bonds as of both December 31, 2011 and 2010. Of the \$77 million, \$27 million is backstopped by the master credit facility as of both December 31, 2011 and 2010.

Other Debt. In November 2010, Duke Energy Kentucky refunded \$27 million of tax-exempt auction rate bonds through the issuance of tax-exempt variable rate demand bonds, which are supported by a direct pay letter of credit. The variable-rate demand bonds, which are due August 2027, had an initial interest rate of 0.29% which is reset on a weekly basis.

Money Pool. Duke Energy Kentucky receives support for its short-term borrowing needs through participation with Duke Energy and certain of its subsidiaries in a money pool arrangement. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. The money pool is structured such that the participants separately manage their cash needs and working capital requirements. Accordingly, there is no net settlement of receivables and payables between the money pool participants. Per the terms of the money pool arrangement, the ultimate parent company, Duke Energy, may loan funds to its participating subsidiaries, but may not borrow funds through the money pool.

As of December 31, 2011 and 2010, Duke Energy Kentucky had short-term money pool receivables of \$4 million and \$61 million, respectively, which are classified within Receivables in Duke Energy Kentucky's Balance Sheets. Increases or decreases in money pool receivables are reflected within investing activities on Duke Energy Kentucky's Statement of Cash Flows, while increases or decreases in money pool borrowings are reflected within financing activities on Duke Energy Kentucky's Statement of Cash Flows.

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Floating Rate Debt. Other debt includes \$77 million of floating-rate debt as of both December 31, 2011 and 2010. Floating-rate debt is primarily based on commercial paper rates or a spread relative to an index such as LIBOR. As of December 31, 2011 and 2010, the average interest rate associated with floating-rate debt was 0.71% and 0.31%, respectively.

Maturities, Call Options and Acceleration Clauses.
Annual Maturities as of December 31, 2011

	<u>(in thousands)</u>
2012	\$ 1,956
2013	1,788
2014	41,636
2015	1,564
2016	51,468
Thereafter	<u>244,374</u>
Total long-term debt (including current maturities)	<u>\$ 342,786</u>

Duke Energy Kentucky has the ability under certain debt facilities to call and repay the obligation prior to its scheduled maturity. Therefore, the actual timing of future cash repayments could be materially different than the above as a result of Duke Energy Kentucky's ability to repay these obligations prior to their scheduled maturity.

Available Credit Facilities. In November 2011, Duke Energy entered into a new \$6 billion, five-year master credit facility, with \$4 billion available at closing and the remaining \$2 billion available following the successful closing of the proposed merger with Progress Energy. Duke Energy and certain of its wholly-owned subsidiaries, including Duke Energy Kentucky, each have borrowing capacity under the master credit facility up to specified sublimits for each borrower. However, Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to maximum sublimits. At December 31, 2011, Duke Energy Kentucky had a borrowing sublimit under Duke Energy's master credit facility of \$100 million. The amount available to Duke Energy Kentucky under its sublimits to Duke Energy's master credit facility may be reduced by draw downs of cash, borrowings through the money pool arrangement, or use of the master credit facility to backstop the issuances of letters of credit and certain tax-exempt bonds. At December 31, 2011, Duke Energy Kentucky's available capacity was \$73 million under the master credit facility.

At December 31, 2011 and 2010, respectively, \$27 million and \$77 million of tax-exempt bonds, which are short-term obligations by nature, were classified as Long-Term Debt on the Balance Sheets due to Duke Energy Kentucky's intent and ability to utilize such borrowings as long-term financing. Duke Energy's credit facilities with non-cancelable terms in excess of one year as of the balance sheet date give Duke Energy Kentucky the ability to refinance these short-term obligations on a long-term basis. All of the \$27 million and \$77 million of tax-exempt bonds outstanding at December 31, 2011 and 2010, respectively were backstopped by a letter of credit.

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7. Property, Plant and Equipment

	Estimated Useful Life (Years)	December 31, 2011 (in thousands)	December 31, 2010
Land ^(c)	—	\$ 19,492	\$ 19,492
Plant			
Electric generation, distribution and transmission ^{(a) (c)}	8 – 100	1,154,753	1,133,237
Natural gas transmission and distribution ^(a)	12 – 60	399,194	389,078
Other buildings and improvements ^(a)	25 – 100	32,092	31,710
Equipment	5 – 25	14,562	12,567
Construction in process ^(c)	—	27,612	14,510
Other ^(c)	5 – 20	33,659	31,482
Total property, plant and equipment		1,681,364	1,632,076
Total accumulated depreciation ^{(b)(d)}		(698,977)	(669,682)
Total net property, plant and equipment		<u>\$ 982,387</u>	<u>\$ 962,394</u>

- (a) Includes capitalized leases, for which the totals were \$26 million for 2011 and \$33 million for 2010.
- (b) Includes accumulated amortization of capitalized leases of \$4 million for 2011 and \$3 million for 2010.
- (c) Duke Energy Kentucky and Dayton Power & Light jointly own East Bend Station, an electric generating unit. Duke Energy Kentucky's 69% share of revenues and operating costs are included within the corresponding line on the Statements of Operations. Each participant in the jointly owned facility must provide its own financing. Includes East Bend Station property, plant and equipment and construction work in progress of \$434 million and \$6 million, respectively at December 31, 2011.
- (d) Includes East Bend Station accumulated depreciation of \$234 million at December 31, 2011.

Capitalized interest, which includes the debt component of AFUDC, was less than \$500 thousand for each of the years ended December 31, 2011 and 2010.

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8. Other Income and Expenses, net

The components of Other Income and Expenses, net on the Statements of Operations for the years ended December 31, 2011 and 2010 are as follows:

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
	(in thousands)	
Income/(Expense):		
Interest Income	\$ 2,815	\$ 2,918
AFUDC Equity	596	353
Other	<u>(22)</u>	<u>54</u>
Total	<u>\$ 3,389</u>	<u>\$ 3,325</u>

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9. Related Party Transactions

Duke Energy Kentucky engages in related party transactions, which are generally performed at cost and in accordance with the applicable state and federal commission regulations. Balances due to or due from related parties included in the Balance Sheets as of December 31, 2011 and December 31, 2010 are as follows:

	December 31, 2011 ^(a)	December 31, 2010 ^(a)
	(in thousands)	
Current assets ^(b)	\$ 1,885	\$ 4,488
Non-current assets ^(c)	62	3,357
Current liabilities ^(d)	(27,146)	(16,687)
Non-current liabilities ^(e)	(4,355)	(7,038)
Net deferred tax liabilities ^(f)	(228,436)	(213,935)

- (a) Balances exclude assets or liabilities associated with accrued pension and other post-retirement benefits, CRC and money pool arrangements as discussed below.
- (b) Of the balance at December 31, 2011, \$70 thousand is classified as Receivables and \$1,815 thousand is classified as Other within Current Assets on the Balance Sheets. Of the balance at December 31, 2010, \$4,443 thousand is classified as Receivables and \$45 thousand is classified as Other within Current Assets on the Balance Sheets.
- (c) The balances at December 31, 2011 and December 31, 2010 are classified as Other within Investments and Other Assets on the Balance Sheets.
- (d) Of the balance at December 31, 2011, \$25,978 thousand is classified as Accounts payable and \$1,168 thousand is classified as Taxes accrued. The balance at December 31, 2010 is classified as Accounts payable and Taxes accrued on the Balance Sheets.
- (e) The balances at December 31, 2011 and December 31, 2010 are classified as Other within Deferred Credits and Other Liabilities on the Balance Sheets.
- (f) Of the balance at December 31, 2011, \$(231,102) thousand is classified as Deferred Income Taxes and \$2,666 thousand is classified as Other within Current Assets on the Balance Sheets. Of the balance at December 31, 2010, \$(215,544) thousand is classified as Deferred Income Taxes and \$1,609 thousand is classified as Other within Current Assets on the Balance Sheets.

As discussed in Note 14, Duke Energy Kentucky participates in Duke Energy's qualified and non-qualified defined benefit pension plans and post-retirement health care and insurance benefit plans and is allocated its proportionate share of expenses associated with these plans. Additionally, Duke Energy Kentucky has been allocated accrued pension and other post-retirement and post-employment benefit obligations as shown in the following table:

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	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	(in thousands)	
Other current liabilities	\$ 310	\$ 355
Accrued pension and other postretirement benefit costs	<u>20,929</u>	<u>25,339</u>
Total allocated accrued pension and other post-employment benefit obligations	<u>\$ 21,239</u>	<u>\$ 25,694</u>

Other Related Party Amounts

	<u>Years ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Corporate governance and shared service expenses ^(a)	\$ 91,391	\$ 92,084
Midwest ISO expenses ^(b)	9,651	16,408

- (a) Duke Energy Kentucky is allocated its proportionate share of corporate governance and other costs by a consolidated affiliate of Duke Energy. Corporate governance and other shared services costs are primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs. These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Statements of Operations.
- (b) Duke Energy Kentucky incurs expenses from Duke Energy Ohio related to purchasing network integration transmission service from the Midwest ISO and ancillary services. These expenses are recorded in Operation, maintenance and other within Operating Expenses on the Statements of Operations.

Additionally, as discussed in Note 12, certain trade receivables have been sold by Duke Energy Kentucky to CRC. The proceeds obtained from the sales of receivables are largely cash, but do include a subordinated note from CRC for a portion of the purchase price. This subordinated note is classified as Receivables in the Balance Sheets and was \$28 million and \$41 million as of December 31, 2011 and December 31, 2010, respectively. The interest income associated with the subordinated note, which is recorded in Other Income and Expenses, net on the Statements of Operations, was \$3 million for both the years ended December 31, 2011 and 2010.

As discussed further in Note 5, Duke Energy Kentucky participates in a money pool arrangement with Duke Energy and other Duke Energy subsidiaries. As of December 31, 2011 and 2010, Duke Energy Kentucky was in a receivable position of \$4 million and \$61 million, respectively. The interest income associated with the money pool arrangement was immaterial for both years ended December 31, 2011 and 2010.

During 2011, Duke Energy Kentucky paid dividends of \$135 million to its parent, Duke Energy Ohio.

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10. Risk Management, Derivative Instruments, and Hedging Activities

Duke Energy Kentucky has limited exposure to market price changes of fuel and emission allowance costs incurred for its retail customers due to the use of cost tracking and recovery mechanisms in the state of Kentucky. Duke Energy Kentucky does have exposure to the impact of market fluctuations in the prices of electricity, fuel and emission allowances associated with its generation output not utilized to serve retail operations or committed load (off-system, wholesale power sales). Exposure to interest rate risk exists as a result of the issuance of variable and fixed rate debt. Duke Energy Kentucky employs established policies and procedures to manage its risks associated with these market fluctuations using various commodity and financial derivative instruments, including swaps, futures, forwards and options.

Duke Energy Kentucky does not have any significant commodity derivatives.

Interest Rate Risk. Changes in interest rates expose Duke Energy Kentucky to risk as a result of its issuance of variable and fixed rate debt. Duke Energy Kentucky manages its interest rate exposure by limiting its variable-rate exposures to a percentage of total debt and by monitoring the effects of market changes in interest rates. Duke Energy Kentucky also enters into financial derivative instruments such as interest rate swaps and U.S. Treasury lock agreements to manage and mitigate interest rate risk exposure. Duke Energy Kentucky's existing interest rate derivative instruments were immaterial to its results of operations, cash flows and financial position in 2011 and 2010. The notional amount for Duke Energy Kentucky's interest rate swap was \$27 million at December 31, 2011 and December 31, 2010. Regulatory accounting treatment is applied to this swap, and therefore, there is no mark-to-market impact on earnings.

Credit Risk. Where exposed to credit risk, Duke Energy Kentucky analyzes the counterparties' financial condition prior to entering into an agreement, establishes credit limits and monitors the appropriateness of those limits on an ongoing basis.

Duke Energy Kentucky's industry has historically operated under negotiated credit lines for physical delivery contracts. Duke Energy Kentucky may use master collateral agreements to mitigate certain credit exposures. The collateral agreements provide for a counterparty to post cash or letters of credit to the exposed party for exposure in excess of an established threshold. The threshold amount represents an unsecured credit limit, determined in accordance with the corporate credit policy. Collateral agreements also provide that the inability to post collateral is sufficient cause to terminate contracts and liquidate all positions.

Duke Energy Kentucky also obtains cash or letters of credit from customers to provide credit support outside of collateral agreements, where appropriate, based on its financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each transaction.

See Note 11 for additional information on fair value disclosures related to derivatives

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11. Fair Value of Financial Assets and Liabilities

Under the accounting guidance for fair value, fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received to sell an asset or paid to transfer a liability versus an entry price, which would be the price paid to acquire an asset or received to assume a liability. Although the accounting guidance for fair value does not require additional fair value measurements, it applies to other accounting pronouncements that require or permit fair value measurements.

Recurring and non-recurring fair value measurements are classified based on the following fair value hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that Duke Energy Kentucky has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide ongoing pricing information. Duke Energy Kentucky does not adjust quoted market prices on Level 1 inputs for any blockage factor.

Level 2 – a fair value measurement utilizing inputs other than a quoted market price that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 – any fair value measurements which include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on level 2 inputs.

There are no financial assets or financial liabilities that are not required to be accounted for at fair value under GAAP for which the option to record at fair value has been elected. However, in the future, Duke Energy Kentucky may elect to measure certain financial instruments at fair value in accordance with this accounting guidance.

Duke Energy Kentucky's policy for the recognition of transfers between levels of the fair value hierarchy is to recognize the transfer at the end of the period.

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Kentucky's Balance Sheets at fair value at December 31, 2011 and December 31, 2010:

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Description	Total Fair Value Amounts at December 31, 2011			
	Level 1	Level 2	Level 3	
	(in thousands)			
Derivative Assets ^(a)	\$ 222	\$ -	\$ -	\$ 222
Derivative Liabilities ^(b)	(8,473)	-	(8,473)	-
Net (Liabilities) Assets	\$ (8,251)	\$ -	\$ (8,473)	\$ 222

Description	Total Fair Value Amounts at December 31, 2010			
	Level 1	Level 2	Level 3	
	(in thousands)			
Derivative Liabilities ^(b)	\$ (4,671)	\$ -	\$ (4,628)	\$ (43)

- (a) Included in Other within Current Assets and Other within Investments and Other Assets on the Balance Sheets.
(b) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Balance Sheets.

