THIS FILING IS	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No.1902-0021
(Expires 12/31/2014)
Form 1-F Approved
OMB No.1902-0029
(Expires 12/31/2014)
Form 3-Q Approved
OMB No.1902-0205
(Expires 05/31/2014)

PUBLIC SERVICE COMMISSION
ANNUAL REPORT BRANCH
APR 30 2013
RECEIVED
EXAMINED BY______

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. 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 confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Duke Energy Kentucky, Inc.	End of 2012/Q4

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Deloitte.

Deloitte & Touche LLP
550 South Tryon Street
Suite 2500
Charlotte, NC 28202
USA

Tel: 704-887-1500
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
Duke Energy Kentucky, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Duke Energy Kentucky, Inc. (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2012, 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 123 of the accompanying Federal Energy Regulatory Commission Form 1, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Duke Energy Kentucky, Inc. as of December 31, 2012, 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.

Basis of Accounting

As discussed on page 123.1, 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 basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

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, 2013

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FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Duke Energy Kentucky, Inc.	02 Year/Period of Report End of 2012/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(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	09 This Report Is (1) [X] An Original (2) [ ] 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.

01 Name Steven K. Young 02 Title Controller/Chief Acctg Officer/VP	03 Signature Steven K. Young Steven K. Young	04 Date Signed *(Mo, Da, Yr)* 04/16/2013

Title 18, U.S.C. 1001 makes it a crime for any person to 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.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

LIST OF SCHEDULES (Electric Utility)

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

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

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

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Other Deferred Credits	269	
38	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	
39	Accumulated Deferred Income Taxes-Other Property	274-275	
40	Accumulated Deferred Income Taxes-Other	276-277	
41	Other Regulatory Liabilities	278	
42	Electric Operating Revenues	300-301	
43	Regional Transmission Service Revenues (Account 457.1)	302	N/A
44	Sales of Electricity by Rate Schedules	304	
45	Sales for Resale	310-311	
46	Electric Operation and Maintenance Expenses	320-323	
47	Purchased Power	326-327	
48	Transmission of Electricity for Others	328-330	
49	Transmission of Electricity by ISO/RTOs	331	N/A
50	Transmission of Electricity by Others	332	
51	Miscellaneous General Expenses-Electric	335	
52	Depreciation and Amortization of Electric Plant	336-337	
53	Regulatory Commission Expenses	350-351	
54	Research, Development and Demonstration Activities	352-353	
55	Distribution of Salaries and Wages	354-355	
56	Common Utility Plant and Expenses	356	
57	Amounts included in ISO/RTO Settlement Statements	397	
58	Purchase and Sale of Ancillary Services	398	
59	Monthly Transmission System Peak Load	400	N/A
60	Monthly ISO/RTO Transmission System Peak Load	400a	N/A
61	Electric Energy Account	401	
62	Monthly Peaks and Output	401	
63	Steam Electric Generating Plant Statistics	402-403	
64	Hydroelectric Generating Plant Statistics	406-407	N/A
65	Pumped Storage Generating Plant Statistics	408-409	N/A
66	Generating Plant Statistics Pages	410-411	N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

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

Stockholders' Reports Check appropriate box:

[ ] Two copies will be submitted

[X] No annual report to stockholders is prepared

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

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
Controller, Chief Accounting Officer & Vice President
550 South Tryon Street
Charlotte, NC 28202

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 or 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) [X] No

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiearies for whom trust was maintained, and purpose of the trust.

Duke Energy Kentucky, Inc. is a wholly-owned subsidiary of Duke Energy Ohio, Inc. Duke Energy Ohio, Inc. is a wholly-owned subsidiary of Cinergy Corp., which is a wholly-owned subsidiary of Duke Energy Corporation.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Senior Vice President and Chief Transmission		
2	Officer, effective 7/3/12	Caren B. Anders	267,305
3			
4	Vice President, Transmission Design Engineering		
5	& Asset Management, effective 10/8/12	Richard W. Bagley	164,884
6			
7	Vice President, Tax, effective 7/3/12; Senior Vice		
8	President, Tax through 7/2/12	Keith G. Butler	319,208
9			
10	Vice President, Global Risk Management & Insurance		
11	and Chief Risk Officer, effective 7/3/12;		
12	Chief Risk Officer through 7/2/12	Swati V. Daji	233,950
13			
14	Vice President and Treasurer, effective 7/3/12;		
15	Senior Vice President and Treasurer through 7/2/12	Stephen G. De May	300,138
16			
17	Vice President, Project Management and Construction,		
18	effective 10/8/12	John Elnitsky	283,429
19			
20	Vice President, Health and Safety, effective 7/3/12	Michael D. Engelman	200,063
21			
22	Vice President, Generation Integration and Transition		
23	Projects, effective 10/8/12	Donald E. Faulkner	201,940
24			
25	Senior Vice President, Power Generation Operations,		
26	effective 10/8/12	Charles M. Gates	270,000
27			
28	Executive Vice President and Chief Financial Officer,		
29	effective 7/3/12; Chief Financial Officer through		
30	7/2/12	Lynn J. Good	625,000
31			
32	Vice President, Environmental, effective 10/8/12	Mitchell C. Griggs	184,199
33			
34	President, effective 12/17/12	James P. Henning	229,999
35			
36	Vice President, Midwest Regulated Operations,		
37	effective 10/8/12	Stephen J. Immel	180,000
38			
39	Vice President, Rates & Regulatory Strategy,		
40	effective 7/3/12	Dwight L. Jacobs	235,182
41			
42	Executive Vice President, effective 7/3/12; Group		
43	Executive and Chief Generation Officer through 7/2/12	Dhiaa M. Jamil	550,000
44			

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2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Executive Vice President & Chief Legal Officer,		
2	effective 12/17/12; President through 12/17/12	Julia S. Janson	460,000
3			
4	Vice President, Transmission Maintenance and		
5	Construction, effective 10/8/12	William Jefferson	258,659
6			
7	Senior Vice President, Customer Service and		
8	Chief Customer Officer, effective 10/8/12	Gayle S. Lanier	245,000
9			
10	Vice President & Chief Communications Officer,		
11	effective 7/3/12	Virginia S. Mackin	287,513
12			
13	Corporate Secretary, effective 7/3/12; Corporate		
14	Secretary and Vice President through 7/2/12	David S. Maltz	264,470
15			
16	Vice President, Federal Affairs, effective 7/3/12	Beverly K. Marshall	262,655
17			
18	Senior Vice President and Chief Integration &		
19	Innovation Officer, effective 10/8/12	Lee T. Mazzochi	275,000
20			
21	Vice President, Gas Operations	James E. Mehring	239,966
22			
23	Vice President, Emerging Technology, effective 7/3/12;		
24	Senior Vice President and Chief Technology Officer		
25	through 7/2/12	David W. Mohler	240,753
26			
27	Vice President and Chief Information Officer,		
28	effective 7/3/12; Senior Vice President and Chief		
29	Information Officer through 7/2/12	A. R. Mullinax	397,344
30			
31	Vice President, Transmission Systems Operations,		
32	effective 10/8/12; Vice President & Project Director,		
33	Enterprise Asset Management Initiative		
34	through 7/2/12	V. Nelson Peeler	186,247
35			
36	Director, Fuel Procurement, effective 10/8/12	Brett Phipps	174,213
37			
38	Vice President and Chief Procurement Officer,		
39	effective 7/3/12; Senior Vice President and Chief		
40	Procurement Officer through 7/2/12	Ronald R. Reising	310,108
41			
42	Chief Executive Officer	James E. Rogers	
43			
44			

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OFFICERS

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2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Executive Vice President and Chief Operating Officer,		
2	Regulated Utilities, effective 12/17/12; Executive		
3	Vice President, Regulated Utilities, effective		
4	10/8/12 - 12/17/12	B. Keith Trent	515,000
5			
6	Senior Vice President and Senior Policy Advisor,		
7	effective 7/3/12; Senior Vice President, Federal		
8	Government & Regulatory Affairs through 7/2/12	William F. Tyndall	364,140
9			
10	Executive Vice President and Chief Human Resources		
11	Officer, effective 7/3/12; Senior Vice President and		
12	Chief Human Resources Officer through 7/2/12	Jennifer L. Weber	480,000
13			
14	Vice President, Grid Modernization, effective 10/8/12;		
15	Vice President and Chief Customer Officer,		
16	effective 3/30/12 - 7/2/12	Mark D. Wyatt	245,000
17			
18	Executive Vice President, Regulated Utilities,		
19	effective 12/17/12; Executive Vice President,		
20	effective 7/3/12 - 12/17/12	Lloyd M. Yates	515,000
21			
22	Vice President, Chief Accounting Officer and Controller,		
23	effective 7/3/12; Senior Vice President and Controller		
24	through 7/2/12	Steven K. Young	324,225
25			
26	Vice President, Financial Planning & Analysis,		
27	effective 7/3/12 - 10/8/12; Senior Vice President,		
28	Financial Planning & Analysis through 7/2/12	Myron L. Caldwell	292,563
29			
30	Senior Vice President, Construction and Major		
31	Projects, effective 7/2/12	Richard W. Haviland	440,000
32			
33	Executive Vice President, Energy Supply,		
34	effective 7/3/12 - 12/31/12	Jeffrey J. Lyash	515,000
35			
36	Senior Vice President and Chief Customer Officer		
37	through 4/1/12	Gianna M. Manes	318,120
38			
39	Executive Vice President and Chief Legal Officer,		
40	effective 7/3/12 - 12/17/12; Group Executive and		
41	Chief Legal Officer through 7/2/12	Marc E. Manly	600,000
42			
43	Executive Vice President and Chief Operating Officer,		
44	effective 7/3/12 - 7/10/12	John R. McArthur	525,000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1			
2	Executive Vice President and Chief Administrative		
3	Officer, effective 7/3/12 - 7/10/12	Mark F. Mulhern	500,000
4			
5	Senior Vice President, Strategy, Wholesale Customers		
6	and Commodities & Analytics through 7/2/12	Paul R. Newton	315,810
7			
8	Senior Vice President, Generation Support,		
9	through 7/2/12	John J. Roebel	283,512
10			
11	Chief Innovation Officer, effective 7/3/12 - 7/10/12	Paula J. Sims	400,000
12			
13	Senior Vice President and Chief Distribution Officer,		
14	effective 7/3/12 - 10/8/12; Senior Vice President,		
15	Power Delivery through 7/2/12	Jim L. Stanley	392,333
16			
17	Vice President, Accounting through 7/2/12	James D. Wiles	247,002
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Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) / /	End of 2012/Q4

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Lynn J. Good (EVP & CFO)	550 S. Tryon Street, Charlotte, NC 28202
2	B. Keith Trent (EVP & COO, Regulated Utilities),	
3	effective 7/13/12	550 S. Tryon Street, Charlotte, NC 28202
4	Lloyd M. Yates (EVP, Regulated Utilities),	
5	effective 12/17/12	550 S. Tryon Street, Charlotte, NC 28202
6	James E. Rogers (Chief Executive Officer),	
7	resigned 12/17/12	550 S. Tryon Street, Charlotte, NC 28202
8	John R. McArthur (EVP), effective 7/3/12 - 7/10/12	550 S. Tryon Street, Charlotte, NC 28202
9	Marc E. Manly (Group Executive & Chief Legal Officer),	
10	resigned 7/2/12	550 S. Tryon Street, Charlotte, NC 28202
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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent have formula rates?

[X] Yes
[ ] No

1. Please list the Commission accepted formula rates including FERC Rate Schedule or Tariff Number and FERC proceeding (i.e. Docket No) accepting the rate(s) or changes in the accepted rate.

Line No.	FERC Rate Schedule or Tariff Number	FERC Proceeding
1	PJM Interconnection, L.L.C.	Docket No. ER12-91-000
2	Open Access Transmission Tariff	
3	Attachment H-22	
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INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent file with the Commission annual (or more frequent) filings containing the inputs to the formula rate(s)?

