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Rocco O. D'Ascenzo
Associate General Counsel

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MAR 15 2013

PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT DELIVERY

March 14, 2013

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

Re: Case No. 2011-124
In the Matter of the Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc.

Dear Mr. Derouen:

In the Stipulation in the above-referenced case, Duke Energy Kentucky, Inc. made several merger commitments. Duke Energy Kentucky regularly monitors these commitments to ensure compliance and hereby reports the following information regarding these commitments.

Commitment # 23

Joint Applicants commit that when Duke Energy Kentucky files its monthly reports with the Commission, it shall include with that filing a schedule of the current capital structure and a schedule of any capital contributions made to Duke Energy Kentucky in the applicable month. The monthly reports shall also include separate gas and electric income statements and a combined gas and electric balance sheet for each of the eight months in which it does not make quarterly filings.

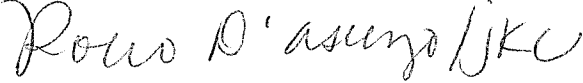
Duke Energy Response:

Duke Energy Kentucky, Inc.'s monthly financial statement for January 2013 is enclosed.

Duke Energy Kentucky will continue to provide ongoing reporting as required under the merger commitments. Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Mr. Jeff Derouen
March 14, 2013
Page Two

Very truly yours,

A handwritten signature in black ink that reads "Rocco D'Ascenzo/JKC". The signature is written in a cursive, flowing style.

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

cc: Dennis G. Howard, II
Mr. Jay Baucom (w/o enclosures)
Mr. Matthew Schroeder (w/o enclosures)

Duke Energy Kentucky, Inc.

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

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,685,267,527
Construction Work in Progress	21,714,719
Less Accum. Depreciation	<u>(764,508,242)</u>
Net Utility Plant	<u>942,474,004</u>
Nonutility Property	5,401,146
Other Investments	<u>1,500</u>
Total Other Property & Investments	<u>5,402,646</u>
Cash	12,171,070
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	961,005
Other Accounts Receivable	4,124,348
Less Provision for Uncollectibles	(158,468)
Notes Receivable from Assoc. Co.	25,357,337
Accounts Receivable from Assoc. Co.	1,891,210
Fuel Stock	20,492,113
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,592,846
Other Materials & Supplies	-
Stores Expense Undistributed	460,570
Prepayments	1,052,143
Emission Allowances	110,741
Derivative Instrument Assets	432,689
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	12,568,654
Rents Receivable	<u>0</u>
Total Current & Accrued Assets	<u>97,056,258</u>
Unamortized Debt Expense	2,477,152
Other Regulatory Assets	16,964,645
Preliminary Survey & Investigation	2,632,105
Clearing Accounts	45,064
Temporary Facilities	(2,520)
Miscellaneous Deferred Debits	40,584,010
Unamortized Loss on Reacquired Debt	2,506,918
Accumulated Deferred Income Taxes	7,836,663
Unrecovered Purchased Gas Costs	<u>(964,984)</u>
Total Deferred Debits	<u>72,079,053</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,117,011,961</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of January 31, 2013
(Unaudited)