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

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Rollforward of Level 3 Measurements

	Derivatives (net)
	(in thousands)
Balance at January 1, 2011	\$ (43)
Total gains included on balance sheet as regulatory asset or liability	245
Total pre-tax realized or unrealized losses included in earnings:	
Revenue, regulated electric ^(a)	47
Net purchases, sales, issuances and settlements:	
Purchases ^(a)	207
Settlements	<u>(234)</u>
Balance at December 31, 2011	<u>\$ 222</u>

a) Relates to financial transmission rights.

Balance at January 1, 2010	\$ (15)
Total gains included on balance sheet as regulatory asset or liability	526
Net purchases, sales, issuances and settlements	<u>(554)</u>
Balance at December 31, 2010	<u>\$ (43)</u>

Additional fair value disclosures. The fair value of financial instruments, excluding financial assets and certain financial liabilities included in the scope of the accounting guidance for fair value measurements disclosed in the tables above, is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value.

	<u>As of December 31, 2011</u>		<u>As of December 31, 2010</u>	
	<u>Book Value</u>	<u>Approximate Fair Value</u>	<u>Book Value</u>	<u>Approximate Fair Value</u>
	(in thousands)			
Long-term debt, including current maturities	\$ 342,786	\$ 380,248	\$ 344,589	\$ 364,384

At both December 31, 2011 and December 31, 2010, the fair value of cash and cash equivalents, accounts and notes receivable, accounts payable and notes payable are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

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12. Variable Interest Entities

A variable interest entity (VIE) is an entity that is evaluated for consolidation by more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring reevaluation, such as a significant change in an entity's assets or activities. If an entity is determined to be a VIE, a qualitative analysis of control determines the party that consolidates a VIE based on what party has the power to direct the most significant activities of a legal entity that impact its economic performance as well as what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual assessment.

NON-CONSOLIDATED VIEs

The table below shows the VIE that Duke Energy Kentucky does not consolidate and how this entity impacts Duke Energy Kentucky's Balance Sheets. As discussed below, Duke Energy Kentucky does not consolidate CRC as it is not the primary beneficiary.

	CRC	
	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
	(in thousands)	
Receivables	\$ 27,673	\$ 41,215

Duke Energy Kentucky is not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown.

No financial support was provided to this non-consolidated VIE during the years ended December 31, 2011 and 2010, or is expected to be provided in the future, that was not previously contractually required.

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CRC. CRC was formed in order to secure low cost financing for Duke Energy Kentucky and other operating subsidiaries of Cinergy. Duke Energy Kentucky sells on a revolving basis, at a discount, nearly all of its customer accounts receivable and related collections to CRC. The receivables which are sold are selected in order to avoid any significant concentration of credit risk and exclude delinquent receivables. The receivables sold are securitized by CRC through a facility managed by two unrelated third parties and the receivables are used as collateral for commercial paper issued by the unrelated third parties. These loans provide the cash portion of the proceeds paid by CRC to Duke Energy Kentucky. The proceeds obtained by Duke Energy Kentucky from the sales of receivables are cash and a subordinated note from CRC (subordinated retained interest in the sold receivables) for a portion of the purchase price (typically approximates 25% of the total proceeds). The amount borrowed by CRC against these receivables is non-recourse to the general credit of Duke Energy and the associated cash collections from the accounts receivables sold is the sole source of funds to satisfy the related debt obligation. Borrowing is limited to 75% of the transferred receivables. Losses on collection in excess of the discount are first absorbed by the equity of CRC and next by the subordinated retained interests held by Duke Energy Kentucky and the other operating subsidiaries who sell receivables to CRC. The discount on the receivables reflects interest expense plus an allowance for bad debts net of a servicing fee charged by Duke Energy Kentucky. Duke Energy Kentucky is responsible for the servicing of the receivables (collecting and applying the cash to the appropriate receivables). Depending on the experience with collections, additional equity infusions to CRC may be required to be made by Duke Energy in order to maintain a minimum equity balance of \$3 million. The amount borrowed fluctuates based on the amount of receivables sold. The debt is classified as short-term as the facility has an expiration date of October 2012.

CRC is considered a VIE because the equity capitalization is insufficient to support its operations, the power to direct the most significant activities of the entity are not performed by the equity holder, Cinergy, and deficiencies in the net worth of CRC are not funded by Cinergy, but by Duke Energy. The most significant activity of CRC relates to the decisions made with respect to the management of delinquent receivables. These decisions, as well as the requirement to make up deficiencies in net worth, are made by Duke Energy and not by Duke Energy Kentucky. Accordingly, CRC is consolidated by Duke Energy and not by Duke Energy Kentucky.

The subordinated note is a retained interest (right to receive a specified portion of cash flows from the sold assets) and is classified within Receivables in Duke Energy Kentucky's Balance Sheets at December 31, 2011 and 2010, respectively. The retained interests reflected on the Balance Sheets of Duke Energy Kentucky approximate fair value. The carrying value of the retained interest is determined by allocating the carrying value of the receivables between the assets sold and the interests retained based on relative fair value. The key assumptions used in estimating the fair value for Duke Energy Kentucky in 2011 were an anticipated credit loss ratio of 0.8%, a discount rate of 2.6% and a receivable turnover rate of 11.9%. Because the receivables generally turnover in less than two months, credit losses are reasonably predictable due to the broad customer base and lack of significant concentration, and the purchased beneficial interest (equity in CRC) is subordinate to all retained interests and thus would absorb losses first, the allocated bases of the subordinated notes are not materially different than their face value. The hypothetical effect on the fair value of the retained interest assuming both a 10% and a 20% unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Kentucky on the retained interest using the accretable yield method, which generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both the retained interest and purchased beneficial interest whenever it is determined that an other-than-temporary impairment has occurred.

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The following table shows the gross and net receivables sold as of December 31, 2011 and 2010, respectively:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	(in thousands)	
Receivables sold as of	\$ 59,131	\$ 67,820
Less: Retained interests	<u>27,673</u>	<u>41,215</u>
Net Receivables sold as of	<u>\$ 31,458</u>	<u>\$ 26,605</u>

The following table shows the retained interests, sales, and cash flows during the years ended December 31, 2011 and 2010, respectively:

	<u>Year Ended</u>	
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	(in thousands)	
Sales		
Receivables sold	\$ 500,488	\$ 515,783
Loss recognized on sale	4,048	4,452
Cash flows		
Cash proceeds from receivables sold	\$ 511,277	\$ 503,434
Collection fees received	250	258
Return received on retained interests	2,546	2,656

Cash flows from the sale of receivables are reflected within Operating Activities on Duke Energy Kentucky's Statements of Cash Flows. Collection fees received in connection with the servicing of transferred accounts receivable are included in Operation, maintenance and other on Duke Energy Kentucky's Statements of Operations.

The loss recognized on the sale of receivables is calculated monthly by multiplying the receivables sold during the month by the required discount which is derived monthly utilizing a three year weighted average formula that considers charge-off history, late charge history, and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is calculated monthly by summing the prior month-end London Interbank Offered Rate (LIBOR) plus a fixed rate of 2.39%.

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13. Severance

In January 2010, Duke Energy announced plans to offer a voluntary severance plan to 8,750 eligible employees. As this was a voluntary plan, all severance benefits offered under this plan are considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. The window for employees to request to voluntarily end their employment under this plan opened on February 3, 2010 and closed on February 24, 2010 for 8,400 eligible employees, which includes 15 Duke Energy Kentucky employees. Also in January 2010, Duke Energy announced that it would consolidate certain corporate office functions, resulting in transitioning of 350 positions from its offices in the Midwest to its corporate headquarters in Charlotte, North Carolina. Employees who did not relocate had the option to elect to participate in the voluntary plan discussed above, find a regional position within Duke Energy or remain with Duke Energy through a transition period, at which time a severance benefit would be paid under Duke Energy's ongoing severance plan. For employees affected by the consolidation of Duke Energy's corporate functions in Charlotte, North Carolina, the window closed March 31, 2010. One employee of Duke Energy Kentucky accepted the voluntary severance program.

Duke Energy Kentucky recorded total expenses of \$5 million for the year ended December 31, 2010. The severance costs associated with the voluntary severance program include an allocation of its proportionate share of severance costs for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Kentucky.

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14. Employee Benefit Plans

Duke Energy Retirement Plans. Duke Energy Kentucky participates in qualified and non-qualified defined benefit pension plans and other post-retirement benefit plans sponsored by Duke Energy. Duke Energy allocates pension and other post-retirement obligations and costs related to these plans to Duke Energy Kentucky.

Net periodic benefit cost disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective plan for the periods presented. However, portions of the net periodic benefit cost disclosed in the tables have been capitalized as a component of property, plant and equipment.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated by Duke Energy for employees of Duke Energy Kentucky. Additionally, Duke Energy Kentucky is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Kentucky. These allocated amounts are included in the governance and shared services costs discussed in Note 9.

Qualified Pension Plans

Duke Energy's qualified defined benefit pension plans cover substantially all employees meeting certain minimum age and service requirements. The plans cover most employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Duke Energy Kentucky also participates in Duke Energy sponsored non-qualified, non-contributory defined benefit pension plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. The following table includes information related to Duke Energy Ohio's contributions to Duke Energy's qualified defined benefit pension plans.

(in millions)

	Years ended December 31,		
	2012	2011	2010
Contributions made		\$ 6	\$ 5
Anticipated contributions	\$ 4		

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Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the qualified retirement plan is ten years. The average remaining service period of active employees covered by the non-qualified retirement plans is also ten years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets over five years.

Components of Net Periodic Pension Costs as allocated by Duke Energy: Qualified Pension Plans

	For the Years Ended	
	December 31,	
	2011	2010
	(in thousands)	
Service cost	\$ 1,474	\$ 1,459
Interest cost on projected benefit obligation	4,532	4,738
Expected return on plan assets	(6,870)	(6,773)
Amortization of prior service cost	123	123
Amortization of actuarial loss	1,776	1,358
Settlement and contractual termination benefit cost	-	170
Other	328	280
Net periodic pension costs	<u>\$ 1,363</u>	<u>\$ 1,355</u>

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Qualified Pension Plans

	For the Years Ended	
	December 31,	
	2011	2010
	(in thousands)	
Regulatory assets, net increase (decrease)	\$ 3,110	\$ (1,131)

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Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

	As of and for the Years Ended December 31,	
	2011	2010
	(in thousands)	
<u>Change in Projected Benefit Obligation</u>		
Obligation at prior measurement date	\$ 94,212	\$ 89,885
Service cost	1,474	1,459
Interest cost	4,532	4,738
Actuarial (gains) losses	(463)	4,067
Transfers	(6,206)	(867)
Settlement and contractual termination benefit cost	-	169
Benefits paid	(5,200)	(5,239)
Obligation at measurement date	<u>\$ 88,349</u>	<u>\$ 94,212</u>

The accumulated benefit obligation allocated by Duke Energy to Duke Energy Kentucky was \$83,596 thousand and \$87,156 thousand at December 31, 2011 and 2010, respectively.

	As of and for the Years Ended December 31,	
	2011	2010
	(in thousands)	
<u>Change in Fair Value of Plan Assets</u>		
Plan assets at prior measurement date	\$ 87,147	\$ 77,641
Actual return on plan assets	1,071	10,209
Benefits paid	(5,200)	(5,239)
Transfers	(6,206)	(867)
Employer contributions	6,339	5,403
Plan assets at measurement date	<u>\$ 83,151</u>	<u>\$ 87,147</u>

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
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Amounts Recognized in the Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy Kentucky's qualified pension plans that are reflected in Accrued pension and other post-retirement benefit costs on the Balance Sheets at December 31, 2011 and 2010.

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Accrued pension liability	\$ (5,198)	\$ (7,065)

The following table provides the amounts related to Duke Energy Kentucky's qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Balance Sheets at December 31, 2011 and 2010:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Regulatory Assets	\$ 30,103	\$ 26,993

Of the amounts above, approximately \$2,013 thousand in unrecognized net actuarial losses and \$120 thousand in prior service cost will be recognized in net periodic pension costs in 2012.

Additional Information: Qualified Pension Plan

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as allocated by Duke Energy

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Projected benefit obligation	\$ -	\$ 76,373
Accumulated benefit obligation	-	69,866
Fair value of plan assets	-	71,043

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Assumptions Used for Duke Energy's Pension Benefits Accounting

	As of December 31,	
	2011	2010
	(percentages)	
Benefit Obligations	5.10	5.00
Discount rate	4.40	4.10
Salary increase		
Net Periodic Benefit Cost		
Discount rate	5.00	5.50
Salary increase	4.10	4.50
Expected long-term rate of return on plan assets	8.25	8.50

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs as allocated by Duke Energy: Non-Qualified Pension Plans

	As of December 31,	
	2011	2010
	(in thousands)	
Interest cost on projected benefit obligation	\$ 7	\$ 8
Amortization of actuarial loss	12	10
Net periodic pension costs	<u>\$ 19</u>	<u>\$ 18</u>

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Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Non-Qualified Pension Plans

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Regulatory assets, net decrease	\$ (18)	\$ (12)

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

	<u>As of and for the Years</u> <u>Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
<u>Change in Projected Benefit Obligation</u>		
Obligation at prior measurement date	\$ 147	\$ 148
Service cost	-	-
Interest cost	7	8
Actuarial (gains) losses	(5)	2
Benefits paid	(11)	(11)
Obligation at measurement date	<u>\$ 138</u>	<u>\$ 147</u>

	<u>As of and for the Years</u> <u>Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
<u>Change in Fair Value of Plan Assets</u>		
Benefits paid	\$ (11)	\$ (11)
Employer contributions	11	11
Plan assets at measurement date	<u>\$ -</u>	<u>\$ -</u>

The accumulated benefit obligation was \$138 thousand and \$147 thousand at December 31, 2011 and 2010, respectively.

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Amounts Recognized in the Balance Sheets: Non-Qualified Pension Plans

The following table provides the amounts related to Duke Energy Kentucky's non-qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Balance Sheets at December 31, 2011 and 2010:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Accrued pension liability ^(a)	\$ (138)	\$ (147)

(a) Includes \$14 thousand and \$10 thousand recognized in Other within Current Liabilities on the Balance Sheets as of December 31, 2011 and 2010, respectively.

The following table provides the amounts related to Duke Energy Kentucky's non-qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Balance Sheets at December 31, 2011 and 2010:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Regulatory assets	\$ 73	\$ 91

None of the amounts above will be recognized in net periodic pension costs in 2012.

Additional Information: Non-Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as allocated by Duke Energy.