[ ] Yes
[X] No

2. If yes, provide a listing of such filings as contained on the Commission's eLibrary website

Line No.	Accession No.	Document Date \ Filed Date	Docket No.	Description	Formula Rate FERC Rate Schedule Number or Tariff Number
1	20120515-5244	05/15/2012	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
2	20130129-5070	01/29/2013	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
3				Corrected	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

INFORMATION ON FORMULA RATES
Formula Rate Variances

1. If a respondent does not submit such filings then indicate in a footnote to the applicable Form 1 schedule where formula rate inputs differ from amounts reported in the Form 1.
2. The footnote should provide a narrative description explaining how the "rate" (or billing) was derived if different from the reported amount in the Form 1.
3. The footnote should explain amounts excluded from the ratebase or where labor or other allocation factors, operating expenses, or other items impacting formula rate inputs differ from amounts reported in Form 1 schedule amounts.
4. Where the Commission has provided guidance on formula rate inputs, the specific proceeding should be noted in the footnote.

Line No.	Page No(s).	Schedule	Column	Line No
1		Not Applicable		
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Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If 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: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the 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 condition. 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 give reference to 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 as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
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 reported on Page 104 or 105 of the Annual Report Form No. 1, 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. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. 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.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

1. None

2. See Notes to Financial Statements, Note 2, "Acquisitions and Dispositions of Businesses and Sales of Other Assets"

3. See Notes to Financial Statements, Note 2, "Acquisitions and Dispositions of Businesses and Sales of Other Assets" and Note 3, "Regulatory Matters"

4. None

5. None

6. See Notes to Financial Statements, Note 5, "Debt and Credit Facilities"

7. None

8. None

9. See Notes to Financial Statements, Note 3, "Regulatory Matters" and Note 4, "Commitments and Contingencies"

10. None

11. (Reserved)

12. None

13. The officer and director appointments and resignations that occurred during the fourth quarter of 2012 are as follows:

APPOINTMENTS

Effective 12/17/2012

Lloyd M. Yates	Director & Executive Vice President, Regulated Utilities
James P. Henning	President
Julia S. Janson	Executive Vice President & Chief Legal Officer
B. Keith Trent	Executive Vice President & Chief Operation Officer, Regulated Utilities

Effective 10/08/2012

B. Keith Trent	Executive Vice President, Regulated Utilities

RESIGNATIONS

Effective 12/31/2012

Jeffrey J. Lyash	Executive Vice President, Energy Supply

Effective 12/17/2012

James E. Rogers	Director
Julia S. Janson	President
B. Keith Trent	Executive Vice President, Regulated Utilities
Lloyd M. Yates	Executive Vice President

Effective 10/08/2012

Myron L. Caldwell	Vice President-Financial Planning & Analysis
Jim L. Stanley	Senior Vice President & Chief Distribution Officer
Thomas F. Moses	Assistant Treasurer

14. None

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (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	1,683,376,033	1,629,663,486
3	Construction Work in Progress (107)	200-201	20,861,207	27,611,713
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		1,704,237,240	1,657,275,199
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	761,652,249	744,281,884
6	Net Utility Plant (Enter Total of line 4 less 5)		942,584,991	912,993,315
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		942,584,991	912,993,315
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		24,088,348	24,088,348
19	(Less) Accum. Prov. for Depr. and Amort. (122)		18,613,056	17,723,306
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		1,500	1,500
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		5,476,792	6,366,542
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		10,692,801	9,873,513
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		1,658,353	2,711,715
41	Other Accounts Receivable (143)		4,111,586	4,009,492
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		164,057	243,221
43	Notes Receivable from Associated Companies (145)		23,649,581	31,908,184
44	Accounts Receivable from Assoc. Companies (146)		-4,481,465	70,462
45	Fuel Stock (151)	227	20,599,164	17,624,306
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	17,517,636	18,379,080
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	127,340	553,203

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	493,090	814,113
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		1,154,486	2,950,497
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	78,000
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		12,540,368	8,509,140
63	Derivative Instrument Assets (175)		432,689	221,976
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		88,331,572	97,460,460
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		2,508,430	2,793,101
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	17,577,334	16,684,902
73	Prelim. Survey and Investigation Charges (Electric) (183)		2,616,844	2,301,918
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		43,940	35,376
77	Temporary Facilities (185)		0	-21,595
78	Miscellaneous Deferred Debits (186)	233	40,601,486	37,376,859
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		2,530,513	2,813,656
82	Accumulated Deferred Income Taxes (190)	234	7,836,663	6,735,833
83	Unrecovered Purchased Gas Costs (191)		-1,334,972	-2,306,548
84	Total Deferred Debits (lines 69 through 83)		72,380,238	66,413,502
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		1,108,773,593	1,083,233,819

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	end of 2012/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	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)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		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)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	196,610,413	178,389,553
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		372,884,543	354,663,683
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	332,571,494	332,571,494
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		619,835	710,262
24	Total Long-Term Debt (lines 18 through 23)		331,951,659	331,861,232
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		6,999,647	8,878,042
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)		18,448,724	13,754,004
30	Accumulated Miscellaneous Operating Provisions (228.4)		570,000	520,000
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		7,423,301	8,472,629
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		6,078,048	5,859,011
35	Total Other Noncurrent Liabilities (lines 26 through 34)		39,519,720	37,483,686
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		24,627,751	27,166,108
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		20,032,722	25,977,263
41	Customer Deposits (235)		8,922,494	8,367,445
42	Taxes Accrued (236)	262-263	7,509,437	7,389,694
43	Interest Accrued (237)		3,964,498	4,133,070
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	end of 2012/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		1,667,569	1,625,734
48	Miscellaneous Current and Accrued Liabilities (242)		7,987,897	7,733,476
49	Obligations Under Capital Leases-Current (243)		1,888,974	2,046,316
50	Derivative Instrument Liabilities (244)		8,416,102	8,472,629
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		7,423,301	8,472,629
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		77,594,143	84,439,106
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		708,595	1,030,284
57	Accumulated Deferred Investment Tax Credits (255)	266-267	1,008,529	1,776,454
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	28,208,820	22,449,809
60	Other Regulatory Liabilities (254)	278	4,418,869	6,823,376
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	394,497	394,496
63	Accum. Deferred Income Taxes-Other Property (282)		248,370,380	232,620,280
64	Accum. Deferred Income Taxes-Other (283)		3,713,838	9,691,413
65	Total Deferred Credits (lines 56 through 64)		286,823,528	274,786,112
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		1,108,773,593	1,083,233,819

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
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 column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. 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 columnin 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.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	427,627,327	458,674,872		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	274,779,814	306,812,697		
5	Maintenance Expenses (402)	320-323	34,886,077	27,533,307		
6	Depreciation Expense (403)	336-337	39,672,351	38,438,584		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	3,970,647	4,595,742		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		-2,316,400	7,052,265		
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	14,850,162	11,869,635		
15	Income Taxes - Federal (409.1)	262-263	1,403,969	3,733,788		
16	- Other (409.1)	262-263	3,291,869	1,415,793		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	55,014,396	54,160,006		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	42,788,022	33,606,494		
19	Investment Tax Credit Adj. - Net (411.4)	266	-132,145	-142,557		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)		226	6,841		
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		382,632,492	421,855,925		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		44,994,835	36,818,947		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

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 purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders 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.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
337,749,914	343,471,128	89,877,413	115,203,744			2
						3
215,977,323	232,174,175	58,802,491	74,638,522			4
33,106,300	25,749,932	1,779,777	1,783,375			5
29,687,762	28,841,028	9,984,589	9,597,556			6
						7
2,582,808	2,978,707	1,387,839	1,617,035			8
						9
						10
						11
-1,841,209	5,197,697	-475,191	1,854,568			12
						13
10,791,688	7,946,803	4,058,474	3,922,832			14
2,839,553	3,625,970	-1,435,584	107,818			15
2,614,847	998,335	677,022	417,458			16
32,350,974	31,760,811	22,663,422	22,399,195			17
35,776,261	26,344,659	7,011,761	7,261,835			18
-60,794	-70,561	-71,351	-71,996			19
						20
						21
226	6,841					22
						23
						24
292,272,765	312,851,397	90,359,727	109,004,528			25
45,477,149	30,619,731	-482,314	6,199,216			26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		44,994,835	36,818,947		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		227,569	220,100		
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		86,206	78,550		
33	Revenues From Nonutility Operations (417)		13,980	8,289		
34	(Less) Expenses of Nonutility Operations (417.1)		2,784	-181,222		
35	Nonoperating Rental Income (418)		159,618	-239,695		
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		1,243,599	2,815,133		
38	Allowance for Other Funds Used During Construction (419.1)		258,123	595,773		
39	Miscellaneous Nonoperating Income (421)		1,265	1,484		
40	Gain on Disposition of Property (421.1)		468,150			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		2,283,314	3,503,756		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		20,688			
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		967,253	51,800		
46	Life Insurance (426.2)			18,226		
47	Penalties (426.3)		13,025	4,338		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		554,880	299,532		
49	Other Deductions (426.5)		282,037	1,378,539		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		1,837,883	1,752,435		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	137,852	294,580		
53	Income Taxes-Federal (409.2)	262-263	2,750,399	2,312,927		
54	Income Taxes-Other (409.2)	262-263	370,225	367,360		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	259,817	1,819,917		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	3,387,854	7,593,444		
57	Investment Tax Credit Adj.-Net (411.5)		-431,215	-433,041		
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-300,776	-3,231,701		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		746,207	4,983,022		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		14,193,942	13,821,653		
63	Amort. of Debt Disc. and Expense (428)		516,157	294,680		
64	Amortization of Loss on Reaquired Debt (428.1)		283,143	283,143		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		1,753			
68	Other Interest Expense (431)		2,736,819	3,306,183		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		211,632	213,308		
70	Net Interest Charges (Total of lines 62 thru 69)		17,520,182	17,492,351		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		28,220,860	24,309,618		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		28,220,860	24,309,618		

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. 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)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. 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.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		178,389,553	289,079,935
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		28,220,860	24,309,618
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31	September 2011 Common Stock Dividend			(135,000,000)
32	September 2012 Common Stock Dividend		-10,000,000	
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-10,000,000	(135,000,000)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		196,610,413	178,389,553
	APPROPRIATED RETAINED EARNINGS (Account 215)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. 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)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. 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.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		196,610,413	178,389,553
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

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 31) 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 Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	28,220,860	24,309,618
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	39,672,351	38,438,584
5	Amortization of		
6	Plant Items	3,970,647	4,595,742
7	Amort of Debt Discount, Premium, Expense and Loss on Reacquired Debt	799,300	577,823
8	Deferred Income Taxes (Net)	9,098,337	14,779,985
9	Investment Tax Credit Adjustment (Net)	-563,360	-575,598
10	Net (Increase) Decrease in Receivables	11,832,634	17,531,761
11	Net (Increase) Decrease in Inventory	-1,792,391	-624,587
12	Net (Increase) Decrease in Allowances Inventory	425,863	1,026,805
13	Net Increase (Decrease) in Payables and Accrued Expenses	-4,912,011	-1,880,075
14	Net (Increase) Decrease in Other Regulatory Assets	-594,120	179,321
15	Net Increase (Decrease) in Other Regulatory Liabilities	-2,404,507	3,226,484
16	(Less) Allowance for Other Funds Used During Construction	258,123	595,773
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-945,017	9,890,034
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	82,550,463	110,880,124
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-71,954,554	-54,253,866
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant	-2,561,588	-722,841
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-258,123	-595,773
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-74,258,019	-54,380,934
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies	2,678,000	56,410,000
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

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 31) 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 Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-71,580,019	2,029,066
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)		
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77	Premium Payments and Fees on Deferred Debt	-151,156	-833,598
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-10,000,000	-135,000,000
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-10,151,156	-135,833,598
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	819,288	-22,924,408
87			
88	Cash and Cash Equivalents at Beginning of Period	9,873,513	32,797,921
89			
90	Cash and Cash Equivalents at End of period	10,692,801	9,873,513

Schedule Page: 120 Line No.: 18 Column: b

Other:

Unrecovered Purchased Gas Costs	(849,046)
Prepayments	(18,503)
Clearing Accounts	(8,564)
Miscellaneous Current and Accrued Assets	(5,356,372)
Derivative Instrument Assets	(210,713)
Miscellaneous Deferred Debits	2,254,122
Accumulated Provisions	(734,029)
Customer Advances for Construction	(321,689)
Other Deferred Credits	5,636,481
Temporary Facilities	(21,595)
Net Utility Plant and Nonutility Property	(377,780)
Deferred Income Taxes	(631,206)
Derivative Instruments	(1,294)
Preliminary Survey and Investigation Charges	(314,926)
Debt Expenses	10,097
Total Other	(945,017)

Schedule Page: 120 Line No.: 18 Column: c

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)
Total Other	9,890,034

Schedule Page: 120 Line No.: 90 Column: b

	YTD Dec'12	YTD Dec'11
Supplemental Disclosures (in thousands):		
Cash paid for interest, net of amount capitalized	$ 16,827	$ 16,875
Cash paid for income taxes	2,907	4,817

Significant non-cash transactions (in thousands):

AFUDC - equity component	$ 258	$ 596
Accrued capital expenditures	5,327	7,794

Cash and Cash Equivalents at End of Period:	**YTD Dec'12**	**YTD Dec'11**
Cash (131)	$10,692,801	$ 9,873,513
Working Funds (135)	0	0
Temporary Cash Investments (136)	0	0
Total	$10,692,801	$ 9,873,513

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. 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.
8. 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.
9. 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.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

This Federal Energy Regulatory Commission (FERC) Form 1 represents the financial statements of Duke Energy Kentucky, Inc. (Duke Energy Kentucky) as of and for the year ended December 31, 2012. 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 business segments, (3) the presentation of current and non-current portions of long-term debt, preferred stock and other liabilities, (4) the presentation of the current portion of regulatory assets and liabilities, (5) the presentation of extraordinary deductions, (6) the presentation of removal costs, (7) the presentation of ASC 740-10 (formerly SFAS No. 109) regulatory assets and liabilities, (8) the presentation of the current portion of deferred income taxes, (9) the presentation of purchases and sales of emission allowances, (10) the presentation of credit balances in asset accounts and debit balances in liability accounts, and (11) the presentation of capital leases vs. operating leases.

GAAP requires that the current and non-current portions of long-term debt, 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 the current portion of regulatory assets and regulatory liabilities be reported as current assets and current liabilities, respectively, on the Balance Sheet. FERC requires that the current portion of regulatory assets and liabilities be reported as Regulatory Assets within Deferred Debits and Regulatory Liabilities within Deferred Credits, respectively. The current portion of regulatory assets was approximately \$0 at December 31, 2012, and the current portion of regulatory liabilities was approximately \$6 million at December 31, 2012.

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 \$67 million at December 31, 2012 and \$63 million at December 31, 2011.

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 reclassed 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 reclassed, 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 FSB 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation.

Duke Energy Kentucky, Inc. (Duke Energy Kentucky) 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 is subject to the regulatory provisions of the Kentucky Public Service Commission (KPSC) and the Federal Energy Regulatory Commission (FERC). 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 generally accepted accounting principles (GAAP) in the United States (U.S.), 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 information at the time, actual results could differ.

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 Other in Current Assets and as Regulatory liabilities and Other in Current 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 the associated regulatory assets and liabilities.

For further information, see Note 3.

Fuel Costs and Fuel Cost Deferrals.

Duke Energy Kentucky utilizes cost-tracking mechanisms, commonly referred to as a fuel clause, to recover the retail portion of fuel and purchased power, and natural gas purchased. Duke Energy Kentucky defers the related cost through Fuel used in electric generation and purchased power and Natural gas purchased on the Statements of Operations, unless a regulatory requirement exists for deferral through Operating Revenues.

Fuel used in electric generation and purchased power includes fuel, purchased power and recoverable costs that are deferred through fuel clauses established by the KPSC. Natural gas purchased includes purchases of natural gas and recoverable costs that are deferred through fuel clauses established by the KPSC. These clauses allow Duke Energy Kentucky to recover fuel costs, fuel-related costs, natural gas purchased and portions of purchased power costs through surcharges on customer rates. Duke Energy Kentucky records any under-recovery or over-recovery resulting from the differences between estimated and actual costs as a regulatory asset or regulatory liability until billed or refunded to customers, at which point the differences are adjusted through revenues.

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. Inventory related to regulated operations are valued at historical cost consistent with rate-making treatment. Materials and supplies are recorded as inventory when purchased and subsequently charged to expense or capitalized to property, plant and equipment when installed. Reserves are established for excess and obsolete inventory. The following table presents the components of Duke Energy Kentucky's inventory.

(in thousands)	December 31, 2012	December 31, 2011
Coal held for electric generation	$ 17,686	$ 14,500
Materials and supplies	19,688	21,081
Gas held in storage	1,217	1,236
Total inventory	$ 38,591	$ 36,817

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 allowance for funds used during construction (AFUDC). See "AFUDC and Interest Capitalized," below for additional information. 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 estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the KPSC. The composite weighted-average depreciation rate was 2.6% and 2.7% for the years ended December 31, 2012 and 2011, respectively.

When Duke Energy Kentucky retires its regulated property, plant and equipment under what is considered a normal retirement, the original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation, consistent with regulated rate-making practices. When it becomes probable that a regulated generation asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and its accumulated depreciation is removed from Cost and Accumulated depreciation and amortization within Property, Plant and Equipment of the Balance Sheets and a separate asset is recognized. The carrying value of the asset is based on historical cost if Duke Energy Kentucky is allowed to recover the remaining net book value and a full return on the asset. If Duke Energy Kentucky does not expect to recover the full remaining cost and a full return, the carrying value of the asset is based on the lower of cost or the present value of the future revenues expected to be provided to recover the allowable costs discounted at Duke Energy Kentucky's incremental borrowing rate. An impairment is recognized if the cost of the asset exceeds the present value of the future revenues to be recovered in rates.

When Duke Energy Kentucky sells entire regulated operating units, the original cost is removed from property and the related accumulated depreciation and amortization balances 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 property, plant and equipment.

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. The equity component of AFUDC is a non-cash amount 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 recognition of the corresponding depreciation expense.

AFUDC equity 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 liability is then accreted over time by applying an interest method of allocation to the liability. Substantially all accretion is related to regulated operations and is deferred pursuant to regulatory accounting. The present value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the remaining life of the asset.

The present value of the initial obligation and subsequent updates are based on discounted cash flows, which include estimates regarding the timing of future cash flows, the selection of discount rates and cost escalation rates, among other factors. These underlying assumptions and estimates are made as of a point in time and are subject to change.

See Note 6 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 average revenue per kilowatt-hour (kWh) or per thousand cubic feet (Mcf) for all customer classes to the number of estimated kWh or Mcf 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, a wholly owned subsidiary of Duke Energy. Unbilled revenues, which are primarily recorded as Receivables on the Balance Sheets and exclude receivables sold to Cinergy Receivables, primarily relate to wholesale sales and were immaterial at both December 31, 2012 and 2011.

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, these transfers meet sales/derecognition criteria of the accounting rules and, therefore, Duke Energy Kentucky accounts 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 at December 31, 2012 and 2011 were $21 million and $19 million, respectively.

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. The effective portion of the change in the fair value of derivative instruments designated as cash flow hedges is recorded in AOCI. The effective portion of the change in the fair value of a fair value hedge is offset in net income by changes in the hedged item. 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).

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 and risk management strategy.

See Note 10 for further information.

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 further information, including certain accounting policies associated with these plans.

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.

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 (SO_2) 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 in Intangibles, net on its Balance Sheets at cost and recognizes expense as the allowances are consumed or sold. 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 it was 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.

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.

See Note 15 for further information.

New Accounting Standards.

The following new accounting standards were adopted by Duke Energy Kentucky during the year ended December 31, 2012, 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) 220 — Comprehensive Income. In June 2011, the FASB amended the existing requirements for presenting comprehensive income in financial statements primarily to increase the prominence of items reported in other comprehensive income (OCI) and to facilitate the convergence of U.S. GAAP and International Financial Reporting Standards (IFRS). Specifically, the revised guidance eliminates the option previously provided to present components of OCI as part of the statement of changes in stockholders' equity. Accordingly, all non-owner changes in stockholders' equity are required to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive financial statements. For Duke Energy Kentucky, this revised guidance was effective on a retrospective basis for interim and annual periods beginning January 1, 2012. The adoption of this new guidance did not have a significant impact on Duke Energy Kentucky's disclosures or their results of operations, cash flows, or financial position.

ASC 820 — Fair Value Measurements and Disclosures. In May 2011, the FASB amended existing requirements for measuring fair value and for disclosing information about fair value measurements. This revised guidance results in a consistent definition of fair value, as well as common requirements for measurement and disclosure of fair value information between U.S. GAAP and IFRS. In addition, the amendments set forth enhanced disclosure requirements with respect to recurring Level 3 measurements, nonfinancial assets measured or disclosed at fair value, transfers between levels in the fair value hierarchy, and assets and liabilities disclosed but not recorded at fair value. For Duke Energy Kentucky, the revised fair value measurement guidance was effective on a prospective basis for interim and annual periods beginning January 1, 2012. The adoption of this new guidance did not have a significant impact on Duke Energy Kentucky's disclosures or their results of operations, cash flows, or financial position.

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:

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 has been 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.

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. The revised goodwill impairment testing accounting guidance is effective for Duke Energy Kentucky's annual and interim goodwill impairment tests performed for fiscal years beginning January 1, 2012, with early adoption of this revised guidance permitted for annual and interim goodwill impairment tests performed as of a date before September 15, 2011. Since annual goodwill impairment tests are performed by Duke Energy as of August 31, Duke Energy Kentucky early adopted this revised accounting guidance during the third quarter of 2011.

The following new Accounting Standards Updates (ASU) have been issued, but have not yet been adopted by Duke Energy Kentucky, as of December 31, 2012.

ASC 210 — Balance Sheet. In December 2011, the FASB issued revised accounting guidance to amend the existing disclosure requirements for offsetting financial assets and liabilities to enhance current disclosures, as well as to improve comparability of balance sheets prepared under U.S. GAAP and IFRS. The revised disclosure guidance affects all companies that have financial instruments and derivative instruments that are either offset in the balance sheet (i.e., presented on a net basis) or subject to an enforceable master netting arrangement and/or similar agreement. The revised guidance requires that certain enhanced quantitative and qualitative disclosures be made with respect to a company's netting arrangements and/or rights of setoff associated with its financial instruments and/or derivative instruments including associated collateral. For Duke Energy Kentucky, the revised disclosure guidance is effective on a retrospective basis for interim and annual periods beginning January 1, 2013. Other than additional disclosures, this revised guidance does not impact Duke Energy Kentucky's results of operations, cash flows or financial position.

ASC 220 — Comprehensive Income. In February 2013, the FASB amended the existing requirements for presenting comprehensive income in financial statements to improve the reporting of reclassifications out of AOCI. The amendments in this Update seek to attain that objective by requiring an entity to report the effect of significant reclassifications out of AOCI on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. This would be the case when a portion of the amount reclassified out of AOCI is reclassified to a balance sheet account (for example, inventory) instead of directly to income or expense in the same reporting period. For Duke Energy Kentucky, this revised guidance is effective on a prospective basis for interim and annual periods beginning January 1, 2013. The adoption of this new guidance did not have a significant impact on Duke Energy Kentucky's disclosures or their results of operations, cash flows, or financial position.

2. ACQUISITIONS

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

On July 2, 2012, Duke Energy completed the merger contemplated by the 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, a North Carolina corporation engaged in the regulated utility business of generation, transmission and distribution and sale of electricity in portions of North Carolina, South Carolina and Florida. As a result of the merger, Merger Sub was merged into Progress Energy and Progress Energy became a wholly owned subsidiary of Duke Energy.

The merger between Duke Energy and Progress Energy provides increased scale and diversity with potentially enhanced access to capital over the long-term and a greater ability to undertake the significant construction programs necessary to respond to increasing environmental regulation, plant retirements and customer demand growth. Duke Energy's business risk profile is expected to improve over-time due to the increased proportion of the business that is regulated.

