

# Goss • Samford PLLC



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July 9, 2012

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PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

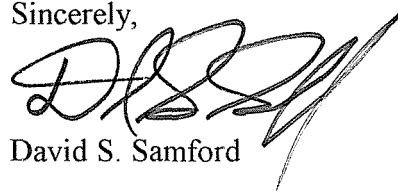
RE: *In the Matter of: The Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc. (Case No. 2011-00124) – Joint Applicants' Eleventh and Final Status Report and Notice of Acquisition*

Dear Mr. Derouen:

In accordance with the Commission's August 2, 2011 Order in the above-captioned case, enclosed for filing please find an original and ten copies of the Joint Applicants' Eleventh and Final Status Report and Notice of Acquisition. Please return a file stamped copy of this filing to my office.

Please let me know if you have any questions.

Sincerely,



David S. Samford

Enc.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

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

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JOINT APPLICANTS'  
ELEVENTH AND FINAL STATUS REPORT

AND

NOTICE OF ACQUISITION

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Come now Duke Energy Corporation (“Duke”), Cinergy Corp. (“Cinergy”), Duke Energy Ohio, Inc. (“Duke Ohio”), Duke Energy Kentucky, Inc. (“Duke Kentucky”), Diamond Acquisition Corporation (“Diamond”) and Progress Energy, Inc. (“Progress”)<sup>1</sup> (collectively, the “Joint Applicants”), and pursuant to Paragraph 4 and Paragraph 5 of the Commission’s August 2, 2011, Order in the above-captioned case tender this final report regarding the status of the merger transaction and the Notice of Acquisition.

The Joint Applicants closed the merger on July 2, 2012, the date of the acquisition. In advance of closing, the Joint Applicants completed the following:

- Shareholder approvals were given on August 23, 2011.

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<sup>1</sup> Progress Energy, Inc. is now a wholly-owned subsidiary of Duke Energy Corporation.

- The requisite waiting period for Duke and Progress (collectively, the “Companies”) under their initial Hart-Scott Rodino Act (“HSR”) filing expired; however, the period for closing consistent with the initial HSR filing was set to expire April 26, 2012. Because the merger was not expected to close prior to that date, the Companies filed new HSR filings on March 22, 2012. The waiting period for that filing has also expired.
- The Federal Communications Commission (“FCC”) granted approval of the assignment of certain licenses from Progress to Duke on July 27, 2011. On January 5, 2012, the FCC extended the approval through July 12, 2012.
- The Commission granted its approval of the indirect transfer of control of Duke Kentucky on October 28, 2011.
- The Nuclear Regulatory Commission granted approval of the indirect transfer of Progress’s licenses on December 2, 2011.
- On June 29, 2012, the North Carolina Utilities Commission (“NCUC”) granted approval of the merger and a joint dispatch agreement (“JDA”) between Duke Energy Carolinas, LLC (“DEC”) and Progress Energy Carolinas, Inc. (“PEC”) that allows for the combined dispatch of DEC’s and PEC’s generation assets.
- On July 2, 2012, the South Carolina Public Service Commission (“SCPSC”) also granted approval of the JDA.
- On June 8, 2012, the Federal Energy Regulatory Commission (“FERC”) issued a conditional order approving the merger transaction. On June 25, 2012, the Companies made a final compliance filing with the FERC accepting all conditions imposed by the FERC in its June 8 order approving the revised mitigation plan.

As part of the Stipulation and Settlement Agreement approved by the Commission in the above-captioned proceeding (“Settlement”), the Joint Applicants agreed, among other things, to support low income weatherization efforts in Duke Energy Kentucky’s service territory through five annual contributions of \$115,000 to be made on or before March 31 of each year. Although the merger did not close by March 31, 2012, as a good faith gesture in anticipation of completing the merger in 2012, Duke Energy Kentucky made the first low income weatherization contribution as set forth in the Settlement. Although performance was not tied to a specific date, Duke Energy Kentucky has also made the \$50,000 economic development contribution for 2012.

As previously noted, the Companies completed the closing of the merger effective July 2, 2012. In accordance with the terms of the merger agreement, Progress Energy Inc. became a wholly owned direct subsidiary of Duke Energy, creating the country’s largest electric utility as measured by enterprise value, market capitalization, generation assets, customers and other criteria.

Upon closing, the newly constituted board of directors appointed Jim Rogers as president and chief executive officer of the combined company, effective immediately. Mr. Rogers will also maintain his responsibilities as chairman of the company’s board. William Johnson, who pursuant to the merger agreement became chief executive officer and president upon closing, has resigned as president and chief executive officer of the combined company, by mutual agreement with the new board of directors.

On July 6, 2012, the NCUC issued an Order requesting Mr. Rogers to appear at a hearing Tuesday, July 10, 2012, to answer questions regarding the resignation of Mr. Johnson as the Company's President and CEO. Also, on July 6, 2012, the attorney general of North Carolina opened an investigation regarding the same and asked the company to provide information from

top company officials and directors regarding the matter. In compliance with the NCUC's request, Mr. Rogers will appear before the NCUC. The Company also is evaluating the attorney general's request and will respond in due course.

Respectfully submitted,



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Diamond Acquisition Corporation  
Progress Energy, Inc.*

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Diamond Acquisition Corporation*

CERTIFICATE OF SERVICE

I hereby certify that the foregoing was mailed, first class postage prepaid, this 9<sup>th</sup> day of July, 2012 to the following parties of record:

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

  
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*Counsel for the Joint Applicants*

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