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Projected benefit obligation	\$ 138	\$ 147
Accumulated benefit obligation	138	147
Fair value of plan assets	-	-

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Assumptions Used for Duke Energy's Pension Benefits Accounting

	As of December 31,	
	2011	2010
	(percentages)	
Benefit Obligations	5.10	5.00
Discount rate	4.40	4.10
Salary increase		
Net Periodic Benefit Cost		
Discount rate	5.00	5.50
Salary increase	4.10	4.50

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Other Post-Retirement Benefit Plans

Duke Energy Kentucky participates in other post-retirement benefit plans sponsored by Duke Energy. Duke Energy provides certain health care and life insurance benefits to retired employees and their eligible dependents on a contributory and non-contributory basis. These benefits are subject to minimum age and service requirements. The health care benefits include medical coverage, dental coverage, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments. These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is 11 years. Duke Energy did not make any pre-funding contributions to its other post-retirement plans in 2011 or 2010.

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Components of Net Periodic Other Post-Retirement Benefit Costs as allocated by Duke Energy

	For the Years Ended December 31,	
	2011	2010
	(in thousands)	
Service Cost	\$ 175	\$ 186
Interest cost on projected benefit obligation	477	501
Expected return on plan assets	(79)	(78)
Amortization of prior service credit	(40)	(40)
Amortization of actuarial loss	70	54
Net periodic other post-retirement benefit costs	<u>\$ 603</u>	<u>\$ 623</u>

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans

	For the year ended December 31,	
	2011	2010
	(in thousands)	
Regulatory assets, net decrease	\$ (293)	\$ 380
Regulatory liabilities, net increase (decrease)	318	(269)

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Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs: Other Post-Retirement Benefit Plans

	As of and for the Years Ended December 31,	
	2011	2010
(in thousands)		
<u>Change in Benefit Obligation</u>		
Accumulated post-retirement benefit obligation at prior measurement date	\$ 9,850	\$ 9,868
Service cost	175	186
Interest cost	477	501
Plan participants' contributions	212	135
Actuarial (gain) loss	(649)	(10)
Transfers	(651)	(238)
Early retiree reinsurance program subsidy	21	-
Accrued retiree drug subsidy	-	17
Benefits paid	(730)	(609)
Accumulated post-retirement benefit obligation at measurement date	<u>\$ 8,705</u>	<u>\$ 9,850</u>

	As of and for the Years Ended December 31,	
	2011	2010
(in thousands)		
<u>Change in Fair Value of Plan Assets</u>		
Plan assets at prior measurement date	\$ 911	\$ 798
Actual return on plan assets	11	113
Plan participants' contributions	212	135
Benefits paid	(730)	(609)
Employer contributions	518	474
Plan assets at measurement date	<u>\$ 922</u>	<u>\$ 911</u>

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Amounts Recognized in the Balance Sheets: Other Post-Retirement Benefit Plans

The following table provides the amounts related to Duke Energy Kentucky's other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities on the Balance Sheets at December 31, 2011 and 2010:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Accrued other post-retirement liability ^(a)	\$ (7,783)	\$ (8,939)

(c) Includes \$118 thousand and \$115 thousand recognized in Other within Current Liabilities on the Balance Sheets as of December 31, 2011 and 2010, respectively.

The following table provides the amounts related to Duke Energy Kentucky's other post-retirement benefit plans that are reflected in Other within Regulatory Assets Deferred Debits and Accrued pension and other post-retirement benefit costs on the Balance Sheets at December 31, 2011 and 2010:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Regulatory assets	\$ 4,237	\$ 4,530
Regulatory liabilities	3,512	3,194

Of the amounts above, \$43 thousand of unrecognized losses and \$40 thousand of unrecognized prior service credit (which will reduce pension expense) will be recognized in net periodic pension costs in 2012.

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Assumptions Used in Duke Energy's Other Post-retirement Benefits Accounting

	As of December 31,	
	2011	2010
	(percentages)	
Benefit Obligations		
Discount rate	5.10	5.00
Net Periodic Benefit Cost		
Discount rate	5.00	5.50
Expected long-term rate of return on plan assets	8.25	8.50

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumed Health Care Cost Trend Rates

	2011	2010
Health care cost trend rate assumed for next year	8.75%	8.50%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2020	2020

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Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments to participants on behalf of Duke Energy Kentucky in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years, which are primarily paid out of the assets of various trusts. These benefit payments reflect expected future service, as appropriate.

Years Ended December 31,	<u>Qualified Plans</u>	<u>Non-Qualified Plans</u>	<u>Other Post- Retirement Plans</u>	<u>Total</u>
	(in thousands)			
2012	\$ 6,092	\$ 15	\$ 655	\$ 6,762
2013	6,026	14	694	6,734
2014	6,015	16	704	6,735
2015	6,010	12	702	6,724
2016	6,113	12	705	6,830
2017 – 2021	34,241	60	3,396	37,697

Master Retirement Trust. The assets for the Duke Energy Kentucky plans discussed above are derived from the Master Trust that is held by Duke Energy, as such, each are allocated their proportionate share of assets discussed below. Assets for both the qualified pension and other post-retirement benefits are maintained in a Master Retirement Trust (Master Trust). The investment objective of the Master Trust is to achieve reasonable returns, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for plan participants. The long-term rate of return of 8.00% as of December 31, 2011 for the Master Trust was developed using a weighted-average calculation of expected returns based primarily on future expected returns across asset classes considering the use of active asset managers. The weighted-average returns expected by asset classes were 2.61% for U.S. equities, 1.50% for Non-U.S. equities, 0.99% for Global equities, 1.69% for debt securities, 0.37% for global private equity, 0.24% for hedge funds, 0.30% for real estate and 0.30% for other global securities. The asset allocation targets were set after considering the investment objective and the risk profile. U.S. equities are held for their high expected return. Non-U.S. equities, debt securities, and real estate are held for diversification. Investments within asset classes are to be diversified to achieve broad market participation and reduce the impact of individual managers or investments. Duke Energy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate. The following table presents target and actual asset allocations for the Master Trust at December 31, 2011 and 2010:

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Asset Category	Target Allocation	Percentage at December 31,	
		2011	2010
U.S. equity securities	28%	28%	30%
Non-U.S. equity securities	15	15	19
Global equity securities	10	9	10
Debt securities	32	32	27
Global private equity securities	3	1	0
Hedge funds	4	3	3
Real estate and cash	4	9	7
Other global securities	4	3	4
Total	100%	100%	100%

Employee Savings Plans

Duke Energy sponsors, and Duke Energy Kentucky participates in, an employee savings plan that covers substantially all U.S. employees. Duke Energy contributes a matching contribution equal to 100% of employee before-tax and Roth 401(k) contributions, of up to 6% of eligible pay per period. Duke Energy Kentucky expensed pre-tax plan contributions, as allocated by Duke Energy, of \$760 thousand in 2011 and \$818 thousand in 2010.

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15. Income Taxes

The following details the components of income tax expense:

Income Tax Expense

	<u>Years Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in thousands)	
Current income taxes		
Federal	6,470	6,543
State	<u>1,856</u>	<u>2,418</u>
Total current income taxes	8,326	8,961
Deferred income taxes		
Federal	12,835	14,651
State	<u>1,448</u>	<u>(504)</u>
Total deferred income taxes	14,283	14,147
Investment tax credit amortization	<u>(575)</u>	<u>(702)</u>
Total income tax expense presented in Statements of Operations ^(a)	<u><u>22,034</u></u>	<u><u>22,406</u></u>

(a) Included in the "Total current income taxes" line above is an uncertain tax benefit relating primarily to certain temporary differences of \$497 thousand for 2011 and \$1,478 thousand for 2010. The offset to these temporary differences are included in the "Total deferred income taxes" line above.

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**Reconciliation of Income Tax Expense at the U.S. Federal Statutory Tax Rate to the Actual Tax Expense
(Statutory Rate Reconciliation)**

	Years Ended December 31,	
	2011	2010
	(in thousands)	
Income tax expense, computed at the statutory rate of 35%	\$ 16,220	\$ 22,984
State income tax, net of federal income tax effect	2,148	1,244
Manufacturing deduction	(225)	(1,016)
Federal true up	3,336	(94)
Other items, net	555	(712)
Total income tax expense	\$ 22,034	\$ 22,406
Effective Tax Rates ^(a)	47.50%	34.10%

(d) The change in the effective tax rate for the year ended December 31, 2011 compared to December 31, 2010 is primarily due to the reduction in the manufacturing deduction and a property, plant and equipment Federal true up.

Net Deferred Income Tax Liability Components

	As of December 31,	
	2011	2010
	(in thousands)	
Deferred credits and other liabilities	\$ 9,854	\$ 2,968
Investments and other assets	2,116	445
Tax Credit Carryforwards	34	-
Other	2,245	2,602
Total deferred income tax assets	14,249	6,015
Accelerated depreciation rates	(221,617)	(211,173)
Regulatory assets and deferred debits	(21,068)	(8,777)
Total deferred income tax liabilities	(242,685)	(219,950)
Total net deferred income tax liabilities	\$ (228,436)	\$ (213,935)

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
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The above amounts have been classified in the Balance Sheets as follows:

Net Deferred Income Tax Liabilities

	As of December 31,	
	2011	2010
	(in thousands)	
Current deferred tax assets, included in other current assets	\$ 2,666	\$ 1,609
Non-current deferred tax liabilities	<u>(231,102)</u>	<u>(215,544)</u>
Total deferred income tax assets	<u>\$ (228,436)</u>	<u>\$ (213,935)</u>

Changes to Unrecognized Tax Benefits

	2011	2010
	Increase / (Decrease)	Increase / (Decrease)
	(in thousands)	
Unrecognized Tax Benefits – January 1	\$ 7,038	\$ 5,559
Unrecognized Tax Benefits Changes		
Gross increases – tax positions in prior periods	482	1,495
Gross decreases—tax positions in prior periods	(781)	(402)
Gross increases – current period tax positions	<u>796</u>	<u>386</u>
Total Changes	<u>497</u>	<u>1,479</u>
Unrecognized Tax Benefits – December 31	<u>\$ 7,535</u>	<u>\$ 7,038</u>

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
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The following table includes information regarding the Duke Energy Kentucky's unrecognized tax benefits^(a).

December 31,
2011

(in thousands)

Amount that if recognized, would affect the effective tax rate or regulatory liability^(b) \$ -

- (a) Duke Energy Kentucky does not anticipate a material increase or decrease in unrecognized tax benefits in the next 12 months.
- (b) Duke Energy Kentucky is unable to estimate the specific amounts that would affect the effective tax rate or regulatory liability.

The following table includes interest and penalties recognized in the statements of operations and the balance sheets:

As of December 31,
2011 **2010**

(in thousands)

Net interest expense recognized related to income taxes	\$	246	\$	324
Interest payable related to income taxes included in the balance sheets		581		324
Accruals for the payment of penalties included in the balance sheets		-		-

Duke Energy Kentucky is no longer subject to U.S. federal examination for years before 2006. The Internal Revenue Service (IRS) is currently auditing the federal income tax returns for years 2006 and 2007. With few exceptions, Duke Energy Kentucky is no longer subject to state, local or non-U.S. income tax examinations by tax authorities for years before 2005.

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Notes to Financial Statements			

16. Subsequent Events

For information on subsequent events related to regulatory matters, commitments and contingencies and debt and credit facilities, see Notes 3, 4 and 5, respectively. Management has evaluated these Unaudited Financial Statements and Notes for subsequent events up through March 8, 2012.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion

Line No.	Item (a)	Total Company For the Current Quarter/Year
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	1,437,786,159
4	Property Under Capital Leases	19,413,392
5	Plant Purchased or Sold	
6	Completed Construction not Classified	172,463,935
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	1,629,663,486
9	Leased to Others	
10	Held for Future Use	
11	Construction Work in Progress	27,611,713
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	1,657,275,199
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	744,281,884
15	Net Utility Plant (Total of lines 13 and 14)	912,993,315
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	713,765,532
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	30,516,352
22	TOTAL In Service (Total of lines 18 thru 21)	744,281,884
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	
27	Held for Future Use	
28	Depreciation	
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	
31	Abandonment of Leases (Natural Gas)	
32	Amortization of Plant Acquisition Adjustment	
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	744,281,884

Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)

Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)
1				
2				
3	1,100,817,043	298,860,888		38,108,228
4	5,841,431	12,970,448		601,513
5				
6	75,869,222	94,160,857		2,433,856
7				
8	1,182,527,696	405,992,193		41,143,597
9				
10				
11	22,347,049	3,837,880		1,426,784
12				
13	1,204,874,745	409,830,073		42,570,381
14	597,583,327	118,161,278		28,537,279
15	607,291,418	291,668,795		14,033,102
16				
17				
18	593,370,496	115,524,405		4,870,631
19				
20				
21	4,212,830	2,636,874		23,666,648
22	597,583,326	118,161,279		28,537,279
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33	597,583,326	118,161,279		28,537,279

Gas Plant in Service (Accounts 101, 102, 103, and 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant	2,053,854	690,062
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	2,053,854	690,062
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and		
27	TOTAL Production and Gathering Plant (Enter Total of lines 8		
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				
3				
4				2,743,916
5				2,743,916
6				
7				
8				
9				
10				
11				
12				
13				
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16				
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	345 Compressor Equipment		
35	346 Gas Measuring and Regulating Equipment		
36	347 Other Equipment		
37	348 Asset Retirement Costs for Products Extraction Plant		
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)		
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and		
40	Manufactured Gas Production Plant (Submit Supplementary	6,071,918	179,866
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	6,071,918	179,866
42	NATURAL GAS STORAGE AND PROCESSING PLANT		
43	Underground Storage Plant		
44	350.1 Land		
45	350.2 Rights-of-Way		
46	351 Structures and Improvements		
47	352 Wells		
48	352.1 Storage Leaseholds and Rights		
49	352.2 Reservoirs		
50	352.3 Non-recoverable Natural Gas		
51	353 Lines		
52	354 Compressor Station Equipment		
53	355 Other Equipment		
54	356 Purification Equipment		
55	357 Other Equipment		
56	358 Asset Retirement Costs for Underground Storage Plant		
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru		
58	Other Storage Plant		
59	360 Land and Land Rights		
60	361 Structures and Improvements		
61	362 Gas Holders		
62	363 Purification Equipment		
63	363.1 Liquefaction Equipment		
64	363.2 Vaporizing Equipment		
65	363.3 Compressor Equipment		
66	363.4 Measuring and Regulating Equipment		
67	363.5 Other Equipment		
68	363.6 Asset Retirement Costs for Other Storage Plant		
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)		
70	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
71	364.1 Land and Land Rights		
72	364.2 Structures and Improvements		
73	364.3 LNG Processing Terminal Equipment		
74	364.4 LNG Transportation Equipment		
75	364.5 Measuring and Regulating Equipment		
76	364.6 Compressor Station Equipment		
77	364.7 Communications Equipment		
78	364.8 Other Equipment		
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas		
80	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and		