On June 24, 2011, Duke Energy and Progress Energy filed a settlement agreement with the Kentucky Attorney General. On August 2, 2011, the KPSC issued an order conditionally approving the merger and required Duke Energy and Progress Energy to accept all conditions contained in the order. Duke Energy and Progress Energy requested and were granted rehearing on the limited issue of the wording of one condition relating to the composition of Duke Energy's post-merger board of directors. On October 28, 2011, the KPSC issued its order approving a settlement with the Kentucky Attorney General on the revised condition relating to the composition of the post-merger Duke Energy board. Duke Energy and Progress Energy filed their acceptance of the condition on November 2, 2011. Duke Energy Kentucky agreed to (i) not file new gas or electric base rate applications for two years from the date of the KPSC's final order in the merger proceedings, (ii) make five annual shareholder contributions of $165,000 to support low-income weatherization efforts and economic development within Duke Energy Kentucky's service territory and (iii) not seek recovery from retail customers for any of their allocable share of merger related costs.

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.

The following table represents the regulatory assets and liabilities on Duke Energy Kentucky's Balance Sheets.

(in thousands)	December 31, 2012	December 31, 2011	Recovery/Refund Period Ends
Regulatory Assets[(a)]			
Deferred debt expense	$ -	$ 283	
Vacation accrual	**2,055**	1,853	2013
Under-recovery of fuel costs	**763**	1,537	2013
Hedge costs and other deferrals	**566**	529	2013
Other	**-**	56	
Total Current Regulatory Assets[(e)]	**3,384**	4,258	
Accrued pension and other post-retirement benefits[(a)]	**37,432**	34,414	(b)
Storm cost deferrals	**4,913**	4,913	(b)
Hedge costs and other deferrals	**7,423**	7,516	(b)
Deferred debt expense	**2,531**	2,531	2036
Demand side management/Energy efficiency costs	**2,511**	-	(b)
Other	**800**	599	(b)
Total Non-Current Regulatory Assets	**55,610**	49,973	
Total Regulatory Assets	**$ 58,994**	$ 54,231	
Regulatory Liabilities[(a)]			
Gas purchase costs	**$ 1,335**	$ 2,353	2013
Demand side management/Energy efficiency costs	**6,248**	-	2013
Other	**1,033**	222	2013
Total Current Regulatory Liabilities[(f)]	**8,616**	2,575	
Removal costs[(c)]	**62,993**	59,167	(d)
Accrued pension and other post-retirement benefits	**3,130**	3,512	(b)
Demand side management/Energy efficiency costs	**-**	6,054	(b)
Other	**663**	1,726	(b)
Total Non-Current Regulatory Liabilities	**66,786**	70,459	
Total Regulatory Liabilities	**$ 75,402**	$ 73,034	

(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.

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.

In conjunction with the KPSC's approval of Duke Energy's merger with Progress Energy, which is discussed further in Note 2, Duke Energy Kentucky agreed to not file new gas or electric base rate applications for two years from the date of the KPSC's final order in the merger proceedings. As a result of this agreement, Duke Energy Kentucky is not able to file gas or electric based rate applications until November 2013.

Potential Plant Retirements. 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, Miami Fort Unit 6, which does not have the requisite emission control equipment, primarily to meet the EPA Mercury and Air Toxics Standard (MATS) regulation. The net book value of the 163 MW Miami Fort Unit 6, as of December 31, 2012, is $12 million. As of December 31, 2012, no decision has been made regarding the retirement.

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. (MISO) to PJM interconnection, L.L.C. (PJM), effective December 31, 2011.

On December 16, 2010, the FERC issued an order related to MISO's cost allocation methodology surrounding Multi-Value Projects (MVP), a type of MISO Transmission Expansion Planning (MTEP) project cost. MISO 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 MISO footprint. MISO approved MVP proposals with estimated project costs of approximately $5.2 billion prior to the date of Duke Energy Ohio's exit from MISO on December 31, 2011. These projects are expected to be undertaken by the constructing transmission owners from 2012 through 2020 with costs recovered through MISO over the useful life of the projects. The FERC order did not clearly and expressly approve MISO's apparent interpretation that a withdrawing transmission owner is obligated to pay its share of costs of all MVP projects approved by MISO up to the date of the withdrawing transmission owners' exit from MISO. Duke Energy Ohio, including Duke Energy Kentucky, has historically represented approximately five-percent of the MISO system. 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 MISO'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 would not prejudge 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 MISO's ability to allocate MVP costs to a withdrawing transmission owner is beyond the scope of the proceeding. The order further stated that MISO'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.

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 sought recovery of their legacy MTEP costs, including MVP costs, and submitted an analysis showing that the benefits of the RTO realignment outweigh the costs to the customers. The new rates went into effect, subject to refund, on January 1, 2012. Protests were filed by certain transmission customers. On April 24, 2012, FERC issued an order in which it denied recovery of legacy MTEP costs without prejudice to the right of Duke Energy Ohio and Duke Energy Kentucky to make another filing including a more comprehensive cost-benefit analysis to support such recovery, and set the return on equity component of the rate for hearing. Duke Energy Ohio and Duke Energy Kentucky have entered into a settlement agreement with the only remaining protester, American Municipal Power, Inc. (AMP), under which the return on equity will be set at 11.38%, legacy MTEP costs will be recovered in rates, and AMP will receive a credit equal to 75% of its share of the legacy MTEP costs. The settlement agreement was filed with the FERC on February 4, 2012 and requires FERC approval.

On December 29, 2011, MISO filed with FERC a Schedule 39 to MISO'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 MISO, or, if the owner fails to report such load, based on the owner's historical usage in MISO 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 MISO to charge for MVP costs, a transmission owner that withdraws from MISO after January 1, 2012. The FERC set for hearing whether MISO's proposal to use the methodology in Schedule 39 to calculate the obligation of transmission owners who withdrew from MISO 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 MISO, and, if not, what amount of, and methodology for calculating, any MVP cost responsibility should be.

On March 28, 2012, Duke Energy Ohio and Duke Energy Kentucky filed a request for rehearing of FERC's February 27, 2012 order on MISO's Schedule 39. On December 19, 2012, the FERC Trial Staff submitted testimony in the Schedule 39 hearing proceeding in which its witness stated his opinion that Duke Energy Ohio and Duke Energy Kentucky should not be liable for any MVP costs. The role of the FERC Trial Staff is to act as an independent party in the proceeding; it has no judicial authority. The hearing has been scheduled for April 2013.

On December 31, 2011, Duke Energy Kentucky recorded a liability for its MISO exit obligation and share of MTEP costs, excluding MVP, of approximately $18 million, of which a portion is included in Other within Current Liabilities and the remainder is included in Other within Deferred Credits and Other Liabilities on the Balance Sheets. The charges were recorded to Operation, maintenance and other in Duke Energy Kentucky's statement of operations, and were included in Other liabilities within the operating section of the statement of cash flows, upon exit from the MISO on December 31, 2011. In addition to the above amounts, Duke Energy Kentucky may also be responsible for costs associated with MISO 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.

The following table provides a reconciliation of the beginning and ending balance of Duke Energy Kentucky's recorded obligations related to its withdrawal from MISO.

(in thousands)	Balance at December 31, 2011	Provision / Adjustments	Cash Reductions	Balance at December 31, 2012
MISO Withdrawal Liability	$ 18,401	$ 6,370	$ (3,152)	$ 21,619

4. COMMITMENTS AND CONTINGENCIES

General Insurance

Duke Energy Kentucky has insurance and reinsurance coverage either directly or through indemnification from Duke Energy's captive insurance company, Bison Insurance Company, and its affiliates, consistent with companies engaged in similar commercial operations with similar type properties. Duke Energy Kentucky's 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, but not outage or replacement power coverage. All coverage is subject to certain deductibles or retentions, sublimits, terms and conditions common for companies with similar types of operations.

Duke Energy Kentucky self-insures its transmission and distribution lines against loss due to storm damage and other natural disasters. 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 any changing claims history and conditions of the insurance and reinsurance markets.

In the event of a loss, the terms and amount of insurance and reinsurance available might not be adequate to cover claims and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered by other sources, could have a material effect on Duke Energy Kentucky's results of operations, cash flows or financial position. Duke Energy Kentucky is responsible to the extent losses may exceed limits of the coverage available.

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.

Remediation Activities. Duke Energy Kentucky is responsible for environmental remediation at various contaminated sites. These include some properties that are part of ongoing operations and sites formerly owned or used by Duke Energy Kentucky. In some cases, Duke Energy Kentucky no longer owns the property. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, activities vary with site conditions and locations, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, Duke Energy Kentucky could potentially be held responsible for contamination caused by other parties. In some instances, Duke Energy Kentucky may share liability associated with contamination with other potentially responsible parties, and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. All of these sites generally are managed as part of business or affiliate operations. Duke Energy Kentucky continually assesses the nature and extent of known or potential environmentally related contingencies and records liabilities when losses become probable and are reasonably estimable. Duke Energy Kentucky has accrued costs associated with remediation activities at some of its current and former sites for the stages of investigation, remediation and monitoring that can be reasonably estimated, as well as other relevant environmental contingent liabilities. At this time, Duke Energy Kentucky cannot estimate the total costs that may be incurred in connection with the remediation of all stages of all sites because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives, and/or regulatory decisions have not yet been determined. It is anticipated that additional costs, which could be material, associated with remediation activities at certain sites will be incurred in the future. Costs associated with remediation activities within Duke Energy Kentucky's operations are typically expensed as Operation, maintenance and other unless regulatory recovery of the costs is deemed probable.

Duke Energy Kentucky's accruals relate to certain sites that have required, or are anticipated to require, investigation and/or remediation. Duke Energy Kentucky has accrued approximately $570 thousand for probable and estimable costs related to its various environmental sites. These amounts are recorded in Other within Deferred Credits and Other Liabilities on the Duke Energy Kentucky Balance Sheets. Duke Energy Kentucky could incur additional losses in excess of its recorded reserves of up to approximately $8 million for the stages of investigation, remediation and monitoring for its environmental sites that can be reasonably estimated at this time. The maximum amount of the range for all stages of Duke Energy Kentucky's environmental sites cannot be determined at this time. Actual experience may differ from current estimates, and it is probable that estimates will continue to change in the future.

Clean Water Act 316(b). The EPA published its proposed cooling water intake structures rule on April 20, 2011. The proposed rule advances one main approach and three alternatives. The main approach establishes aquatic protection requirements for existing facilities that withdraw 2 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 unless retired prior to implementation of the 316(b) requirements.

The EPA plans to finalize the 316(b) rule by June 2013. Compliance with portions of the rule could begin as early as 2016. Because of the wide range of potential outcomes, including the other three alternative proposals, Duke Energy Kentucky is unable to predict the outcome of the rulemaking or 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 SO_2 budgets and annual seasonal NOx budgets that were to take effect on January 1, 2012.

Numerous parties challenged the rule. On August 21, 2012, by a 2-1 decision, the United States Court of Appeals for the District of Columbia vacated the CSAPR. The court also directed the EPA to continue administering the Clean Air Interstate Rule (CAIR) that Duke Energy Kentucky has been complying with since 2009, pending completion of a remand rulemaking to replace CSAPR with a valid rule. The CAIR requires additional reductions in SO_2 and NOx emissions beginning in 2015. The EPA petitioned for rehearing by the Court of Appeals, which was denied. The EPA might seek review by the U.S. Supreme Court. The CAIR will remain in force for an unknown period of time until the EPA develops a replacement rule.

Duke Energy Kentucky cannot predict the outcome of any further appeal or how a potential CSAPR replacement rule could affect future emission reduction requirements. The continued implementation of the CAIR pending the outcome of the rehearing process and a potential CSAPR replacement rulemaking will not result in Duke Energy Kentucky adding new emission controls.