	<u>Total Company</u>
<u>Proprietary Capital</u>	
Common Stock Issued	8,779,995
Premium on Capital Stock	18,838,946
Other Paid-in Capital Stock	148,655,189
Retained Earnings	206,332,221
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>382,606,351</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less Unamortized Discount on Long-Term Debt	(612,299)
Total Long-Term Debt	<u>331,959,195</u>
Obligations Under Capital Leases - Noncurrent	6,887,887
Asset Retirement Obligation	6,099,983
Long-Term Portion of Derivative Instrument Liabilities	6,785,462
Accum. Misc. Operating Provisions	19,239,047
Total Other Noncurrent Liabilities	<u>39,012,379</u>
Accounts Payable	22,803,139
Notes Payable to Assoc. Co.	7,802,000
Accounts Payable to Assoc. Co.	12,699,374
Customer Deposits	8,937,551
Taxes Accrued	5,327,848
Interest Accrued	5,094,505
Tax Collections Payable	1,948,282
Misc. Current & Accrued Liabilities	9,808,576
Obligations Under Capital Leases - Current	1,876,452
Derivative Instrument Liabilities	7,776,394
Less: Long-Term Portion of Derivative Instrument Liabilities	(6,785,462)
Total Current & Accrued Liabilities	<u>77,288,659</u>
Customer Advances for Construction	705,411
Accum. Deferred Investment Tax Credits	1,008,529
Other Deferred Credits	28,105,468
Other Regulatory Liabilities	3,847,255
Accumulated Deferred Income Taxes	252,478,714
Total Deferred Credits	<u>286,145,377</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,117,011,961</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	129,567,391	57,306,979	186,874,370
Commercial Sales	116,783,372	20,464,935	137,248,307
Industrial Sales	54,961,746	1,627,177	56,588,923
Sales to Public Authorities	23,375,791	2,296,123	25,671,914
Public Street & Highway Lighting	1,739,806	956	1,740,762
Inter-Departmental Sales	71,727	18,657	90,384
Misc. Service Revenues	(375,971)	560,305	184,334
Revenues from Transportation	-	5,567,733	5,567,733
Sales for Resale	11,230,957	-	11,230,957
Rents from Property	1,715,759	-	1,715,759
Other Revenues	2,602,267	5,255	2,607,522
Total Revenues	<u>341,672,845</u>	<u>87,848,120</u>	<u>429,520,965</u>
<u>Operating Expenses</u>			
Operation Expense	218,621,120	57,278,880	275,900,000
Maintenance Expense	33,140,691	1,761,955	34,902,646
Depreciation Expense	27,914,366	9,508,881	37,423,247
Amortization and Depletion	2,434,224	1,482,973	3,917,197
Taxes Other than Income Taxes	10,735,868	4,030,922	14,766,790
Income Taxes - Federal & Other	5,454,399	(758,561)	4,695,838
Provision of Deferred Income Taxes - Net	(3,486,081)	15,580,310	12,094,229
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>294,814,587</u>	<u>88,885,360</u>	<u>383,699,947</u>
NET OPERATING INCOME	<u>46,858,258</u>	<u>(1,037,240)</u>	<u>45,821,018</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	226,176	100	226,276
Less Expense of Merchandising, Jobbing and Contract Work	(93,126)	6,699	(86,427)
Revenues from Nonutility Operations	10,856	809	11,665
Interest & Dividend Income	1,180,214	49,574	1,229,788
AFUDC	377,694	(167,346)	210,348
Loss on Disposition of Property	-	-	-
Gain from Disposition of Allowances	(15,132)	(5,556)	(20,688)
Misc. Income Deductions	(1,155,429)	(685,833)	(1,841,262)
Taxes Other than Income Taxes	(102,155)	(36,734)	(138,889)
Income Taxes - Federal & Other	(2,988,578)	299,169	(2,689,409)
Provision for Deferred Income Taxes - Net	3,035,917	92,120	3,128,037
Total Other Income & Deductions	<u>476,437</u>	<u>(446,998)</u>	<u>29,439</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,112,208)	(4,083,327)	(14,195,535)
Amortization of Debt Disc. And Expense	(388,498)	(125,081)	(513,579)
Amortization of Loss on Reacquired Debt	(214,990)	(68,153)	(283,143)
Interest on Debt to Assoc Co	(1,244)	(506)	(1,750)
Other Interest Expense	(2,470,434)	(201,121)	(2,671,555)
Less Allowance for Borrowed Fund Used During Construction - Credit	236,269	(53,047)	183,222
Net interest Charges	<u>(12,951,105)</u>	<u>(4,531,235)</u>	<u>(17,482,340)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>34,383,590</u>	<u>(6,015,473)</u>	<u>28,368,117</u>

Duke Energy Kentucky, Inc.
Capital Structure
January 31, 2013

	Actual December 2012	Activity	Actual January 2013
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	\$ 331,951,659	\$ 7,536	\$ 331,959,195
Obligations under Capital Lease-Noncurrent	\$ 6,999,647	\$ (111,760)	\$ 6,887,887
Total Long-term debt	\$ 338,951,306	\$ (104,224)	\$ 338,847,082
Common Stock Equity			
Common Stock	\$ 8,779,995	\$ -	\$ 8,779,995
Premium On Capital Stock Common	\$ 18,838,946	\$ -	\$ 18,838,946
Donat Recvd From Stkhld	\$ 143,211,362	\$ -	\$ 143,211,362
Donat Recvd From Stkhld Tax	\$ 5,600,021	\$ -	\$ 5,600,021
Other Misc PIC	\$ (156,194)	\$ -	\$ (156,194)
Unappropriated RE Bal	\$ 168,389,554	\$ 28,220,861	\$ 196,610,415
Unapp Ret Erngs-Curr Yr Net Income	\$ 28,220,860	\$ (18,499,054)	\$ 9,721,806
Total Common Stock Equity	\$ 372,884,544	\$ 9,721,807	\$ 382,606,351
TOTAL CAPITALIZATION	\$ 711,835,850	\$ 9,617,583	\$ 721,453,433