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39				
40	22,545			6,229,239
41	22,545			6,229,239
42				
43				
44				
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49				
50				
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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,		
82	TRANSMISSION PLAN		
83	365.1 Land and Land Rights		
84	365.2 Rights-of-Way		
85	366 Structures and Improvements		
86	367 Mains		
87	368 Compressor Station Equipment		
88	369 Measuring and Regulating Station Equipment		
89	370 Communication Equipment		
90	371 Other Equipment		
91	372 Asset Retirement Costs for Transmission Plant		
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)		
93	DISTRIBUTION PLANT		
94	374 Land and Land Rights	1,137,195	
95	375 Structures and Improvements	158,514	
96	376 Mains	239,296,541	2,029,563
97	377 Compressor Station Equipment		
98	378 Measuring and Regulating Station Equipment-General	5,784,980	362,298
99	379 Measuring and Regulating Station Equipment-City Gate		
100	380 Services	104,606,422	6,541,887
101	381 Meters	9,793,798	676,134
102	382 Meter Installations	9,068,277	584,745
103	383 House Regulators	6,640,802	(90,206)
104	384 House Regulator Installations	5,902,025	584,747
105	385 Industrial Measuring and Regulating Station Equipment	504,476	10,292
106	386 Other Property on Customers' Premises		
107	387 Other Equipment	138,495	
108	388 Asset Retirement Costs for Distribution Plant	1,114,935	(128,081)
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)	384,146,460	10,571,379
110	GENERAL PLANT		
111	389 Land and Land Rights		
112	390 Structures and Improvements		
113	391 Office Furniture and Equipment	169,384	114,898
114	392 Transportation Equipment	96,158	
115	393 Stores Equipment		
116	394 Tools, Shop, and Garage Equipment	2,719,540	30,046
117	395 Laboratory Equipment		
118	396 Power Operated Equipment	47,221	
119	397 Communication Equipment		7,780
120	398 Miscellaneous Equipment	125,562	
121	Subtotal (Enter Total of lines 111 thru 120)	3,157,865	152,724
122	399 Other Tangible Property		
123	399.1 Asset Retirement Costs for General Plant		
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	3,157,865	152,724
125	TOTAL (Accounts 101 and 106)	395,430,097	11,594,031
126	Gas Plant Purchased (See Instruction 8)		
127	(Less) Gas Plant Sold (See Instruction 8)		
128	Experimental Gas Plant Unclassified		
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	395,430,097	11,594,031

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				1,137,195
95				158,514
96	28,961			241,297,143
97				
98				6,147,278
99				
100	208,392			110,939,917
101	276,736		(200,978)	9,992,218
102	287,216			9,365,806
103				6,550,596
104				6,486,772
105				514,768
106				
107				138,495
108	(100,744)			1,087,598
109	700,561		(200,978)	393,816,300
110				
111				
112				
113	5,287			278,995
114				96,158
115				
116	102,564			2,647,022
117				
118				47,221
119				7,780
120				125,562
121	107,851			3,202,738
122				
123				
124	107,851			3,202,738
125	830,957		(200,978)	405,992,193
126				
127				
128				
129	830,957		(200,978)	405,992,193

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FOOTNOTE DATA			

Schedule Page: 204 Line No.: 40 Column: g

304- Land and Land Rights	\$142,170
305- Structures and Improvements	\$1,713,705
311- Liquefied Petroleum Gas Equip	<u>\$4,373,364</u>
	\$6,229,239

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Gas Property and Capacity Leased from Others

1. Report below the information called for concerning gas property and capacity leased from others for gas operations.
2. For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).

Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments for Current Year (d)
1	2002 Bank of America Leasing & Capital		meters	307,737
2	2003 Bank of America Leasing & Capital		meters	250,860
3	2004 Bank of America Leasing & Capital		meters	248,030
4	2005 Bank of America Leasing & Capital		meters	254,900
5	2006 Bank of America Leasing & Capital		meters	296,326
6	2007 Bank of America Leasing & Capital		meters	379,606
7	2009 Bank of America Leasing & Capital		meters	431,579
8	2010 Bank of America Leasing & Capital		meters	111,975
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
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31				
32				
33				
34				
35				
36				
37				
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39				
40				
41				
42				
43				
44				
45	Total			2,281,013

Name of Respondent
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Construction Work in Progress-Gas (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Projects Less than \$1,000,000	3,837,880	
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
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19			
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22			
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24			
25			
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30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Total	3,837,880	

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
General Description of Construction Overhead Procedure			

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

1. CONSTRUCTION OVERHEAD COSTS INCLUDE ENGINEERING AND SUPERVISORY SALARIES, ADMINISTRATIVE AND GENERAL SALARIES AND ASSOCIATED PAYROLL TAXES AND BENEFITS AND EMPLOYEE EXPENSES.

IN GENERAL, IF ENGINEERS, SUPERVISORS, AND CLERICAL EMPLOYEES DEVOTE ALL OR SUBSTANTIALLY ALL OF THEIR TIME TO CAPITAL CONSTRUCTION PROJECTS, THE SALARIES AND RELATED EXPENSES ARE CHARGED DIRECTLY TO THE SPECIFIC CAPITAL CONSTRUCTION PROJECTS.

FOR POWER DELIVERY, CONSTRUCTION OVERHEAD COSTS ARE CHARGED TO THE ALLOCATION POOLS AND FROM THERE TRANSFERRED TO THE SPECIFIC CAPITAL CONSTRUCTION PROJECTS WHERE THE LABOR (INTERNAL AND CONTRACT) WAS CHARGED DURING THE MONTH.

2. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) IS APPLIED TO THE TOTAL CONSTRUCTION EXPENDITURES, LESS CERTAIN EXCLUSIONS, ON JOBS UNDER CONSTRUCTION. EFFECTIVE JULY 1, 1982, THE RESPONDENT ADOPTED THE PRACTICE OF UPDATING THE AFUDC RATE MONTHLY, AS AUTHORIZED BY THE FEDERAL ENERGY REGULATORY COMMISSION IN A LETTER DATED MAY 27, 1982. THE AVERAGE AFUDC RATE FOR 2011 WAS 7.80%. THE MONTHLY RATE DOES NOT INCLUDE A REDUCTION FOR THE INCOME TAX EFFECT ON THE COST OF DEBT.

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General Description of Construction Overhead Procedure (continued)

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

1. For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.
2. Identify, in a footnote, the specific entity used as the source for the capital structure figures.
3. Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ration (percent) (c)	Cost Rate Percentage (d)
(1)	Average Short-Term Debt	S		
(2)	Short-Term Interest			s
(3)	Long-Term Debt	D		d
(4)	Preferred Stock	P		p
(5)	Common Equity	C		c
(6)	Total Capitalization			
(7)	Average Construction Work In Progress Balance	W		

2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$

3. Rate for Other Funds $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$

4. Weighted Average Rate Actually Used for the Year:

- a. Rate for Borrowed Funds -
- b. Rate for Other Funds -

Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

Line No	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. BALANCES AND CHANGES DURING YEAR				
1	Balance Beginning of Year	107,468,903	107,468,903		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	9,597,556	9,597,556		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing				
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):	55,025	55,025		
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	9,652,581	9,652,581		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	(823,850)	(823,850)		
13	Cost of Removal	(171,803)	(171,803)		
14	Salvage (Credit)				
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	(995,653)	(995,653)		
16	Other Debit or Credit Items (Describe) (footnote details):	(601,426)	(601,426)		
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1, 10, 15, 16 and 18)	115,524,405	115,524,405		
	Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
21	Productions-Manufactured Gas	3,638,828	3,638,828		
22	Production and Gathering-Natural Gas				
23	Products Extraction-Natural Gas				
24	Underground Gas Storage				
25	Other Storage Plant				
26	Base Load LNG Terminaling and Processing Plant				
27	Transmission				
28	Distribution	111,826,014	111,826,014		
29	General	59,563	59,563		
30	TOTAL (Total of lines 21 thru 29)	115,524,405	115,524,405		

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FOOTNOTE DATA			

Schedule Page: 219 Line No.: 8 Column: c	
ARO Provision	\$(45,719)
ARO Transfer/Adjustment	<u>\$100,744</u>
	\$55,025

Schedule Page: 219 Line No.: 16 Column: c	
Transfer/Adjustments	\$553
Common Utility Plant Provision	<u>\$(601,979)</u>
	\$(601,426)

Schedule Page: 219 Line No.: 3 Column: c
This amount includes \$323,781 of common plant that was allocated to gas utility plant. This amount ties to depreciation expense shown on Page 115, Line 6, Column I. \$323,781 ties to the amount of common plant that was allocated to gas plant per Page 336, Line 11, Column B.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.
2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.
3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of					6,101,308			6,101,308
2	Gas Delivered to Storage					5,588,205			5,588,205
3	Gas Withdrawn from					4,464,417			4,464,417
4	Other Debits and Credits					(7,225,096)			(7,225,096)
5	Balance at End of Year					0			
6	Dth								
7	Amount Per Dth								

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FOOTNOTE DATA			

Schedule Page: 220 Line No.: 5 Column: f

Stored gas inventory was reclassified from account 164.1 to account 174.273 during November, 2011. Gas inventory is now stored and managed by Duke Energy's new Asset Manager.

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Investments (Account 123, 124, and 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
2. Provide a subheading for each account and list thereunder the information called for:
 - (a) Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
 - (b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No	Description of Investment (a)	*	Book Cost at Beginning of Year	Purchases or
			(If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Additions During the Year (d)
1	124-9 CAMPBELL COUNTY BUSINESS DEV. CORP.		1,500	
2	DATE ACQUIRED 06/18/62			
3	DATE OF MATURITY			
4	CAPITAL STOCK			
5				
6				
7	TOTAL ACCOUNT 124		1,500	
8				
9	136 TEMPORARY CASH INVESTMENTS		25,480,000	313,000,000
10	DATE ACQUIRED VARIOUS			
11	DATE OF MATURITY			
12				
13				
14	TOTAL ACCOUNT 136		25,480,000	313,000,000
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Investments (Account 123, 124, and 136) (continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1			1,500		
2					
3					
4					
5					
6					
7			1,500		
8					
9	338,480,000				
10					
11					
12					
13					
14	338,480,000				
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Payment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	
2	Prepaid Rents	
3	Prepaid Taxes	1,814,514
4	Prepaid Interest	
5	Miscellaneous Prepayments	1,135,983
6	TOTAL	2,950,497

Other Regulatory Assets (Account 182.3)

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.
5. Provide in a footnote, for each line item, the regulatory citation where authorization for the regulatory asset has been granted (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Current Quarter/Year (g)
1	INCOME TAXES	119,535	3,232,663	Various	3,561,753		(209,555)
2							
3	LIMITED EARLY RETIREMENT PROGRAM DELAYED CASH COSTS - GAS	19,682		930.2	18,168		1,514
4	(Amortized 120 months, Feb , 2002 - Jan., 2012)						
5							
6	AMRP STUDY COSTS - GAS (Amortized 120 Months February 2002 - January 2012)	34,710		928	32,040		2,670
7							
8	DEMAND SIDE MANAGEMENT COSTS	1	4,638,637	Various	4,638,638		
9							
10	ARO OTHER REGULATORY ASSET	266,451	559,930	230	274,039		552,342
11							
12	GAS ARO OTHER REGULATORY ASSET	3,128,975	233,941	108	53,507		3,309,409
13							
14	INTEREST RATE HEDGES	3,659,272	5,935,260	245	2,078,694		7,515,838
15							
16	HURRICANE IKE REGULATORY ASSET	4,912,684					4,912,684
17							
18	CARBON MGMT REG ASSET	400,000	200,000				600,000
19							
20	2010 SMARTGRID OTHER DEF O&M	21		186	21		
21							
22							
23							
24							
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39							
40	Total	12,541,331	14,800,431		10,656,860	0	16,684,902

Miscellaneous Deferred Debits (Account 186)

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	Credits Account Charged (d)	Credits Amount (e)	Balance at End of Year (f)
1	Items deferred pending investigation	293		163	293	
2						
3	Private outdoor lighting	60,637	91,734	Various	68,073	84,298
4						
5	LT lease receivable	995,641	443	418	18,537	977,547
6						
7	Vacation accrual	2,063,955		242	210,854	1,853,101
8						
9	Accrued pension post retire - FAS158	31,614,440	5,009,782	Various	2,210,632	34,413,590
10						
11	Indirect overhead allocation	34,575	3,974,368	Various	4,022,419	(13,476)
12	pool - undistributed					
13						
14	Joint Owner	274,187		Various	274,187	
15						
16	Duke Energy Kentucky 2009 gas rate	103,597		928	51,798	51,799
17	case (amortization period					
18	1/1/10-12/31/12)					
19						
20	Other miscellaneous items	10,000				10,000
21						
22	Smart Grid	103,375	135,895	Various	239,270	
23						
24	Duke Energy Kentucky 2011	18,466	47,454	Various	65,920	
25	electric rate case					
26						
27						
28						
29						
30						
31						
32						
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35						
36						
37						
38						
39	Miscellaneous Work in Progress					
40	Total	35,279,166	9,259,676		7,161,983	37,376,859

Accumulated Deferred Income Taxes (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric	(9,994,664)	4,775,402	9,261,573
3	Gas	10,392,152	9,070,928	219,370
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	397,488	13,846,330	9,480,943
6	Other (Specify) (footnote details)	980,262		
7	TOTAL Account 190 (Total of lines 5 thru 6)	1,377,750	13,846,330	9,480,943
8	Classification of TOTAL			
9	Federal Income Tax	962,307	11,932,236	8,250,444
10	State Income Tax	415,443	1,914,094	1,230,499
11	Local Income Tax			

Name of Respondent
Duke Energy Kentucky, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2011/Q4

Accumulated Deferred Income Taxes (Account 190) (continued)