Coal Combustion Residuals (CCR). 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 coal combustion byproducts associated with the generation of electricity. The EPA proposal contains two regulatory options whereby CCRs not employed in approved beneficial use applications either would 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. The EPA has stated that it may be 2014 before it finalizes the regulation.

Mercury and Air Toxics Standards (MATS). The final Mercury and Air Toxics Standards rule, previously referred to as the Utility MACT Rule, was published in the Federal Register on February 16, 2012. The final rule establishes emission limits for hazardous air pollutants from new and existing coal-fired and oil-fired steam electric generating units. The rule requires sources to comply with the emission limits by April 16, 2015. Under the CAA, 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 continues to develop and implement strategies for complying with the rule's requirements. Strategies to achieve compliance with the final MATS rules could include installing new or upgrading existing air emission control equipment, developing monitoring processes, fuel switching and accelerating retirement of some coal-fired electric-generating units. For additional information, refer to Note 3 regarding potential plant retirements.

Numerous petitions for review of the final MATS rule have been filed with the United States Court of Appeals for the District of Columbia. The court established a schedule for the litigation that has final briefs being filed on April 8, 2013. Oral arguments have not been scheduled. Duke Energy Kentucky cannot predict the outcome of the litigation or how it might affect the MATS requirements as they apply to Duke Energy Kentucky. As discussed below, the cost to Duke Energy Kentucky to comply with the proposed MATS regulations will be material.

EPA Greenhouse Gas New Source Performance Standards (NSPS). On April 13, 2012, the EPA published in the Federal Register its proposed rule to establish carbon dioxide (CO_2) emissions standards for pulverized coal, IGCC, and natural gas combined cycle electric generating units that are permitted and constructed in the future. The proposal would not apply to any of the Duke Energy Kentucky's coal and natural gas electric generation plants that are currently under construction or in operation. Any future pulverized coal and IGCC units will have to employ carbon capture and storage (CCS) technology to meet the CO_2 emission standard the EPA has proposed. The proposed standard will not require new natural gas combined cycle facilities to install CCS technology.

Management does not expect any material impact on Duke Energy Kentucky's future results of operations or cash flows based on the EPA's proposal. The final rule, however, could be significantly different from the proposal. It is not known when the EPA might finalize the rule.

Estimated Cost and Impacts of EPA Rulemakings. The ultimate compliance requirements for Duke Energy Kentucky for MATS, Clean Water Act 316(b) and CCRs will not be known until all the rules have been finalized. Duke Energy Kentucky's estimated costs for new control equipment necessary to comply with the MATS, which is the only rule that has been finalized, are $30 million to $75 million, excluding AFUDC, over the next 10 years.

Duke Energy Kentucky also expects to incur increased fuel, purchased power, operation and maintenance, and other expenses in conjunction with these EPA regulations. Until the final regulatory requirements of the group of EPA regulations are known and can be fully evaluated, the potential compliance costs associated with these EPA regulatory actions are subject to considerable uncertainty. Therefore, the actual compliance costs incurred may be materially different from these estimates based on the timing and requirements of the final EPA regulations. Duke Energy Kentucky intends to seek regulatory recovery of amounts incurred associated with regulated operations in complying with these regulations. Refer to Note 3 for further information regarding potential plant retirements and regulatory filings related to Duke Energy Kentucky.

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 adverse effect on its results of operations, cash flows or financial position. Duke Energy Kentucky expenses legal costs related to the defense of loss contingencies as incurred.

Other Commitments and Contingencies

General

As part of its normal business, Duke Energy Kentucky is a party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various third parties. To varying degrees, these guarantees involve elements of performance and credit risk, which are not included on the Balance Sheets. The possibility of Duke Energy Kentucky having to honor its contingencies is largely dependent upon future operations of various investees and other third parties, or the occurrence of certain future events.

In addition, Duke Energy Kentucky enters into various fixed-price, non-cancelable commitments to purchase or sell power (tolling arrangements or power purchase contracts), take-or-pay arrangements, transportation or throughput agreements and other contracts that may or may not be recognized on the Balance Sheets. Some of these arrangements may be recognized at fair value on the Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply. As of December 31, 2012, most of these commitments are non-derivative contracts or designated as normal purchases and sales and therefore are not recognized on the Balance Sheets. In most cases, Duke Energy Kentucky's purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments. The commitment amounts presented are estimates and therefore will likely differ from actual purchase amounts.

Purchase Obligations

Duke Energy Kentucky did not have long-term commitments that are noncancelable or are cancelable only under certain conditions, have a term of more than one year, and that third parties have used to secure financing for the facilities that will provide the contracted goods or services or ongoing purchased power contracts as of December 31, 2012.

Operating and Capital Lease Commitments

Duke Energy Kentucky leases assets in several areas of its operations. Duke Energy Kentucky leases vehicles, computer equipment and other property and equipment with various terms and expiration dates. Capitalized lease obligations are classified as Long-term 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.

Rental expense for operating leases, which is included in Operation, maintenance and other on the Statements of Operations, was $2 million and $3 million for the years ended December 31, 2012 and 2011.

The following table presents future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, and capital leases as of December 31, 2012.

(in thousands)	Operating Leases	Capital Leases
2013	$ 1,685	$ 2,287
2014	1,587	2,075
2015	1,290	1,882
2016	1,129	1,703
2017	903	797
Thereafter	694	1,572
Minimum annual payments	7,288	10,316
Less amount representing interest	-	(1,428)
Total	$ 7,288	$ 8,888

5. DEBT AND CREDIT FACILITIES

Summary of Debt and Related Terms

(in thousands)	Weighted-Average Rate	Year Due		December 31, 2012		2011
Unsecured debt	5.32 %	2014-2036	$	**255,000**	$	255,000
Capital leases	5.41 %	2013-2020		**8,888**		10,924
Other debt[(a)]	0.80 %	2013-2027		**77,572**		77,572
Unamortized debt discount and premium, net				**(620)**		(710)
Total debt				**340,840**		342,786
Current maturities of long-term debt				**(1,889)**		(1,956)
Total long-term debt			$	**338,951**	$	340,830

(a) Includes $77 million of tax-exempt bonds as of both December 31, 2012 and 2011. Of the $77 million, $27 million is backstopped by the bilateral letter of credit agreement as of both December 31, 2012 and 2011.

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 Duke Energy Kentucky separately manages its cash needs and working capital requirements. Accordingly, there is no net settlement of receivables and payables related to the money pool between the money pool participants. Money pool receivable balances are reflected within Notes receivable from affiliated companies in the Balance Sheets. The change in receivables is reflected within Investing Activities on the Statements of Cash Flows.

Floating Rate Debt. Other debt includes $77 million of floating-rate debt as of both December 31, 2012 and 2011. Floating-rate debt is primarily based on commercial paper rates or a spread relative to an index such as LIBOR. As of December 31, 2012 and 2011, the average interest rate associated with floating rate debt was 0.76% and 0.71%, respectively.

Maturities, Call Options and Acceleration Clauses.

Annual Maturities as of December 31, 2012

(in thousands)		
2013	$	**1,889**
2014		**41,725**
2015		**1,617**
2016		**51,518**
2017		**687**
Thereafter		**243,404**
Total long-term debt (including current maturities)	$	**340,840**

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 as presented above.

Available Credit Facilities. In November 2011, Duke Energy entered into a $6 billion, five-year master credit facility, expiring November 2016, with $4 billion available at closing and the remaining $2 billion became effective July 2, 2012, following the closing of the merger with Progress Energy. In October 2012, Duke Energy reached an agreement with banks representing $5.63 billion of commitments under the master credit facility to extend the expiration date by one year to November 2017. Through 2016, the available credit under this facility remains $6 billion. Duke Energy Kentucky has borrowing capacity under the master credit facility up to a specified sublimit. However, Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimit, subject to maximum sublimits, for Duke Energy Kentucky. At December 31, 2012, Duke Energy Kentucky had a borrowing sublimit and available capacity under Duke Energy's master credit facility of $100 million. The amount available to Duke Energy Kentucky under the master credit facility may be reduced by the use of the master credit facility to backstop the issuances of letters of credit and certain tax-exempt bonds. At December 31, 2012, Duke Energy Kentucky's available capacity was $73 million under the master credit facility.

At December 31, 2012 and 2011, $27 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 of tax-exempt bonds outstanding at December 31, 2012 and 2011 were backstopped by a letter of credit.

In January 2012, Duke Energy Kentucky and Duke Energy Indiana, Inc. (Duke Energy Indiana), a wholly-owned subsidiary of Duke Energy, collectively entered into a $156 million two-year bilateral letter of credit agreement, under which Duke Energy Kentucky and Duke Energy Indiana may request the issuance of letters of credit up to $27 million and $129 million, respectively, on their behalf to support various series of variable rate demand bonds. In addition, Duke Energy Indiana entered into a $78 million two-year bilateral letter of credit facility. This credit facility may not be used for any purpose other than to support the variable rate demand bonds issued by Duke Energy Kentucky and Duke Energy Indiana. In February 2012, letters of credit were issued corresponding to the amount of the facilities to support various series of tax-exempt bonds at Duke Energy Kentucky and Duke Energy Indiana. In February 2013, the letters of credit were amended to extend the expiration date to January 2015.

Restrictive Debt Covenants. Duke Energy Kentucky's debt and credit agreements contain various financial and other covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements. As of December 31, 2012, Duke Energy Kentucky was in compliance with all covenants related to its significant debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment, or the acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the significant debt or credit agreements contain material adverse change clauses.

6. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations, which represent legal obligations associated with the retirement of certain tangible long-lived assets, are computed as the present value of the projected costs for the future retirement of specific assets and are recognized in the period in which the liability 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 in the period the liability is incurred, and this additional carrying amount is depreciated over the remaining life of the asset. Subsequent to the initial recognition, the liability is adjusted for any revisions to the estimated future cash flows associated with the asset retirement obligation (with corresponding adjustments to property, plant, and equipment), which can occur due to a number of factors including, but not limited to, cost escalation, changes in technology applicable to the assets to be retired and changes in federal, state or local regulations, as well as for accretion of the liability due to the passage of time until the obligation is settled. Depreciation expense is adjusted prospectively for any increases or decreases to the carrying amount of the associated asset. The recognition of asset retirement obligations has no impact on the earnings of Duke Energy Kentucky's regulated electric operations as the effects of the recognition and subsequent accounting for an asset retirement obligation are offset by the establishment of regulatory assets and liabilities pursuant to regulatory accounting.

Asset retirement obligations at Duke Energy Kentucky relate primarily to the retirement of gas mains, asbestos abatement at certain generating stations and closure and post-closure activities of landfills. Certain assets of Duke Energy Kentucky have an indeterminate life, and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these asset retirement obligations will be recorded when a fair value is determinable.

The following table presents the changes to the liability associated with asset retirement obligations for Duke Energy Kentucky.

	Years Ended December 31,	
(in thousands)	2012	2011
Balance as of January 1,	$ 5,859	$ 5,512
Accretion expense	343	204
Revisions to estimates of cash flows	(124)	143
Balance as of December 31,	$ 6,078	$ 5,859

Duke Energy Kentucky's regulated electric and regulated natural gas operations accrue costs of removal for property that does not have an associated legal retirement obligation based on regulatory orders from the KPSC. These costs of removal are recorded as a regulatory liability in accordance with regulatory accounting treatment. See Note 3 for the estimated cost of removal for assets without an associated legal retirement obligation, which are included in Regulatory liabilities on the Balance Sheets as of December 31, 2012 and 2011.

7. PROPERTY, PLANT AND EQUIPMENT

(in thousands)	Estimated Useful Life (Years)	December 31, 2012	December 31, 2011
Land		$ 19,640	$ 19,492
Plant			
Electric generation, distribution and transmission[a][b]	8 - 100	1,194,194	1,154,753
Natural gas transmission and distribution[a]	12 - 60	412,752	399,194
Other buildings and improvements	25 - 100	34,820	32,092
Equipment	5 - 25	14,898	14,562
Construction in process[b]		20,861	27,612
Other[b]	5 - 20	31,161	33,659
Total property, plant and equipment		1,728,326	1,681,364
Total accumulated depreciation[c][d]		(713,020)	(698,977)
Total net property, plant and equipment		$ 1,015,306	$ 982,387

(a) Includes capitalized leases of $21 million and $26 million at December 31, 2012 and 2011, respectively.

(b) 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. This table includes East Bend Station property, plant and equipment of $445 million and $434 million at December 31, 2012 and 2011, respectively. This table also includes construction work in progress of $9 million and $6 million at December 31, 2012 and 2011, respectively.

(c) Includes accumulated amortization of capitalized leases of $4 million at both December 31, 2012 and 2011.

(d) Includes East Bend Station accumulated depreciation of $231 million and $234 million at December 31, 2012 and 2011, respectively.

The debt component of AFUDC was less than $500 thousand for each of the years ended December 31, 2012 and 2011.

8. OTHER INCOME AND EXPENSES, NET

The components of Other Income and Expenses, net on Duke Energy Kentucky's Statement of Operations for the years ended December 31, 2012 and 2011 are as follows.

(in thousands)	Years Ended December 31, 2012	Years Ended December 31, 2011
Income/(Expense):		
Interest Income	**$ 1,244**	$ 2,815
AFUDC Equity	**258**	596
Other	**(12)**	(22)
Other Income and Expense, net	**$ 1,490**	$ 3,389

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. Refer to the Balance Sheets of Duke Energy Kentucky for balances due to or due from related parties. Amounts related to transactions with related parties included in the Statements of Operations are presented in the following table.

	Years Ended	
(in thousands)	**December 31, 2012**	**December 31, 2011**
Corporate governance and shared service expenses[a]	**$ 78,985**	$ 91,391
Midwest ISO expenses[b]	-	9,651

(a) Duke Energy Kentucky is charged its proportionate share of corporate governance and other costs by an unconsolidated affiliate that is 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 incurred expenses from Duke Energy Ohio related to purchasing network integration transmission service from the Midwest ISO and ancillary services during 2011. These expenses are recorded in Operations, maintenance and other within Operating Expenses on the Statements of Operations.

In addition to the amounts presented above, Duke Energy Kentucky participates in a money pool arrangement with Duke Energy and certain of its subsidiaries. See Note 5 for more information regarding money pool. As discussed in Note 12, certain trade receivables have been sold by Duke Energy Kentucky to CRC, an unconsolidated entity formed by a subsidiary of Duke Energy. 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. The interest income associated with the subordinated note, which is recorded in Other Income and Expenses, net on the Statements of Operations, was immaterial and $3 million for the years ended December 31, 2012 and 2011, respectively. Interest income and interest expense associated with the money pool arrangement was not material for the years ended December 31, 2012 and 2011.

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. 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. To manage risk associated with changes in interest rates, Duke Energy Kentucky may enter into financial contracts; primarily interest rate swaps and U.S. Treasury lock agreements. Because Duke Energy Kentucky meets the criteria for regulatory accounting treatment any contracts entered into are treated as undesignated and any pre-tax gain or loss recognized from inception to termination of the hedges are recorded as a regulatory liability or asset and amortized as a component of interest expense over the life of the debt. As a result there is no mark-to-market impact on earnings. The notional amount for Duke Energy Kentucky's interest rate swaps was $27 million at December 31, 2012 and December 31, 2011.

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.

11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Under existing accounting guidance, 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.

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.

The fair value accounting guidance for financial instruments permits entities to elect to measure many financial instruments and certain other items at fair value that are not required to be accounted for at fair value under other GAAP. 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.

Commodity derivatives. The pricing for commodity derivatives is primarily a calculated value which incorporates the forward price and is adjusted for liquidity (bid-ask spread), credit or non-performance risk (after reflecting credit enhancements such as collateral) and discounted to present value. The primary difference between a Level 2 and a Level 3 measurement has to do with the level of activity in forward markets for the commodity. If the market is relatively inactive, the measurement is deemed to be a Level 3 measurement. Commodity derivatives with clearinghouses are classified as Level 1 measurements.

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Kentucky's Balance Sheets.

	December 31, 2012			
(in thousands)	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Description				
Derivative Assets[a]	$ 433	$ -	$ -	$ 433
Derivative Liabilities[b]	(8,416)	-	(8,416)	-
Net (Liabilities) Assets	$ (7,983)	$ -	$ (8,416)	$ 433

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

(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 and liabilities measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

(in thousands)	Year Ended December 31, 2012 Derivatives (net)
Balance at January 1, 2012	$ 222
Total pre-tax realized or unrealized gains (losses) included in earnings:	
Regulated electric(a)	42
Net, purchases, sales, issuances and settlements:	
Purchases	590
Settlements	(632)
Total gains included on the Balance Sheet as regulatory asset or liability	211
Balance at December 31, 2012	$ 433

(in thousands)	Year Ended December 31, 2011 Derivatives (net)
Balance at January 1, 2011	$ (43)
Total pre-tax realized or unrealized gains (losses) included in earnings:	
Regulated electric(a)	47
Net, purchases, sales, issuances and settlements:	
Purchases(a)	207
Settlements	(234)
Total gains included on the Balance Sheet as regulatory asset or liability	245
Balance at December 31, 2011	$ 222

(a) Amounts presented relate to Duke Energy Kentucky financial transmission rights (FTR).

Additional Fair Value Disclosures—Long-term debt, including current maturities :

The fair value of long-term debt is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined are not necessarily indicative of the amounts the Duke Energy Kentucky could have settled in current markets. The fair value of long-term debt is determined using Level 2 measurements.

	December 31, 2012		December 31, 2011	
(in thousands)	Book Value	Fair Value	Book Value	Fair Value
Long-term debt, including current maturities	$ 340,840	$ 379,315	$ 342,786	$ 380,248

At both December 31, 2012 and December 31, 2011, the fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, commercial paper and non-recourse notes payable of variable interest entities 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.

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

Duke Energy Kentucky had Receivables of $22,093 and $27,673 at December 31, 2012 and December 31, 2011 from CRC. As discussed below, Duke Energy Kentucky does not consolidate CRC as it is not the primary beneficiary.

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, 2012 or the year ended December 31, 2011, or is expected to be provided in the future, that was not previously contractually required.

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 November 2013.

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, 2012 and December 31, 2011. 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 2012 were an anticipated credit loss ratio of 0.7%, a discount rate of 1.2% and a receivable turnover rate of 11.6%. 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.

The following table shows the gross and net receivables sold.

(in thousands)	December 31, 2012	December 31, 2011
Receivables sold	**$ 59,111**	$ 59,131
Less: Retained interests	**22,093**	27,673
Net receivables sold	**$ 37,018**	$ 31,458

The following table shows the retained interests, sales and cash flows during years ended December 31, 2012 and 2011, respectively.

(in thousands)	Years Ended December 31, 2012	Years Ended December 31, 2011
Sales		
Receivables sold	**$ 476,970**	$ 500,488
Loss recognized on sale	**2,578**	4,048
Cash flows		
Cash proceeds from receivables sold	**$ 479,795**	$ 511,277
Collection fees received	**238**	250
Return received on retained interests	**1,145**	2,546

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.

Collection fees received in conjunction with the servicing of transferred accounts receivable are included Operation, maintenance, and other on Duke Energy Kentucky's Statement 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 1.00% as of December 31, 2012, as compared to 2.39% as of December 31, 2011.

13. SEVERANCE

In conjunction with the merger with Progress Energy, in November 2011 Duke Energy and Progress Energy offered a voluntary severance plan to certain eligible employees. As this was a voluntary severance plan, all severance benefits offered under this plan are considered special termination benefits under U.S. GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent any significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the retention period. Duke Energy Kentucky recorded allocated severance and related expense of $3.6 million, which is included in Operation, maintenance and other within Operating Expenses on the Statements of Operations for the year ended December 31, 2012. Duke Energy Kentucky recorded an insignificant amount for severance expense during 2011 for past and on-going severance plans.

14. EMPLOYEE BENEFIT PLANS

Consistent with the process for rate recovery of pension and postretirement benefits for its employees, Duke Energy Kentucky accounts for its participation in, and related costs of, pension and other postretirement benefit plans sponsored Duke Energy as multiple employer plans. Duke Energy Kentucky is responsible for its share of cash contributions, plan costs and obligations and is entitled to its share of plan assets; accordingly, Duke Energy Kentucky accounts for its pro rata share of these plans, including pension expense and contributions, resulting in accounting consistent with that of a single employer plan exclusively for Duke Energy Kentucky employees.

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 Kentucky's contributions to Duke Energy's qualified defined benefit pension plans.

	Years Ended December 31,		
(in thousands)	**2013**	**2012**	**2011**
Contributions made	-	$ -	$ 6,339
Anticipated contributions	$ 3,357	-	-

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 nine years. The average remaining service period of active employees covered by the non-qualified retirement plans is also nine 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

(in thousands)	Years Ended December 31, 2012	2011
Service cost	$ 1,327	$ 1,474
Interest cost on projected benefit obligation	4,420	4,532
Expected return on plan assets	(6,614)	(6,870)
Amortization of prior service cost	120	123
Amortization of loss	2,013	1,776
Other	70	328
Net periodic pension costs	$ 1,336	$ 1,363

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

(in thousands)	December 31, 2012	2011
Regulatory assets, net increase	$ 3,346	$ 3,110

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

(in thousands)	Years Ended December 31, 2012	2011
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 88,349	$ 94,212
Service cost	1,327	1,474
Interest cost	4,420	4,532
Actuarial losses (gains)	11,630	(463)
Transfers	(370)	(6,206)
Plan amendments	(23)	-
Benefits paid	(5,321)	(5,200)
Obligation at measurement date	$ 100,012	$ 88,349
Accumulated Benefit Obligation	$ 95,253	$ 83,596
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ 83,151	$ 87,147
Actual return on plan assets	12,671	1,071
Benefits paid	(5,321)	(5,200)
Transfers	(370)	(6,206)
Employer contributions	-	6,339
Plan assets at measurement date	$ 90,131	$ 83,151

Amounts Recognized in the Balance Sheets: Qualified Pension Plans

	December 31,	
(in thousands)	**2012**	**2011**
Accrued pension liability[(a)]	**$ (9,881)**	$ (5,198)
Regulatory assets[(b)]	**33,449**	30,103

(a) Amounts reflected in Accrued pension and other post-retirement costs on the Balance Sheets at December 31, 2012 and 2011.
(b) Amounts reflected in Other within Regulatory Assets and Deferred Debits on the Balance Sheets at December 31, 2012 and 2011. Includes approximately $3 million in unrecognized net actuarial losses and approximately $96 thousand in prior service cost will be recognized in net periodic pension costs in 2013.

Additional Information: Qualified Pension Plans

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

	December 31,	
(in thousands)	**2012**	**2011**
Projected benefit obligation	**$ 100,012**	$ -
Accumulated benefit obligation	**95,253**	-
Fair value of benefit plan assets	**90,131**	-

Assumptions Used for Duke Energy's Pension Benefits Accounting

	December 31,	
	2012	**2011**
Benefit Obligations		
Discount rate	**4.10 %**	5.10 %
Salary increase	**4.30 %**	4.40 %
Net Periodic Benefit Cost		
Discount rate	**5.10 %**	5.00 %
Salary increase	**4.40 %**	4.10 %
Expected long-term rate of return on plan assets	**8.00 %**	8.25 %

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other postretirement 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

	Years Ended December 31,	
(in thousands)	**2012**	**2011**
Interest cost on projected benefit obligation	**$ 7**	$ 7
Amortization of actuarial loss	**11**	12
Net periodic pension costs	**$ 18**	$ 19

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

(in thousands)	December 31, 2012	December 31, 2011
Regulatory assets, net increase (decrease)	$ 2	$ (18)

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

(in thousands)	Years Ended December 31, 2012	Years Ended December 31, 2011
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 138	$ 147
Interest cost	7	7
Actuarial losses (gains)	12	(5)
Benefits paid	(11)	(11)
Obligation at measurement date	$ 146	$ 138
Accumulated Benefit Obligation	$ 146	$ 138
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ -	$ -
Benefits paid	(11)	(11)
Employer contributions	11	11
Plan assets at measurement date	$ -	$ -

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

(in thousands)	December 31, 2012	December 31, 2011
Accrued pension liability[(a)]	$ (146)	$ (138)
Regulatory assets[(b)]	75	73

(a) Amounts reflected in Other within Deferred Credits and Other Liabilities on the Balance Sheets at December 31, 2012 and 2011. Includes approximately $10 thousand and $14 thousand recognized in Other within Current Liabilities on the Balance Sheets as of December 31, 2012 and 2011, respectively.