Line No.	Changes During Year	Changes During Year	Adjustments	Adjustments	Adjustments	Adjustments	Balance at End of Year
	Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits Account No. (g)	Debits Amount (h)	Credits Account No. (i)	Credits Amount (j)	
1							
2	1,491,093	3,683,400	254 411	803,746	410 411	4,667,454	547,522
3	81,302	1,710			410 411	4,485,767	5,946,769
4							
5	1,572,395	3,685,110		803,746		9,153,221	6,494,291
6	7,366	7,363	410 411	738,717			241,542
7	1,579,761	3,692,473		1,542,463		9,153,221	6,735,833
8							
9	1,355,946	3,168,648		1,510,605		8,204,073	5,786,685
10	223,815	523,825		31,858		949,148	949,148
11							

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 234 Line No.: 6 Column: b

Manufactured Gas Plant - Hazardous Clean Up	783,501
Tax Interest Accrual	<u>196,761</u>
Total	980,262

Schedule Page: 234 Line No.: 6 Column: k

Manufactured Gas Plant - Hazardous Clean Up	200,067
Tax Interest Accrual	<u>41,475</u>
Total	241,542

Name of Respondent
Duke Energy Kentucky, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2011/Q4

Capital Stock (Accounts 201 and 204)

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value per Share (c)	Call Price at End of Year (d)
1	COMMON STOCK (ACCT 201)	1,000,000	15.00	
2	TOTAL COMMON STOCK	1,000,000		
3				
4	PREFERRED STOCK (ACCT 204)			
5	TOTAL PREFERRED STOCK			
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Capital Stock (Accounts 201 and 204)

4 The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
 5 State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.
 6 Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1	585,333	8,779,995				
2	585,333	8,779,995				
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Received on (Accts 202, 203, 205, 206, 207, and 212)

- Show for each of the above accounts the amounts applying to each class and series of capital stock.
- For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
- Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of year.
- For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1	Accounts 202, 203, 205, 206, AND 212			
2	Accounts 207 - Premium of \$15 per Share on Capital Stock in 1955		62,419	936,287
3	Accounts 207 - Premium of \$17 per Share on Capital Stock in 1957		104,000	1,768,003
4	Accounts 207 - Premium of \$38 per Share on Capital Stock in 1961		69,333	2,634,656
5	Accounts 207 - Premium of \$135 per Share on Capital Stock in 1992		100,000	13,500,000
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40	Total		335,752	18,838,946

Other Paid-In Capital (Accounts 208-211)

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation.
- (b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Accounts 28 Donations Received from Stockholders	
2	Balance - Beginning of Year	148,811,383
3		
4		
5		
6		
7	Subtotal Balance - End of Year	148,811,383
8		
9		
10	Account 211 - Miscellaneous Paid-In Capital	
11	Balance - Beginning of Year (Sharesaver)	(156,194)
12		
13	Subtotal Balance - End of Year (Sharesaver)	(156,194)
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40	Total	148,655,189

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
Securities Issued or Assumed and Securities Refunded or Retired During the Year			

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

In December 2011, the 2008 Series A Pollution Control Bonds were refinanced. There was no change to the principal amount of debt issued or amortization period as a result of refinancing these Bonds. Additional debt expenses were incurred and are being amortized over the remaining life of the bond.

Long-Term Debt (Accounts 221, 222, 223, and 224)

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amts held by respondent) (d)
1	ACCOUNT 221 - NONE			
2				
3	ACCOUNTS 222 & 223 - NONE			
4				
5	ACCOUNT 224			
6				
7	UNSECURED DEBENTURES 5.00% DUE IN 2014	12/06/2004	12/15/2014	40,000,000
8	UNSECURED DEBENTURES 5.75% DUE IN 2016	03/07/2006	03/10/2016	50,000,000
9	UNSECURED DEBENTURES 6.20% DUE IN 2036	03/07/2006	03/10/2036	65,000,000
10	POLLUTION CONTROL BONDS 2008 SERIES A DUE IN 2027	12/11/2008	08/01/2027	50,000,000
11	POLLUTION CONTROL BONDS 2010 SERIES DUE IN 2027	11/24/2010	08/01/2027	26,720,000
12	GAS STORAGE FROM SALE OF TODHUNTER CAVERN (TEPPCO)	07/31/2007	07/31/2027	851,494
13	UNSECURED DEBENTURES 4.65% DUE IN 2019	09/22/2009	10/01/2019	100,000,000
14				
15				
16	Subtotal 224			332,571,494
17				
18	See footnote			
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40	TOTAL			332,571,494

Long-Term Debt (Accounts 221, 222, 223, and 224)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

Line No.	Interest for Year Rate (in %) (e)	Interest for Year Amount (f)	Held by Respondent Reacquired Bonds (Acct 222) (g)	Held by Respondent Sinking and Other Funds (h)	Redemption Price per \$100 at End of Year (i)
1					
2					
3					
4					
5					
6					
7	5.000	2,000,000			0.25
8	5.750	2,875,000			0.20
9	6.200	4,030,000			0.30
10	1.046	173,149			1.00
11	0.080	93,504			1.00
12					
13	4.650	4,650,000			0.25
14					
15					
16		13,821,653			
17					
18					
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40		13,821,653			

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 256 Line No.: 10 Column: a

In December 2011, the 2008 Series A Pollution Control bonds were refinanced. There was no change to the principal amount of debt issued or amortization period as a result of refinancing these Bonds. Additional debt expenses were incurred and are being amortized over the remaining life of the bond.

Schedule Page: 256 Line No.: 18 Column: a

On November 10, 2010 the Kentucky PSC approved Case No. 2010-00369 authorizing the issuance of up to \$100M of secured and/or unsecured notes. The authorization expires on December 31, 2012.

Schedule Page: 256 Line No.: 10 Column: e

The interest rate varies on this pollution control bond. The interest rate is as of December 31, 2011.

Schedule Page: 256 Line No.: 11 Column: e

The interest rate varies on this pollution control bond. The interest rate is as of December 31, 2011.

Schedule Page: 256 Line No.: 10 Column: i

This pollution control bond is redeemable at par (\$100) and is not subject to the redemption calculation.

Schedule Page: 256 Line No.: 11 Column: i

This pollution control bond is redeemable at par (\$100) and is not subject to the redemption calculation.

Schedule Page: 256 Line No.: 7 Column: i

Redemption price of the Debenture is based on the preset value of the future interest and principal payments discounted at a rate equal to the yield of US government securities with a maturity similar to the Debenture plus a certain spread. This spread is presented in Column (i) and is shown as basis points. The calculated Redemption price can never be less than \$100.

Schedule Page: 256 Line No.: 8 Column: i

See Footnote for line 7.

Schedule Page: 256 Line No.: 9 Column: i

See Footnote for line 7.

Schedule Page: 256 Line No.: 13 Column: i

See Footnote for line 7.

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period Date From (d)	Amortization Period Date To (e)
1	UNAMORTIZED EXPENSE:				
2					
3	REVOLVING CREDIT FACILITY DUE 2012	73,517,045	33,472	06/28/2007	06/29/2012
4	MASTER CREDIT FACILITY		454,094	11/18/2011	11/18/2016
5	5.00% UNSECURED DEBENTURES DUE 2014	40,000,000	410,000	12/06/2004	12/15/2014
6	6.20% UNSECURED DEBENTURES DUE 2036	65,000,000	653,550	03/10/2006	03/10/2036
7	5.75% UNSECURED DEBENTURES DUE 2016	50,000,000	390,200	03/10/2006	03/10/2016
8	4.65% UNSECURED DEBENTURES DUE 2019	100,000,000	756,468	09/22/2009	10/01/2019
9	POLLUTION CONTROL BONDS 2010 SERIES DUE IN 2027	26,720,000	939,966	11/24/2010	08/01/2027
10	POLLUTION CONTROL BONDS 2008 SER A DUE 2027	50,000,000	691,754	12/03/2008	08/01/2027
11					
12	TOTAL ACCOUNT 181	405,237,045	4,329,504		
13					
14	UNAMORTIZED PREMIUM ON LONG-TERM DEBT:				
15					
16					
17	TOTAL ACCOUNT 225 - NONE				
18					
19					
20	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT:				
21					
22					
23	5.00% UNSECURED DEBENTURES DUE 2014	40,000,000	379,200	12/06/2004	12/15/2014
24	6.20% UNSECURED DEBENTURES DUE 2036	65,000,000	367,900	03/10/2006	03/10/2036
25	5.75% UNSECURED DEBENTURES DUE 2016	50,000,000	30,000	03/10/2006	03/10/2016
26	4.65% UNSECURED DEBENTURES DUE 2019	100,000,000	374,000	09/22/2009	10/01/2019
27					
28	TOTAL ACCOUNT 226	255,000,000	1,151,100		
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
1				
2				
3	10,873		7,276	3,597
4		454,094	10,847	443,247
5	161,924		40,936	120,988
6	548,810		21,785	527,025
7	202,623		39,029	163,594
8	759,296		242,990	516,306
9	323,006	392	12,993	310,405
10	446,124	347,488	85,673	707,939
11				
12	2,452,656	801,974	461,529	2,793,101
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23	149,745		37,857	111,888
24	308,934		12,263	296,671
25	15,575		3,000	12,575
26	326,435		37,307	289,128
27				
28	800,689		90,427	710,262
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Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 258 Line No.: 4 Column: a

In November 2011, Duke Energy entered into a new five-year master credit facility. The Duke Energy Registrants each have borrowing capacity under the master credit facility up to specified sub limits for each borrower. Duke Energy Kentucky has a \$100 million borrowing limit as of December 31, 2011. The amount available under the master credit facility has been reduced by the use of the master credit facility to backstop the issuances of commercial paper, letters of credit and certain tax-exempt bonds.

Schedule Page: 258 Line No.: 10 Column: a

In December 2011, the 2008 Series A Pollution Control Bonds were refinanced. There was no change to the principal amount of debt issued or amortization period as a result of refinancing these Bonds. Additional debt expenses were incurred and are being amortized over the remaining life of the bond.

Schedule Page: 258 Line No.: 8 Column: h

Credits during the year, to 4.65% Unsecured Debentures due 2019, include \$156,213 adjustment to debt expense related to prior years, and \$86,777 amortization of debt expense to Account 428.

Unamortized Loss and Gain on Reacquired Debt (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	10-1/4% SERIES	06/01/1995	15,000,000	(925,479)	369,849	330,573
2	9.7% SERIES	09/01/1995	20,000,000	(1,596,748)	569,466	502,470
3	10-1/4% SERIES	02/15/1996	15,000,000	(917,675)	369,957	332,493
4						
5	7.65% SERIES	04/06/2006	15,000,000	(1,230,503)	929,536	865,613
6	5.5% SERIES	09/01/2006	48,000,000	(669,996)	502,497	463,844
7	1985A Floating	09/01/2006	16,000,000	(115,521)	43,147	26,445
8	6.5% SERIES	09/01/2006	12,720,663	(73,931)	54,166	49,605
9	2006A SERIES	12/26/2008	50,000,000	(289,319)	258,182	242,613
10	TOTAL 189		191,720,663	(5,819,172)	3,096,800	2,813,656
11						
12	TOTAL 257					
13						
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 116)	24,309,618
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8	TOTAL	
9	Deductions Recorded on Books Not Deducted for Return	
10	See Footnote For Details	38,090,262
11		
12		
13	TOTAL	38,090,262
14	Income Recorded on Books Not Included in Return	
15	Allowance For Funds Used During Construction	809,081
16	Amortization Of Investment Tax Credits	575,598
17	Contributions In Aid Of Construction	293,227
18	TOTAL	1,677,906
19	Deductions on Return Not Charged Against Book Income	
20	See Footnote For Details	53,603,466
21		
22		
23		
24		
25		
26	TOTAL	53,603,466
27	Federal Tax Net Income	7,118,508
28	Show Computation of Tax:	
29		
30	Tax At 35% Of Federal Tax Net Income Of 7,118,508	2,491,478
31		
32	Plus: Prior Period Adjustments - FIT	3,489,547
33	Plus: Known Tax Reserve Adjustments	137,980
34	Less: Adjustments Of Current Year Tax Credit - FIT	72,290
35	Tax Of Respondent	6,046,715

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 261 Line No.: 10 Column: b

Deductions Recorded On Books - Not Deducted For Return:

Federal Income Tax Expense	19,305,766
State Income Tax Expense	2,135,643
Demand Side Management Costs	3,319,197
Loss On Disposition Of ACRS/MACRS Property	2,411,049
Joint Owner Pension Receivable	2,060,547
Unbilled Revenue - Fuel	1,889,653
Non-Cash Overhead Basis Adjustment	1,473,992
Emission Allowance Expense	1,026,805
Impairment Of Plant Assets	927,732
Regulatory Asset - Accrued Pension FAS 158 & FAS 106	611,445
Tax Interest Capitalized	551,301
Asset Retirement Obligation	466,325
481(a) Fixed Asset Retirement	351,496
Amortization Of Loss On Reacquired Debt	283,143
Tax Interest Accrual	256,939
Duke Merger - Timing	219,723
Regulatory Asset - Vacation Pay Accrual	210,833
Offsite Gas Storage Costs	119,614
Rate Case - Deferred Costs	103,375
Other	365,684
Total	38,060,262

Schedule Page: 261 Line No.: 20 Column: b

Deductions On Return - Not Charged Against Book Income:

Depreciation Deducted In Excess Of Amount Booked	24,071,342
Equipment Repairs	8,356,020
Regulatory Asset/Liability - Deferred Revenue	4,965,217
Regulatory Asset/Liability - Cash Flow Hedge	3,856,566
Retirement Plan	3,483,109
Regulatory Asset - Accrued Pension - Post-Retirement Benefits - FAS 158	3,110,422
Property Tax Reserves	2,185,450
Leased Meters - Electric & Gas	1,914,593
Manufacturing Deduction	642,091
Regulatory Asset - Asset Retirement Obligation	466,325
Regulatory Asset - Carbon Management	200,000
Self-Developed Software	129,152
Other	223,179
Total	53,603,466

Name of Respondent
 Duke Energy Kentucky, Inc.

This Report Is:
 (1) An Original
 (2) A Resubmission

Date of Report
 (Mo, Da, Yr)
 / /

Year/Period of Report
 End of 2011/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	Balance at Beg. of Year	Balance at Beg. of Year
		Taxes Accrued (b)	Prepaid Taxes (c)
1			
2	FEDERAL TAXES:		
3			
4	INCOME	(2,967,743)	
5	FUEL TAXES		
6	FEDERAL INSURANCE	1,523	
7	UNEMPLOYMENT		
8			
9			
10	STATE TAXES:		
11			
12	INCOME	2,349,809	
13	UNEMPLOYMENT		
14	PROPERTY	874,043	
15	SALES & USE TAXES	255,995	
16	PUBLIC UTILITIES		482,915
17	FRANCHISE		
18			
19			
20	OTHER:		
21			
22	PROPERTY	7,759,510	
23			
24			
25			
26			
27			
28			
29			
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32			
33			
34			
35			
36			
37			
38			
39			
TOTAL		8,273,137	482,915

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

- 5 If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
- 6 Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
- 7 Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
- 8 Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
- 9 For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
- 10 Items under \$250,000 may be grouped.
- 11 Report in column (q) the applicable effective state income tax rate.

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3					
4	6,046,715	4,755,506	2,911,104	(2,773,124)	1,814,514
5	4,667	4,667			
6	2,440,762	2,398,158		44,127	
7	20,984	11,646		9,338	
8					
9					
10					
11					
12	1,783,153	2,942,209	429,036	761,717	
13	23,861	27,308		(3,447)	
14	1,729,097	1,665,391		937,749	
15	148,354	31,737		372,612	
16			99,625		383,290
17	11,437	11,437			
18					
19					
20					
21					
22	7,785,053	7,503,841		8,040,722	
23					
24					
25					
26					
27					
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33					
34					
35					
36					
37					
38					
39					
TOTAL	19,994,083	19,351,900	3,439,765	7,389,694	2,197,804

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2				
3				
4	3,625,970	107,818		2,312,927
5	3,472	1,195		
6	1,794,174	646,588		
7	15,474	5,510		
8				
9				
10				
11				
12	998,335	417,458		367,360
13	17,594	6,267		
14	1,123,919	605,178		
15	16,335	28		131,991
16				
17	8,509	2,928		
18				
19				
20				
21				
22	4,967,326	2,655,138		162,589
23				
24				
25				
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37				
38				
39				
TOTAL	12,571,108	4,448,108		2,974,867

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

- 5 If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
- 6 Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
- 7 Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
- 8 Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
- 9 For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
- 10 Items under \$250,000 may be grouped.
- 11 Report in column (q) the applicable effective state income tax rate.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)

Line No	Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
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39					
TOTAL					

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 262 Line No.: 4 Column: f

Known Tax Reserve Adjustments 2,911,104

Schedule Page: 262 Line No.: 12 Column: f

Known Tax Reserve Adjustments 429,036

Schedule Page: 262 Line No.: 16 Column: f

Adjustments Recorded To Account 928006 - State Regulatory Proceedings 99,625

Name of Respondent
Duke Energy Kentucky, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2011/Q4

Miscellaneous Current and Accrued Liabilities (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.
2. Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Vacation Entitlement Reserve	1,999,547
2	Retirement Bank Accrual	1,916,000
3	Accrued Liabilities MW Joint Owner	1,786,359
4	Provision for Incentive Benefits Program	576,835
5	Wages Payable	471,000
6	MISO MTEP Fee	422,000
7	FAS 158 Current Liabilities	309,837
8	Native Deferred MTM Liability	221,976
9	Other	29,922
10		
11		
12		
13		
14		
15		
16		
17		
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44		
45	Total	7,733,476

Other Deferred Credits (Account 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	Debit Contra Account (c)	Debit Amount (d)	Credits (e)	Balance at End of Year (f)
1	Gas Refunds	111,648	various	230,331	165,452	46,769
2						
3	Pension Cost Adj. - DPL Share	5,280,726	143,186	3,774,326	2,157,013	3,663,413
4						
5	Post Retirement Benefits					
6	- Health DPL	(255,156)	143,186	146,549	174,547	(227,158)
7						
8	Pension Cost Adj. - FAS 106	3,194,011	various	591,771	909,552	3,511,792
9						
10	Misc Deferred Credits and Other	(23,110)	various	17,900	23,110	(17,900)
11						
12	Miso Exit Fees		232,565		15,472,893	15,472,893
13						
14						
15						
16						
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45	Total	8,308,119		4,760,877	18,902,567	22,449,809

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Accumulated Deferred Income Taxes-Other Property (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	167,140,589	23,316,748	16,796,885
3	Gas	54,833,348	13,000,080	4,965,579
4	Other (Define) (footnote details)			
5	Total (Enter Total of lines 2 thru 4)	221,973,937	36,316,828	21,762,464
6	Other (Specify) Non-Utility Depreciation	(6,262,687)		
7	TOTAL Account 282 (Enter Total of lines 5 thr	215,711,250	36,316,828	21,762,464
8	Classification of TOTAL			
9	Federal Income Tax	189,610,869	31,407,050	18,351,707
10	State Income Tax	26,100,381	4,909,778	3,410,757
11	Local Income Tax			

Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2	242,982	3,592,125	182	18,072,723	182	569,527	187,814,505
3	894	252,778			182 410/11	7,316,322	55,299,643
4							
5	243,876	3,844,903		18,072,723		7,885,849	243,114,148
6					410 411	4,231,181	(10,493,868)
7	243,876	3,844,903		18,072,723		12,117,030	232,620,280
8							
9	234,881	3,336,571		15,885,981		10,649,204	204,801,299
10	8,995	508,332		2,186,742		1,467,826	27,818,981
11							

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Accumulated Deferred Income Taxes-Other (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric	3,755,102	3,471,145	285,434
3	Gas	2,691,377	328,187	2,076,886
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	6,446,479	3,799,332	2,362,320
6	Other (Specify) Tax Interest Accrual	(4,666)		
7	TOTAL Account 283 (Total of lines 5 thru 6)	6,441,813	3,799,332	2,362,320
8	Classification of TOTAL			
9	Federal Income Tax	4,868,557	3,206,768	1,878,867
10	State Income Tax	1,573,256	592,564	483,453
11	Local Income Tax			

Accumulated Deferred Income Taxes-Other (Account 283) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2	869	57,674			190	994,670	5,889,338
3	(4,589)	(1,606)	190	2,903,107			3,842,802
4							
5	(3,720)	56,068		2,903,107		994,670	9,732,140
6					410 411	36,061	(40,727)
7	(3,720)	56,068		2,903,107		1,030,731	9,691,413
8							
9	(4,589)	48,114		2,903,107		701,866	8,344,996
10	869	7,954				328,865	1,346,417
11							

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Other Regulatory Liabilities (Account 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	Written off during Quarter/Period Account Credited (c)	Written off During Period Amount Refunded (d)	Written off During Period Amount Deemed Non-Refundable (e)	Credits (f)	Balance at End of Current Quarter/Year (g)
1	INCOME TAXES	862,234	Various		5,193,301	5,100,589	769,522
2							
3	DSM ENERGY EFFICIENCY	2,734,658	Various		3,517,084	6,836,280	6,053,854
4							
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44							
45	Total	3,596,892		0	8,710,385	11,936,869	6,823,376

Name of Respondent
 Duke Energy Kentucky, Inc.

This Report Is:
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Date of Report
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 / /

Year/Period of Report
 End of 2011/Q4

Monthly Quantity & Revenue Data by Rate Schedule

1. Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
2. Total Quantities and Revenues in whole numbers
3. Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule.
4. Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495.
5. Enter footnotes as appropriate.

Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
1	Total Sales (480-488)	471,380			6,610,363	6,610,363
2	Transportation of Gas for Others (489.2 and 489.3)					
3	Rate - Case #PRO8-27				50,058	50,058
4	Rate FT	153,405			320,699	320,699
5	Rate IT	148,995			151,229	151,229
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Monthly Quantity & Revenue Data by Rate Schedule

1. Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
2. Total Quantities and Revenues in whole numbers.
3. Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule.
4. Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495.
5. Enter footnotes as appropriate.

Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
1	765,776			7,669,519	7,669,519	1,468,840			14,190,232	14,190,232
2										
3				50,058	50,058				50,058	50,058
4	173,512			310,407	310,407	189,019			350,927	350,927
5	145,503			149,010	149,010	124,579			129,558	129,558
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Monthly Quantity & Revenue Data by Rate Schedule (continued)

Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
48						
49						
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62						
63	Total Transportation (Other than Gathering)	302,400			521,986	521,986
64	Storage (489.4)					
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87						
88						
89						
90	Total Storage					
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible					
94	Total Gathering (489.1)					
95	Additional Revenues					
96	Products Sales and Extraction (490-492)					
97	Rents (493-494)					
98	Other Gas Revenues (495)				(2,697)	(2,697)
99	(Less) Provision for Rate Refunds					
100	Total Additional Revenues				(2,697)	(2,697)

Monthly Quantity & Revenue Data by Rate Schedule (continued)

Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
48										
49										
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51										
52										
53										
54										
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56										
57										
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61										
62										
63	319,015			509,475	509,475	313,598			530,543	530,543
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94										
95										
96										
97										
98				939	939					
99										
100				939	939					

Name of Respondent
Duke Energy Kentucky, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2011/Q4

Monthly Quantity & Revenue Data by Rate Schedule (continued)

Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	773,780			7,129,652	7,129,652

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Monthly Quantity & Revenue Data by Rate Schedule (continued)

Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
101	1,084,791			8,179,933	8,179,933	1,782,438			14,720,775	14,720,775

Gas Operating Revenues

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by Others				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:				
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:				

Gas Operating Revenues

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1	76,858,764	87,839,965	76,858,764	87,839,965	6,097,591	6,646,543
2	28,949,629	34,092,412	28,949,629	34,092,412	3,208,009	3,528,053
3	3,340,849	3,863,639	3,340,849	3,863,639	409,794	436,541
4						
5	24,921	32,483	24,921	32,483	3,222	3,785
6						
7		1,255		1,255		
8	565,951	574,099	565,951	574,099		
9						
10	600,696	600,696	600,696	600,696		
11	4,847,008	4,774,442	4,847,008	4,774,442	3,227,047	3,160,516
12						
13						
14						
15						
16	14,240	34,176	14,240	34,176		
17						
18	1,686	1,391	1,686	1,391		
19	115,203,744	131,814,558	115,203,744	131,814,558		
20		(7,517,628)		(7,517,628)		
21	115,203,744	139,332,186	115,203,744	139,332,186		

Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)

1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).

Line No.	Zone of Delivery, Rate Schedule (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Previous Year (e)
1	No-Notice Interstate Transportation Service				
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Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)

4. Delivered Dth of gas must not be adjusted for discounting.
 5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.
 6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1	600,696	600,696	600,696	600,696	8,729,524	5,940,158
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Other Gas Revenues (Account 495)

Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.

Line No.	Description of Transaction (a)	Amount (in dollars) (b)
1	Commissions on Sale or Distribution of Gas of Others	
2	Compensation for Minor or Incidental Services Provided for Others	
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale	
4	Sales of Stream, Water, or Electricity, including Sales or Transfers to Other Departments	
5	Miscellaneous Royalties	
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the Instructions to Account 495	
7	Revenues for Right and/or Benefits Received from Others which are Realized Through Research, Development, and Demonstration Ventures	
8	Gains on Settlements of Imbalance Receivables and Payables	
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements	
10	Revenues from Shipper Supplied Gas.	
11	Other revenues (Specify):	
12	Items under the Threshold	4,436
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	Total	4,436

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Gas Operation and Maintenance Expenses

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)	302,892	247,622
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering	0	0
8	751 Production Maps and Records	0	0
9	752 Gas Well Expenses	0	0
10	753 Field Lines Expenses	0	0
11	754 Field Compressor Station Expenses	0	0
12	755 Field Compressor Station Fuel and Power	0	0
13	756 Field Measuring and Regulating Station Expenses	0	0
14	757 Purification Expenses	0	0
15	758 Gas Well Royalties	0	0
16	759 Other Expenses	0	0
17	760 Rents	0	0
18	TOTAL Operation (Total of lines 7 thru 17)	0	0
19	Maintenance		
20	761 Maintenance Supervision and Engineering	0	0
21	762 Maintenance of Structures and Improvements	0	0
22	763 Maintenance of Producing Gas Wells	0	0
23	764 Maintenance of Field Lines	0	0
24	765 Maintenance of Field Compressor Station Equipment	0	0
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0
26	767 Maintenance of Purification Equipment	0	0
27	768 Maintenance of Drilling and Cleaning Equipment	0	0
28	769 Maintenance of Other Equipment	0	0
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
31	B2 Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	0	0
34	771 Operation Labor	0	0
35	772 Gas Shrinkage	0	0
36	773 Fuel	0	0
37	774 Power	0	0
38	775 Materials	0	0
39	776 Operation Supplies and Expenses	0	0
40	777 Gas Processed by Others	0	0
41	778 Royalties on Products Extracted	0	0
42	779 Marketing Expenses	0	0
43	780 Products Purchased for Resale	0	0
44	781 Variation in Products Inventory	0	0
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0
46	783 Rents	0	0
47	TOTAL Operation (Total of lines 33 thru 46)	0	0
48	Maintenance		
49	784 Maintenance Supervision and Engineering	0	0
50	785 Maintenance of Structures and Improvements	0	0
51	786 Maintenance of Extraction and Refining Equipment	0	0
52	787 Maintenance of Pipe Lines	0	0
53	788 Maintenance of Extracted Products Storage Equipment	0	0
54	789 Maintenance of Compressor Equipment	0	0
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0
56	791 Maintenance of Other Equipment	0	0
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	0	0
62	796 Nonproductive Well Drilling	0	0
63	797 Abandoned Leases	0	0
64	798 Other Exploration	0	0
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases	0	0
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0
70	801 Natural Gas Field Line Purchases	53,561,882	67,656,917
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0
72	803 Natural Gas Transmission Line Purchases	0	0
73	804 Natural Gas City Gate Purchases	0	0
74	804.1 Liquefied Natural Gas Purchases	0	0
75	805 Other Gas Purchases	998,371	353,063
76	(Less) 805.1 Purchases Gas Cost Adjustments	0	0
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	54,560,253	68,009,980
78	806 Exchange Gas	0	0
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas	0	0
81	807.2 Operation of Purchased Gas Measuring Stations	103,394	120,876
82	807.3 Maintenance of Purchased Gas Measuring Stations	49,922	30,000
83	807.4 Purchased Gas Calculations Expenses	0	0
84	807.5 Other Purchased Gas Expenses	272,905	360,943
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	426,221	511,819

Name of Respondent
Duke Energy Kentucky, Inc.