(b) Amounts reflected in Other within Regulatory Assets and Deferred Debits on the Balance Sheets at December 31, 2012 and 2011. Includes approximately $10 thousand in unrecognized net actuarial losses that will be recognized in net periodic pension costs in 2013.

Additional Information: Non-Qualified Pension Plans

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

(in thousands)	December 31, 2012	December 31, 2011
Projected benefit obligation	$ 146	$ 138
Accumulated benefit obligation	146	138

Assumptions Used for Duke Energy's Pension Benefits Accounting

	December 31, 2012	December 31, 2011
Benefit Obligations		
Discount rate	**4.10 %**	5.10 %
Salary increase	**4.30 %**	4.40 %
Net Periodic Benefit Cost		
Discount rate	**5.10 %**	5.00 %
Salary increase	**4.40 %**	4.10 %

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other postretirement 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 ten years. Duke Energy did not make any pre-funding contributions to its other post-retirement plans in 2012 or 2011.

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

(in thousands)	Years Ended December 31, 2012	Years Ended December 31, 2011
Service cost	**$ 141**	$ 175
Interest cost on projected benefit obligation	**435**	477
Expected return on plan assets	**(78)**	(79)
Amortization of prior service credit	**(40)**	(40)
Amortization of loss	**42**	70
Net periodic pension costs	**$ 500**	$ 603

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

(in thousands)	December 31, 2012	December 31, 2011
Regulatory assets, net decrease	**$ (329)**	$ (293)
Regulatory liabilities, net (decrease) increase	**(382)**	318

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

(in thousands)	Years Ended December 31, 2012	2011
Change in Projected Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	**$ 8,705**	$ 9,850
Service cost	**141**	175
Interest cost	**435**	477
Plan participants' contributions	**566**	212
Actuarial losses (gains)	**122**	(649)
Transfers	**-**	(651)
Early retiree reinsurance program subsidy	**-**	21
Benefits paid	**(947)**	(730)
Accumulated post-retirement benefit obligation at measurement date	**$ 9,022**	$ 8,705
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$ 922**	$ 911
Actual return on plan assets	**145**	11
Plan participants' contributions	**566**	212
Benefits paid	**(947)**	(730)
Employer contributions	**381**	518
Plan assets at measurement date	**$ 1,067**	$ 922

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

(in thousands)	December 31, 2012	2011
Accrued other post-retirement liability[a]	**$ (7,955)**	$ (7,783)
Regulatory assets[b]	**3,908**	4,237
Regulatory liabilities[b]	**3,130**	3,512

(a) Amounts reflected in Other within Deferred Credit and Other Liabilities on the Balance Sheets at December 31, 2012 and 2011. Include approximately $126 thousand and $118 thousand recognized in Other within Current liabilities on the Balance Sheets as of December 31, 2012 and 2011, respectively.

(b) Amounts reflected in Other within Regulatory Assets and Deferred Debits and Accrued pension and other post-retirement benefit costs on the Balance Sheets at December 31, 2012 and 2011. Includes approximately $54 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 2013.

Assumptions Used for Duke Energy's Other Post-Retirement Benefits Accounting

	December 31, 2012	2011
Benefit Obligations		
Discount rate	**4.10 %**	5.10 %
Net Periodic Benefit Cost		
Discount rate	**5.10 %**	5.00 %
Expected long-term rate of return on plan assets	**8.00 %**	8.25 %

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other postretirement 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

	2012	2011
Health care cost trend rate assumed for next year	8.50 %	8.75 %
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

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.

(in thousands)	Qualified	Non-Qualified	Other Post-Retirement Plans	Total
Years ending December 31,				
2013	$ 6,391	$ 11	$ 755	$ 7,157
2014	6,117	11	817	6,945
2015	6,067	11	748	6,826
2016	6,163	11	719	6,893
2017	6,344	10	738	7,092
2018-2022	35,572	51	3,870	39,493

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 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, 2012 and 2011.

Asset Category	Target Allocation	Actual Allocation at December 31, 2012	2011
U.S. equity securities	28 %	**28 %**	28 %
Non-U.S. equity securities	15 %	**15 %**	15 %
Global equity securities	10 %	**10 %**	9 %
Debt securities	32 %	**32 %**	32 %
Global private equity securities	3 %	**3 %**	1 %
Hedge funds	4 %	**4 %**	3 %
Real estate and cash	4 %	**4 %**	9 %
Other global securities	4 %	**4 %**	3 %
Total	100 %	**100 %**	100 %

Employee Savings Plan

Duke Energy Kentucky also participates in employee savings plans sponsored by Duke Energy that cover 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's expense related to its proportionate share of pre-tax employer contributions was approximately $773 thousand and $760 thousand for the year ended December 31, 2012 and 2011, respectively.

15. INCOME TAXES

Duke Energy Kentucky files income tax returns in the U.S. with federal and various state governmental authorities. The taxable income of Duke Energy Kentucky is reflected in Duke Energy's U.S. federal income tax returns. Duke Energy Kentucky has a tax sharing agreement with Duke Energy where the separate return method is used to allocate tax expenses and benefits to Duke Energy Kentucky whose investments or results of operations provide these tax expenses and benefits. The accounting for income taxes essentially represents the income taxes that Duke Energy Kentucky would incur if it were a separate company filing its own tax return as a C-Corporation.

Income Tax Expense

(in thousands)	Years Ended December 31, 2012	2011
Current income taxes		
Federal	**$ 4,154**	$ 6,470
State	**3,662**	1,856
Total current income taxes	**7,816**	8,326
Deferred income taxes		
Federal	**12,358**	12,835
State	**(3,260)**	1,448
Total deferred income taxes	**9,098**	14,283
Investment tax credit amortization	**(563)**	(575)
Total income tax expense presented in Statement of Operations[(a)]	**$ 16,351**	$ 22,034

(a) Included in the Total current income taxes line above is an uncertain tax benefit relating primarily to certain temporary differences of $397 thousand for 2012 and $497 thousand for 2011. The offset to these temporary differences is included in the Total deferred income taxes line above. Includes benefits of net operating loss (NOL) carry forwards of $997 thousand for 2012.

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,	
(in thousands)	**2012**	**2011**
Income tax expense, computed at the statutory rate of 35%	**$ 15,600**	$ 16,220
State income tax, net of federal income tax effect	**261**	2,148
Manufacturing deduction	**-**	(225)
Federal true up	**1,368**	3,336
Other items, net	**(878)**	555
Total income tax expense	**$ 16,351**	$ 22,034
Effective tax rates[(a)]	**36.7 %**	47.5 %

(a) The change in the effective tax rate for the year ended December 31, 2012, compared to December 31, 2011 is primarily related to certain deferred tax adjustments made to property, plant and equipment in 2011.

Net Deferred Income Tax Liability Components

	Years Ended December 31,	
(in thousands)	**2012**	**2011**
Deferred credits and other liabilities	**$ 11,514**	$ 9,854
Investments and other assets	**-**	2,116
Tax credit and NOL carryforwards	**1,186**	34
Other	**1,813**	2,245
Total deferred income tax assets	**14,513**	14,249
Investments and other assets	**(1,015)**	-
Accelerated depreciation rates	**(238,574)**	(221,617)
Regulatory assets and deferred debits	**(12,447)**	(21,068)
Total deferred income tax liabilities	**(252,036)**	(242,685)
Net deferred income tax liabilities	**$ (237,523)**	$ (228,436)

Classification of Deferred Tax Assets (Liabilities) in the Balance Sheets

(in thousands)	Years Ended December 31, 2012	2011
Current deferred tax assets, included in other assets	**$ 5,264**	$ 2,666
Non-current deferred tax liabilities	**(242,787)**	(231,102)
Total net deferred income tax liabilities	**$ (237,523)**	$ (228,436)

Changes in Unrecognized Tax Benefits

(in thousands)	2012	2011
Unrecognized tax benefits - January 1	**$ 7,535**	$ 7,038
Unrecognized tax benefits increases (decreases)		
Gross increases - tax positions in prior periods	**371**	482
Gross decreases- tax positions in prior periods	**(21)**	(781)
Gross increases - current period tax positions	**47**	796
Total changes	**397**	497
Unrecognized tax benefits - December 31	**$ 7,932**	$ 7,535

The following table includes information regarding Duke Energy Kentucky's unrecognized tax benefits(a).

(in thousands)	December 31, 2012
Amount that if recognized, would affect the effective tax rate or regulatory liability(b)	**$ 47**

(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 in 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.

(in thousands)	As of December 31, 2012	2011
Net interest (income) expense recognized related to income taxes	**$ (62)**	$ 246
Interest payable related to income taxes included in the balance sheets	**518**	581

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.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) 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.
4. Report data on a year-to-date basis.

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 Qtr/Yr to Date Reclassifications from Acct 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 Qtr/Yr to Date Reclassifications from Acct 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				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1					
2					
3					
4				24,309,618	24,309,618
5					
6					
7					
8					
9				28,220,860	28,220,860
10					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	1,427,967,122	1,094,362,004
4	Property Under Capital Leases	21,372,139	5,552,658
5	Plant Purchased or Sold	7,724,030	7,724,030
6	Completed Construction not Classified	226,312,742	113,743,581
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	1,683,376,033	1,221,382,273
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	20,861,207	19,097,549
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	1,704,237,240	1,240,479,822
14	Accum Prov for Depr, Amort, & Depl	761,652,249	607,590,890
15	Net Utility Plant (13 less 14)	942,584,991	632,888,932
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	730,897,052	603,120,253
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	30,755,197	4,470,637
22	Total In Service (18 thru 21)	761,652,249	607,590,890
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	761,652,249	607,590,890

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
297,426,942				36,178,176	3
15,217,968				601,513	4
					5
107,617,453				4,951,708	6
					7
420,262,363				41,731,397	8
					9
					10
1,062,709				700,949	11
					12
421,325,072				42,432,346	13
125,355,666				28,705,693	14
295,969,406				13,726,653	15
					16
					17
122,017,100				5,759,699	18
					19
					20
3,338,566				22,945,994	21
125,355,666				28,705,693	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
125,355,666				28,705,693	33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. 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)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant	5,785,191	452,563
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	5,785,191	452,563
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights	1,686,548	
9	(311) Structures and Improvements	42,573,741	167,456
10	(312) Boiler Plant Equipment	342,848,858	8,735,455
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units	79,858,469	902,815
13	(315) Accessory Electric Equipment	30,650,219	9,479,372
14	(316) Misc. Power Plant Equipment	11,786,964	612,978
15	(317) Asset Retirement Costs for Steam Production	484,619	-124,231
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	509,889,418	19,773,845
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	2,910,272	
38	(341) Structures and Improvements	33,797,471	17,598
39	(342) Fuel Holders, Products, and Accessories	15,507,516	168,686
40	(343) Prime Movers		
41	(344) Generators	202,261,932	8,672,772
42	(345) Accessory Electric Equipment	18,253,080	2,485,920
43	(346) Misc. Power Plant Equipment	5,040,022	10,893
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	277,770,293	11,355,869
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	787,659,711	31,129,714

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. 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, 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 distributed in column (f) to primary account classifications.

8. 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 requirement of these pages.