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(Mo, Da, Yr)
/ /

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End of 2011/Q4

Gas Operation and Maintenance Expenses(continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1 Gas Withdrawn from Storage-Debit	0	0
87	(Less) 808.2 Gas Delivered to Storage-Credit	0	0
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	0	0
92	811 Gas Used for Products Extraction-Credit	0	0
93	812 Gas Used for Other Utility Operations-Credit	0	0
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	0	0
95	813 Other Gas Supply Expenses	0	0
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	54,986,474	68,521,799
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	55,289,366	68,769,421
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	0	0
102	815 Maps and Records	0	0
103	816 Wells Expenses	0	0
104	817 Lines Expense	0	0
105	818 Compressor Station Expenses	0	0
106	819 Compressor Station Fuel and Power	0	0
107	820 Measuring and Regulating Station Expenses	0	24
108	821 Purification Expenses	0	0
109	822 Exploration and Development	0	0
110	823 Gas Losses	0	0
111	824 Other Expenses	0	0
112	825 Storage Well Royalties	0	0
113	826 Rents	0	0
114	TOTAL Operation (Total of lines of 101 thru 113)	0	24

Name of Respondent
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(Mo, Da, Yr)
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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering	0	0
117	831 Maintenance of Structures and Improvements	0	0
118	832 Maintenance of Reservoirs and Wells	0	0
119	833 Maintenance of Lines	0	0
120	834 Maintenance of Compressor Station Equipment	0	0
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0
122	836 Maintenance of Purification Equipment	0	0
123	837 Maintenance of Other Equipment	0	0
124	TOTAL Maintenance (Total of lines 116 thru 123)	0	0
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	0	24
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	0	0
129	841 Operation Labor and Expenses	0	0
130	842 Rents	0	0
131	842.1 Fuel	0	0
132	842.2 Power	0	0
133	842.3 Gas Losses	0	0
134	TOTAL Operation (Total of lines 128 thru 133)	0	0
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	0	0
137	843.2 Maintenance of Structures	0	0
138	843.3 Maintenance of Gas Holders	0	0
139	843.4 Maintenance of Purification Equipment	0	0
140	843.5 Maintenance of Liquefaction Equipment	0	0
141	843.6 Maintenance of Vaporizing Equipment	0	0
142	843.7 Maintenance of Compressor Equipment	0	0
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0
144	843.9 Maintenance of Other Equipment	0	0
145	TOTAL Maintenance (Total of lines 136 thru 144)	0	0
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	0	0
150	844.2 LNG Processing Terminal Labor and Expenses	0	0
151	844.3 Liquefaction Processing Labor and Expenses	0	0
152	844.4 Liquefaction Transportation Labor and Expenses	0	0
153	844.5 Measuring and Regulating Labor and Expenses	0	0
154	844.6 Compressor Station Labor and Expenses	0	0
155	844.7 Communication System Expenses	0	0
156	844.8 System Control and Load Dispatching	0	0
157	845.1 Fuel	0	0
158	845.2 Power	0	0
159	845.3 Rents	0	0
160	845.4 Demurrage Charges	0	0
161	(less) 845.5 Wharfage Receipts-Credit	0	0
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0
163	846.1 Gas Losses	0	0
164	846.2 Other Expenses	0	0
165	TOTAL Operation (Total of lines 149 thru 164)	0	0
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	0	0
168	847.2 Maintenance of Structures and Improvements	0	0
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0
170	847.4 Maintenance of LNG Transportation Equipment	0	0
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0
172	847.6 Maintenance of Compressor Station Equipment	0	0
173	847.7 Maintenance of Communication Equipment	0	0
174	847.8 Maintenance of Other Equipment	0	0
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	0	24

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	0	0
181	851 System Control and Load Dispatching	0	0
182	852 Communication System Expenses	0	0
183	853 Compressor Station Labor and Expenses	0	0
184	854 Gas for Compressor Station Fuel	0	0
185	855 Other Fuel and Power for Compressor Stations	0	0
186	856 Mains Expenses	0	0
187	857 Measuring and Regulating Station Expenses	0	0
188	858 Transmission and Compression of Gas by Others	0	0
189	859 Other Expenses	68,606	13,010
190	860 Rents	0	0
191	TOTAL Operation (Total of lines 180 thru 190)	68,606	13,010
192	Maintenance		
193	861 Maintenance Supervision and Engineering	0	0
194	862 Maintenance of Structures and Improvements	0	0
195	863 Maintenance of Mains	0	0
196	864 Maintenance of Compressor Station Equipment	0	0
197	865 Maintenance of Measuring and Regulating Station Equipment	0	0
198	866 Maintenance of Communication Equipment	0	0
199	867 Maintenance of Other Equipment	0	0
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	0
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	68,606	13,010
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	9,376	9,334
205	871 Distribution Load Dispatching	176,867	145,842
206	872 Compressor Station Labor and Expenses	0	0
207	873 Compressor Station Fuel and Power	0	0

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
208	874 Mains and Services Expenses	1,828,624	1,715,933
209	875 Measuring and Regulating Station Expenses-General	5,355	32,028
210	876 Measuring and Regulating Station Expenses-Industrial	38,197	31,911
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0
212	878 Meter and House Regulator Expenses	474,720	186,972
213	879 Customer Installations Expenses	1,239,450	1,154,549
214	880 Other Expenses	630,468	589,369
215	881 Rents	161,510	387,624
216	TOTAL Operation (Total of lines 204 thru 215)	4,564,567	4,253,562
217	Maintenance		
218	885 Maintenance Supervision and Engineering	38,525	24,493
219	886 Maintenance of Structures and Improvements	0	0
220	887 Maintenance of Mains	403,553	477,915
221	888 Maintenance of Compressor Station Equipment	0	0
222	889 Maintenance of Measuring and Regulating Station Equipment-General	26,019	46,549
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	1,925	8,490
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0
225	892 Maintenance of Services	848,507	758,115
226	893 Maintenance of Meters and House Regulators	249,858	294,785
227	894 Maintenance of Other Equipment	49,415	19,116
228	TOTAL Maintenance (Total of lines 218 thru 227)	1,617,802	1,629,463
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	6,182,369	5,883,025
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	282	569
233	902 Meter Reading Expenses	659,485	661,780
234	903 Customer Records and Collection Expenses	3,257,712	2,970,386

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	925,068	925,196
236	905 Miscellaneous Customer Accounts Expenses	0	0
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	4,842,547	4,557,931
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	0	0
241	908 Customer Assistance Expenses	132,457	138,390
242	909 Informational and Instructional Expenses	3,923	13,140
243	910 Miscellaneous Customer Service and Informational Expenses	1,330,567	982,628
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	1,466,947	1,134,158
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	2,301	0
248	912 Demonstrating and Selling Expenses	27	75
249	913 Advertising Expenses	34,826	12,557
250	916 Miscellaneous Sales Expenses	0	0
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	37,154	12,632
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	2,023,847	3,010,311
255	921 Office Supplies and Expenses	1,479,614	1,368,441
256	(Less) 922 Administrative Expenses Transferred-Credit	(110)	10
257	923 Outside Services Employed	1,332,913	1,265,096
258	924 Property Insurance	210,573	139,562
259	925 Injuries and Damages	136,517	105,968
260	926 Employee Pensions and Benefits	2,372,491	2,288,199
261	927 Franchise Requirements	0	0
262	928 Regulatory Commission Expenses	284,622	624,440
263	(Less) 929 Duplicate Charges-Credit	247,938	186,583
264	930.1General Advertising Expenses	5,727	7,126
265	930.2Miscellaneous General Expenses	201,211	190,691
266	931 Rents	679,221	483,223
267	TOTAL Operation (Total of lines 254 thru 266)	8,478,908	9,296,464
268	Maintenance		
269	932 Maintenance of General Plant	56,000	134,034
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	8,534,908	9,430,498
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	76,421,897	89,800,699

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FOOTNOTE DATA			

Schedule Page: 317 Line No.: 3 Column: b

OPERATION:	<u>2011</u>	<u>2010</u>
711 Gas Boiler Labor	\$4,725	\$4,815
712 Other Power Expenses	4,641	5,758
717 Liquefied Petroleum Gas Expense	37,671	89,907
728 Liquefied Petroleum Gas	56,321	39,990
735 Misc. Production Expense	22,961	26,118
736 Gas Raw Material - Rents	<u>67,000</u>	<u>67,000</u>
Total Operation	\$193,319	\$233,588
Maintenance:		
742 Production Equipment	<u>109,573</u>	<u>14,034</u>
Total Maintenance	109,573	14,034
Total Manufactured Gas Production	\$302,892	\$247,622

Miscellaneous General Expenses (Account 930.2)

1. Provide the information requested below on miscellaneous general expenses.
 2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	154
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Other expenses	
5	Business and Service Company Support	104,922
6	Dues and Subscriptions to Various Organizations	50,321
7	Limited Early Retirement	18,168
8	Directors' Fees and Expenses	16,607
9	Shareholder's Communications/Systems	10,107
10	Account Analysis Reconciliation Adjustments	576
11	Corporate Sponsorships	356
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24		
25	Total	201,211

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				
2	Production plant, manufactured gas	113,040			
3	Production and gathering plant, natural gas				
4	Products extraction plant				
5	Underground gas storage plant				
6	Other storage plant				
7	Base load LNG terminaling and processing plant				
8	Transmission plant				
9	Distribution plant	9,160,735			
10	General plant				
11	Common plant-gas	323,781			
12	TOTAL	9,597,556			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)
1	630,381		630,381	Intangible plant
2			113,040	Production plant, manufactured gas
3				Production and gathering plant, natural gas
4				Products extraction plant
5				Underground gas storage plant
6				Other storage plant
7				Base load LNG terminaling and processing plant
8				Transmission plant
9			9,160,735	Distribution plant
10	142,465		142,465	General plant
11	844,189		1,167,970	Common plant-gas
12	1,617,035		11,214,591	TOTAL

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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

Section B. Factors Used in Estimating Depreciation Charges

Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore (footnote details)		
3	Onshore (footnote details)	6,112	1.85
4	Underground Gas Storage Plant (footnote details)		
5	Transmission Plant		
6	Offshore (footnote details)		
7	Onshore (footnote details)		
8	General Plant (footnote details)	3,059	4.69
9	Distribution Plant	393,774	2.31
10	Intangible Plant	2,744	20.00
11			
12			
13			
14			
15			

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Particulars Concerning Certain Income Deductions and Interest Charges Accounts

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425 - Miscellaneous Amortization - None	
2	Total Account 425	
3		
4	Account 426.1 - Donations	
5	Customer Assistance Programs	46,839
6	Items Under Threshold	4,961
7		
8	Account 426.2 - Life Insurance	
9	Items Under Threshold	18,226
10		
11	Account 426.3 - Penalties	
12	Items Under Threshold	4,338
13		
14	Account 426.4 - Expenditures	
15	Civic, Political, & Related Activities	299,532
16		
17	Account 426.5 - Other Deductions	
18	PP&E Impairment	927,732
19	Sale of A/R Fees	298,411
20	Items Under Threshold	152,396
21	Total Account 426	1,752,435
22		
23	Account 430 - Interest on Debt to Associated Companies - None	
24	Total Account 430	
25		
26	Account 431 - Other Interest Expense	
27	Swap Net Interest	989,154
28	Credit Facility	847,217
29	Customer Service Deposits @ 6% Annum	500,209
30	Capital Meter Lease Interest	498,203
31	FIN 48	182,121
32	Cox Avenue Office Lease	138,420
33	Interest - Assigned from Service Company	113,778
34	Deferred Compensation for Board of Directors	12,769
35	Bank Service Fees	11,500

Particulars Concerning Certain Income Deductions and Interest Charges Accounts (continued)

Line No	Item (a)	Amount (b)
1	Interest Expense	7,288
2	Interest Expense - Taxes - KY UGRLT Audit	5,576
3	Gas Refund/Recon Adj. in Accordance with PUCO Rule 28	(52)
4	Total Account 431	3,306,183
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Regulatory Commission Expenses (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case)	Assessed by Regulatory Commission	Expenses of Utility	Total Expenses to Date	Deferred in Account 182.3 at Beginning of Year
	(a)	(b)	(c)	(d)	(e)
1	Kentucky Public Service Commission Expense				
2	Gas Related	200,784		200,784	
3	Electric Related	534,714		534,714	
4					
5	Midwest Independent System Operator (MISO)				
6	FERC Annual Assessment	280,992		280,992	
7					
8	AMRP Rate Study Case No. 2001-092		32,040	32,040	34,710
9					
10	Kentucky Public Service Commission				
11	Case No. 2009-00202				
12	Request for Rate Increase - Gas		51,798	51,798	103,597
13					
14					
15					
16					
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23					
24					
25	Total	1,016,490	83,838	1,100,328	138,307

Name of Respondent
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Regulatory Commission Expenses (Account 928)

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA).
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than \$250,000) may be grouped.

Line No.	Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Deferred to Account 182.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred in Account 182.3 End of Year (l)
1							
2	Gas	928	200,784				
3	Electric	928	534,714				
4							
5							
6	Electric	928	280,992				
7							
8	Gas	928	32,040			32,040	2,670
9							
10							
11							
12	Gas	928	51,798			51,798	51,799
13							
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21							
22							
23							
24							
25			1,100,328			83,838	54,469

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Employee Pensions and Benefits (Account 926)

1. Report below the items contained in Account 926, Employee Pensions and Benefits.

Line No.	Expense (a)	Amount (b)
1	Pensions – defined benefit plans	417,673
2	Pensions – other	200,263
3	Post-retirement benefits other than pensions (PBOP)	168,334
4	Post-employment benefit plans	26,549
5	Other (Specify)	
6	Medical and Dental	610,121
7	Vacation Carryover	26,067
8	Life Insurance	3,639
9	Service/Safety Awards	12,150
10	Other Work/Family Benefits/Tuition	1,509
11	MSA/DCSA Fees	59
12	Benefits Distribution	846,180
13	Other	59,946
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	Total	2,372,490

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FOOTNOTE DATA			

Schedule Page: 352 Line No.: 12 Column: a

Includes allocated benefits from Duke Energy Kentucky, Duke Energy Ohio and Service Company through a system generated journal entry that adds a loaded percentage for benefits to all labor charged to Duke Energy Kentucky with an offset to the 926 account on the originating entity.

Schedule Page: 352 Line No.: 13 Column: a

Other expenses are primarily due to increase in executive savings plan.

Distribution of Salaries and Wages

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production	3,793,201	2,385,272	87,695	6,266,168
4	Transmission	12,089	364,537	5,346	381,972
5	Distribution	854,329	1,323,802	30,916	2,209,047
6	Customer Accounts	1,053,784	2,128,021	45,162	3,226,967
7	Customer Service and Informational	53,962	643,604	9,901	707,467
8	Sales				
9	Administrative and General	(162,813)	6,668,462	92,339	6,597,988
10	TOTAL Operation (Total of lines 3 thru 9)	5,604,552	13,513,698	271,359	19,389,609
11	Maintenance				
12	Production	3,062,961	1,760,744		4,823,705
13	Transmission	19,834	246,812		266,646
14	Distribution	496,450	1,343,434		1,839,884
15	Administrative and General	2,242	31,010		33,252
16	TOTAL Maintenance (Total of lines 12 thru 15)	3,581,487	3,382,000		6,963,487
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)	6,856,162	4,146,016	87,695	11,089,873
19	Transmission (Total of lines 4 and 13)	31,923	611,349	5,346	648,618
20	Distribution (Total of lines 5 and 14)	1,350,779	2,667,236	30,916	4,048,931
21	Customer Accounts (line 6)	1,053,784	2,128,021	45,162	3,226,967
22	Customer Service and Informational (line 7)	53,962	643,604	9,901	707,467
23	Sales (line 8)				
24	Administrative and General (Total of lines 9 and 15)	(160,571)	6,699,472	92,339	6,631,240
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	9,186,039	16,895,698	271,359	26,353,096
26	Gas				
27	Operation				
28	Production - Manufactured Gas	135,268	21,732	159	157,159
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply	1,619	317,068	324	319,011
31	Storage, LNG Terminaling and Processing				
32	Transmission				
33	Distribution	2,301,747	624,596	2,971	2,929,314
34	Customer Accounts	534,472	1,448,811	2,014	1,985,297
35	Customer Service and Informational	37,873	528,063	575	566,511
36	Sales				
37	Administrative and General	(39,647)	1,666,560	1,652	1,628,565
38	TOTAL Operation (Total of lines 28 thru 37)	2,971,332	4,606,830	7,695	7,585,857
39	Maintenance				
40	Production - Manufactured Gas	202,925	66,209		269,134
41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminaling and Processing				
44	Transmission				
45	Distribution	244,606	301,662		546,268

Distribution of Salaries and Wages (continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
46	Administrative and General		2,455		2,455
47	TOTAL Maintenance (Total of lines 40 thru 46)	447,531	370,326		817,857
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)	338,193	87,941	159	426,293
51	Production - Natural Gas (Including Expl. and Dev.)(ll. 29 and 41)				
52	Other Gas Supply (Total of lines 30 and 42)	1,619	317,068	324	319,011
53	Storage, LNG Terminating and Processing (Total of ll. 31 and 43)				
54	Transmission (Total of lines 32 and 44)				
55	Distribution (Total of lines 33 and 45)	2,546,353	926,258	2,971	3,475,582
56	Customer Accounts (Total of line 34)	534,472	1,448,811	2,014	1,985,297
57	Customer Service and Informational (Total of line 35)	37,873	528,063	575	566,511
58	Sales (Total of line 36)				
59	Administrative and General (Total of lines 37 and 46)	(39,647)	1,669,015	1,652	1,631,020
60	Total Operation and Maintenance (Total of lines 50 thru 59)	3,418,863	4,977,156	7,695	8,403,714
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	12,604,902	21,872,854	279,054	34,756,810
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant	2,163,914	4,500,617	682,030	7,346,561
67	Gas Plant	1,019,165	1,220,660	115,169	2,354,994
68	Other				
69	TOTAL Construction (Total of lines 66 thru 68)	3,183,079	5,721,277	797,199	9,701,555
70	Plant Removal (By Utility Departments)				
71	Electric Plant	289,968	241,117		531,085
72	Gas Plant	54,965	26,357		81,322
73	Other				
74	TOTAL Plant Removal (Total of lines 71 thru 73)	344,933	267,474		612,407
75	Other Accounts (Specify) (footnote details)	(842,036)	1,721,639		879,603
76	TOTAL Other Accounts	(842,036)	1,721,639		879,603
77	TOTAL SALARIES AND WAGES	15,290,878	29,583,244	1,076,253	45,950,375

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 354 Line No.: 75 Column: b

Projects for Duke Subsidiaries and Merchandising	\$ 0
Other Work in Progress	(\$856,732)
Other Accounts	<u>\$ 14,696</u>

Total Other Accounts Direct Payroll Distribution (\$842,036)

Schedule Page: 354 Line No.: 75 Column: c

Projects for Duke Subsidiaries and Merchandising	\$ 4,605
Other Work in Progress	\$ 939,323
Other Accounts	<u>\$ 777,711</u>

Total Other Accounts Billed by Affiliated Cos. \$1,721,639

Schedule Page: 354 Line No.: 75 Column: e

Projects for Duke Subsidiaries and Merchandising	\$ 4,605
Other Work in Progress	\$ 82,591
Other Accounts	<u>\$792,407</u>

Total Other Accounts \$879,603

Name of Respondent
Duke Energy Kentucky, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2011/Q4

Charges for Outside Professional and Other Consultative Services

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.

(a) Name of person or organization rendering services

(b) Total charges for the year.

2. Sum under a description "Other", all of the aforementioned services amounting to \$250,000 or less

3. Total under a description "Total", the total of all of the aforementioned services.

4. Charges for outside professional and other consultative services provided by associated (affiliated) companies should be excluded from this schedule and be reported on Page 358, according to the instructions for that schedule.

Line No	Description (a)	Amount (in dollars) (b)
1	Other	972,046
2		
3	Total	972,046
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Name of Respondent
Duke Energy Kentucky, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2011/Q4

Transactions with Associated (Affiliated) Companies

1. Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies amounting to more than \$250,000.
2. Sum under a description "Other", all of the aforementioned goods and services amounting to \$250,000 or less.
3. Total under a description "Total", the total of all of the aforementioned goods and services.
4. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	Services provided by Duke Energy Business Services - (Service Company transactions)	Duke Energy Business Services, LLC	various	81,570,068
3	DE Ohio employees provide services for Miami Fort Unit 6 & Woodsdale generating stations	Duke Energy Ohio, Inc	various	5,751,128
4	DE Ohio employees provide O&M and capital services for electric transmission & distribution systems	Duke Energy Ohio, Inc	various	6,674,332
5	DE Ohio employees provide O&M and capital services for the gas distribution system	Duke Energy Ohio, Inc	various	2,087,058
6	Other goods or services provided by DE Ohio	Duke Energy Ohio, Inc	various	44,843
7	DE Indiana employees provide O&M and capital services for generation stations	Duke Energy Indiana, Inc	various	517,159
8	DE Indiana employees provide O&M and capital services for electric transmission & distribution systems	Duke Energy Indiana, Inc	various	103,635
9	Other goods or services provided by DE Indiana	Duke Energy Indiana, Inc	various	2,834
10	Services provided by DE Commercial Enterprises for generation stations	Duke Energy Commercial Enterprises, Inc	various	712,690
11	Other goods or services provided by DE Carolinas	Duke Energy Carolinas, LLC	various	22,548
12				
13	Total			97,486,295
14				
15				
16				
17				
18				
19				
20	Goods or Services Provided for Affiliated Company			
21	DE Kentucky employees provide services to Duke Energy Business Services (Service Company)	Duke Energy Business Services, LLC	various	94,507
22	Other goods or services provided by DE Kentucky to Duke Energy One	Duke Energy One, Inc	various	42,982
23	DE Kentucky employees provide services to DE Indiana for admin, training & support at various combustion turbine sites	Duke Energy Indiana, Inc	various	875,418
24	DE Kentucky employees provide O&M and capital services to DE Indiana for electric transmission & distribution systems	Duke Energy Indiana, Inc	various	56,877
25	Other goods or services provided by DE Kentucky to Duke Energy Indiana	Duke Energy Indiana, Inc	various	16,516
26	DE Kentucky employees provide O&M and capital services to DE Ohio for the electric transmission & distribution systems	Duke Energy Ohio, Inc	various	710,939
27	DE Kentucky employees provide O&M and capital services to DE Ohio for the gas distribution system	Duke Energy Ohio, Inc	various	2,450,685
28	Other goods or services provided by DE Kentucky to Duke Energy Ohio	Duke Energy Ohio, Inc	various	56,870
29	Other goods or services provided by DE Kentucky to Duke Energy Carolinas	Duke Energy Carolinas, LLC	various	4,844
30	DE Kentucky employees provide gas transmission services to KO Transmission	KO Transmission Company	various	137,653
31				
32	Total			4,447,291
33				

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 358 Line No.: 2 Column: a

When an employee of the Service Company performs services for a Client Company, costs will be directly assigned or distributed or allocated. For allocated services, the allocation method will be on a basis reasonably related to the service performed. The Service Company Utility Service Agreement prescribes 23 Service Company functions and approximately 20 allocation methods.

Functions and Allocation Methods:

Information Systems

- Number of Central Processing Unit Seconds Ratio
- Number of Personal Computer Workstations Ratio
- Number of Information Systems Servers Ratio
- Number of Employees Ratio
- Three Factor Formula

Meters

- Number of Customers Ratio

Transportation

- Number of Employees Ratio
- Three Factor Formula

Electric System Maintenance

- Circuit Miles of Electric Transmission Lines Ratio
- Circuit Miles of Electric Distribution Lines Ratio

Marketing and Customer Relations

- Sales Ratio
- Number of Customers Ratio

Electric Transmission & Distribution Engineering & Construction

- Electric Transmission Plant's Construction - Expenditures Ratio
- Electric Distribution Plant's Construction - Expenditures Ratio

Power Engineering & Construction

- Electric Production Plant's Construction - Expenditures Ratio

Human Resources

- Number of Employees Ratio

Materials Management

- Procurement Spending Ratio
- Inventory Ratio

Facilities

- Square Footage Ratio

Accounting

- Three Factor Formula

Power Planning and Operations

- Electric Peak Load Ratio
- Weighted Avg of the Circuit Miles of Electric Distribution Lines Ratio and the Electric Peak Load Ratio
- Sales Ratio
- Weighted Avg of the Circuit Miles of Electric Transmission Lines Ratio and the Electric Peak Load Ratio
- Generating Unit MW Capability Ratio

Public Affairs

- Three Factor Formula
- Weighted Avg of the Number of Customers Ratio and Number of Employees Ratio

Legal

- Three Factor Formula

Rates

- Sales Ratio

Finance

- Three Factor Formula

Rights of Way

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

- Circuit Miles of Electric Transmission Lines Ratio
- Circuit Miles of Electric Distribution Lines Ratio

Internal Auditing

- Three Factor Formula

Environmental, Health and Safety

- Three Factor Formula
- Sales Ratio

Fuels

- Sales Ratio

Investor Relations

- Three Factor Formula

Planning

- Three Factor Formula

Executive

- Three Factor Formula

Name of Respondent
 Duke Energy Kentucky, Inc.

This Report Is:
 (1) An Original
 (2) A Resubmission

Date of Report
 (Mo, Da, Yr)
 / /

Year/Period of Report
 End of 2011/Q4

Auxiliary Peaking Facilities

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?
1	Erlanger (KY)	Liquid Petroleum	25,060	5,036,181	Yes
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Gas Account - Natural Gas

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
5. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
6. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
7. Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
8. Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
9. Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
10. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only
01 Name of System:				
2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)		9,693,417	2,472,860
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305	8,729,524	3,135,123
6	Gas of Others Received for Distribution (Account 489.3)	301	3,375,003	942,663
7	Gas of Others Received for Contract Storage (Account 489.4)	307		
8	Gas of Others Received for Production/Extraction/Processing (Account 490 and 491)			
9	Exchanged Gas Received from Others (Account 806)	328		
10	Gas Received as Imbalances (Account 806)	328		
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)			
13	Gas Received from Shippers as Compressor Station Fuel			
14	Gas Received from Shippers as Lost and Unaccounted for			
15	Other Receipts (Specify) (footnote details)		8,210	188
16	Total Receipts (Total of lines 3 thru 15)		21,806,154	6,550,834
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		9,718,613	2,705,993
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305	8,729,524	3,135,123
21	Deliveries of Gas Distributed for Others (Account 489.3)	301	3,227,047	935,013
22	Deliveries of Contract Storage Gas (Account 489.4)	307		
23	Gas of Others Delivered for Production/Extraction/Processing (Account 490 and 491)			
24	Exchange Gas Delivered to Others (Account 806)	328		
25	Gas Delivered as Imbalances (Account 806)	328		
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)			
28	Gas Used for Compressor Station Fuel	509		
29	Other Deliveries and Gas Used for Other Operations		6,746	1,394
30	Total Deliveries (Total of lines 18 thru 29)		21,681,930	6,777,523
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		124,224	(226,690)
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		21,806,154	6,550,833

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 520 Line No.: 15 Column: c

Propane produced from peaking facility, also includes annual inventory adjustment.



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

March 6, 2012

Rocco D'Ascenzo
Associate General Counsel
Duke Energy Kentucky, Inc.
P. O. Box 960
Cincinnati, OH 45201-0960

Dear Mr. D'Ascenzo:

This letter has been issued in response to your correspondence requesting an extension of time for filing of the 2011 Annual Financial and Statistical Reports for Duke Energy Kentucky, Inc. Please be advised that you now have until April 30, 2012 for submissions, with the understanding that every effort will be made to complete and file the Annual Reports at an earlier date. **As a reminder, the Reports of Gross Operating Revenues are still required to be filed by March 31, 2012.**

Should you have any questions regarding this matter, please do not hesitate to contact me by email at JeffD.Cline@ky.gov or telephone at (502) 564-3940, extension 218.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff D. Cline".

Jeff D. Cline
Annual Report Branch Manager



139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-4320
Fax: 513-287-4385
Rocco.d'ascenzo@duke-energy.com

Rocco D'Ascenzo
Associate General Counsel

January 4, 2012

RECEIVED

JAN 05 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff D. Cline
Mr. Jeff Derouen
Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

Dear Mr. Cline:

This letter is to request an extension of time until April 30, 2012 to submit the 2011 Duke Energy Kentucky, Inc. Annual Financial and Statistical Reports (i.e. Federal Energy Regulatory Commission (FERC) Form 1 and Form 2 as well as the Kentucky Public Service Commission (KyPSC) supplemental reports). The FERC reporting deadline is April 18th so the extension would allow us time to complete that process and subsequently finalize the KyPSC electronic forms and hard copies submission.

In accordance with the KyPSC instructions, the gross operating report and assessable revenues report will be filed by the March 31st deadline.

Sincerely,

Rocco D'Ascenzo
Associate General Counsel

cc: Sharon Hood