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
937,794		24,135	5,324,095		4
937,794		24,135	5,324,095		5
					6
					7
			1,686,548		8
137,116			42,604,081		9
4,914,871			346,669,442		10
					11
689,392			80,071,892		12
3,785,797			36,343,794		13
29,490			12,370,452		14
			360,388		15
9,556,666			520,106,597		16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
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					31
					32
					33
					34
					35
					36
			2,910,272		37
16,156			33,798,913		38
98,945			15,577,257		39
					40
6,057,335			204,877,369		41
1,186,043			19,552,957		42
10,133			5,040,782		43
					44
7,368,612			281,757,550		45
16,925,278			801,864,147		46

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	1,283,173	
49	(352) Structures and Improvements	924,608	
50	(353) Station Equipment	16,082,876	1,267,153
51	(354) Towers and Fixtures		6,980
52	(355) Poles and Fixtures	6,192,501	402,242
53	(356) Overhead Conductors and Devices	5,210,689	230,479
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices		
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	29,693,847	1,906,854
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	11,141,042	155,753
61	(361) Structures and Improvements	423,648	
62	(362) Station Equipment	48,709,994	2,327,941
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	44,600,885	2,438,779
65	(365) Overhead Conductors and Devices	83,735,288	8,681,622
66	(366) Underground Conduit	17,789,830	-54,239
67	(367) Underground Conductors and Devices	48,039,558	2,574,330
68	(368) Line Transformers	63,670,373	923,836
69	(369) Services	13,548,975	-240,018
70	(370) Meters	14,312,044	454,260
71	(371) Installations on Customer Premises	7,502	52,610
72	(372) Leased Property on Customer Premises	9,647	
73	(373) Street Lighting and Signal Systems	7,986,083	71,039
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	353,974,869	17,385,913
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights		
87	(390) Structures and Improvements	206,484	
88	(391) Office Furniture and Equipment	1,357,143	-486,338
89	(392) Transportation Equipment	208,481	
90	(393) Stores Equipment		
91	(394) Tools, Shop and Garage Equipment	1,172,861	246,820
92	(395) Laboratory Equipment		
93	(396) Power Operated Equipment	12,045	11,770
94	(397) Communication Equipment	2,457,066	7,338
95	(398) Miscellaneous Equipment		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	5,414,080	-220,410
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	5,414,080	-220,410
100	TOTAL (Accounts 101 and 106)	1,182,527,698	50,654,634
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	1,182,527,698	50,654,634

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
3,257			1,279,916		48
			924,608		49
			17,350,029		50
			6,980		51
20,502			6,574,241		52
			5,441,168		53
					54
					55
					56
					57
23,759			31,576,942		58
					59
		-8,596	11,288,199		60
			423,648		61
			51,037,935		62
					63
154,070			46,885,594		64
1,303,520		11,905,070	103,018,460		65
437			17,735,154		66
191,577			50,422,311		67
180,054		-11,204,097	53,210,058		68
12,427			13,296,530		69
600,159		165,870	14,332,015		70
-389			60,501		71
			9,647		72
23,586			8,033,536		73
					74
2,465,441		858,247	369,753,588		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
					86
			206,484		87
		-47,404	823,401		88
			208,481		89
					90
6,795			1,412,886		91
					92
			23,815		93
			2,464,404		94
					95
6,795		-47,404	5,139,471		96
					97
					98
6,795		-47,404	5,139,471		99
20,359,067		834,978	1,213,658,243		100
		7,724,030	7,724,030		101
					102
					103
20,359,067		8,559,008	1,221,382,273		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $1,000,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	SMART GRID DISTRIBUTION SYSTEMS	1,216,816
2	WOODSDALE CT UNIT 1 OVERHAUL	3,145,561
3	WOODSDALE BLACK START DIESEL GENERATOR	1,440,656
4	EAST BEND BAGHOUSE RETROFIT	1,500,202
5	EAST BEND RHO PENDANT REPLACEMENT	2,322,266
6	EAST BEND INSTALL STACK LINING	3,256,815
7	MISCELLANOUS PROJECTS UNDER $1,000,000	6,215,233
8		
9		
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11		
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15		
16		
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42		
43	TOTAL	19,097,549

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC 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 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable 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.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	593,370,496	593,370,496		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	29,687,762	29,687,762		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing	2,827	2,827		
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):	36,961	36,961		
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	29,727,550	29,727,550		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	19,414,476	19,414,476		
13	Cost of Removal	4,321,739	4,321,739		
14	Salvage (Credit)	4,851,128	4,851,128		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	18,885,087	18,885,087		
16	Other Debit or Cr. Items (Describe, details in footnote):	-1,092,706	-1,092,706		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	603,120,253	603,120,253		
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production	307,611,301	307,611,301		
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production	138,789,536	138,789,536		
25	Transmission	13,157,411	13,157,411		
26	Distribution	142,930,527	142,930,527		
27	Regional Transmission and Market Operation				
28	General	631,478	631,478		
29	TOTAL (Enter Total of lines 20 thru 28)	603,120,253	603,120,253		

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	/ /	2012/Q4

FOOTNOTE DATA

Schedule Page: 219 Line No.: 3 Column: c

This amount includes $731,773 of common plant provision that was allocated to electric utility plant. This amount ties to the depreciation expense shown on page 115, line 6, Column I. $731,773 ties to the amount of common plant that was allocated to electric plant per Page 336, Line 11, Column B.

Schedule Page: 219 Line No.: 8 Column: c

ARO Provision $36,961

Schedule Page: 219 Line No.: 16 Column: c

Transfers/Adjustments	$102,153
Common Utility Plant Provision	($731,773)
Gain/Loss	($463,086)
	($1,092,706)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	17,624,306	20,599,164	Gas and Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)	18,156,240	17,237,677	Gas and Electric
8	Transmission Plant (Estimated)	11,269	21,854	Electric
9	Distribution Plant (Estimated)	211,571	258,105	Gas and Electric
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	18,379,080	17,517,636	
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)	814,113	493,090	Gas & Electric
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	36,817,499	38,609,890	

Schedule Page: 227 Line No.: 16 Column: b

2010 163 Account functionalization for use with MISO Attachment O:

Transmission $659

Schedule Page: 227 Line No.: 16 Column: c

Account 163 - functionalized for use with PJM Attachment H-22A: Transmission portion of $615 is calculated by multiplying Account 163 balance by ratio of transmission M&S to total M&S.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2013 No. (d)	2013 Amt. (e)
1	Balance-Beginning of Year	51,474.00	539,886	29,703.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509	29,324.00	418,336		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	22,150.00	121,550	29,703.00	
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year	279.00		279.00	
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales	279.00			
40	Balance-End of Year			279.00	
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)		189		
45	Gains		189		
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2014		2015		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
19,603.00		19,603.00		509,678.00		630,061.00	539,886	1
								2
								3
				19,603.00		19,603.00		4
								5
								6
								7
								8
								9
								10
								11
								12
								13
								14
								15
								16
								17
						29,324.00	418,336	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
19,603.00		19,603.00		529,281.00		620,340.00	121,550	29
								30
								31
								32
								33
								34
								35
279.00		279.00		13,671.00		14,787.00		36
				558.00		558.00		37
								38
				279.00		558.00		39
279.00		279.00		13,950.00		14,787.00		40
								41
								42
								43
					37		226	44
					37		226	45
								46

Schedule Page: 228 Line No.: 29 Column: b

Ending balance includes 12,493 allowances for Cross State Air Pollution Rule.

Schedule Page: 228 Line No.: 29 Column: d

Ending balance includes 10,100 allowances for Cross State Air Pollution Rule.

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2013 No. (d)	2013 Amt. (e)
1	Balance-Beginning of Year	7,039.00	13,317	4,756.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	154.00			
5	Returned by EPA	4,549.00		4,949.00	
6					
7					
8	Purchases/Transfers:				
9					
10	Other purchases-see notes	500.00	13,750		
11					
12					
13					
14					
15	Total	500.00	13,750		
16					
17	Relinquished During Year:				
18	Charges to Account 509	4,747.00	21,277		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	7,495.00	5,790	9,705.00	
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2014 No. (f)	2014 Amt. (g)	2015 No. (h)	2015 Amt. (i)	Future Years No. (j)	Future Years Amt. (k)	Totals No. (l)	Totals Amt. (m)	Line No.
						11,795.00	13,317	1
								2
								3
						154.00		4
						9,498.00		5
								6
								7
								8
								9
						500.00	13,750	10
								11
								12
								13
								14
						500.00	13,750	15
								16
								17
						4,747.00	21,277	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
						17,200.00	5,790	29
								30
								31
								32
								33
								34
								35
								36
								37
								38
								39
								40
								41
								42
								43
								44
								45
								46

Schedule Page: 229 Line No.: 10 Column: b

Counter Party	Quantity	Amount
Union Electric	500	13,750
Total	500	13,750

Schedule Page: 229 Line No.: 29 Column: b

Ending balance includes 5,917 allowances for Cross State Air Pollution Rule.

Schedule Page: 229 Line No.: 29 Column: d

Ending balance includes 4,756 allowances for Cross State Air Pollution Rule.

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OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter /Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	INCOME TAXES	(209,555)	398,303			188,748
2						
3	LIMITED EARLY RETIREMENT PROGRAM	1,514		930.2	1,514	
4	(Amortized 120 months Feb 2002 - Jan 2012)					
5						
6	AMRP STUDY COSTS - GAS	2,670		928	2,670	
7	(Amortized 120 months Feb 2002 - Jan 2012)					
8						
9	DEMAND SIDE MANAGEMENT COSTS		1,305,468	Various	1,305,468	
10	(Amortized in accordance with rider revenue)					
11						
12	ARO OTHER REGULATORY ASSET	552,342	148,406			700,748
13						
14	GAS ARO OTHER REGULATORY ASSET	3,309,409	242,444			3,551,853
15						
16	INTEREST RATE HEDGES	7,515,838	2,909,132	244	3,001,669	7,423,301
17	(Amortized over life of associated debt)					
18						
19	HURRICANE IKE REGULATORY ASSET	4,912,684				4,912,684
20						
21	CARBON MGMT REGULATORY ASSET	600,000	200,000			800,000
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
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39						
40						
41						
42						
43						
44	**TOTAL :**	16,684,902	5,203,753		4,311,321	17,577,334

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $100,000, whichever is less) 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		49,446	Various	49,446	
2	investigation					
3						
4	Private outdoor lighting	84,298	17,818	143	34,567	67,549
5						
6	LT lease receivable	977,547		418	27,690	949,857
7						
8	Vacation accrual	1,853,101	202,378			2,055,479
9						
10	Accrued pension post retire -	34,413,590	5,491,023	Various	2,472,252	37,432,361
11	FAS158					
12						
13	Indirect overhead allocation	-13,476	3,898,101	Various	3,848,835	35,790
14	pool - undistributed					
15						
16	Joint owner		50,450			50,450
17						
18	Duke Energy Kentucky 2009	51,799		928	51,799	
19	gas rate case (amortization					
20	period 1/1/10-12/31/12)					
21						
22	Other miscellaneous items	10,000	3,892	588	3,892	10,000
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	37,376,859				40,601,486

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

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.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2		547,522	3,253,219
3			
4			
5			
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	547,522	3,253,219
9	Gas		
10		5,946,769	6,427,876
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15	5,946,769	6,427,876
17	Other - Non-Utility	241,542	-1,844,432
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	6,735,833	7,836,663

Notes

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (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. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (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			
6				
7				
8				
9				
10				
11				
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16				
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CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
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 purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
585,333	8,779,995					1
585,333	8,779,995					2
						3
						4
						5
						6
						7
						8
						9
						10
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						42

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

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 total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. 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 give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain on 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 which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 208 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
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
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38		
39		
40	TOTAL	148,655,189

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. 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.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (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.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	ACCOUNT 221 - NONE		
2			
3	ACCOUNTS 222 & 223 - NONE		
4			
5	ACCOUNT 224		
6	UNSECURED DEBENTURES:		
7	5.00% SERIES DUE IN 2014	40,000,000	410,000
8			379,200 D
9	5.75% SERIES DUE IN 2016	50,000,000	390,200
10			30,000 D
11	6.20% SERIES DUE IN 2036	65,000,000	653,550
12			367,900 D
13	2008 SERIES A POLLUTION CONTROL REFUNDING BONDS DUE IN 2027	50,000,000	691,754
14			
15	2010 SERIES POLLUTION CONTROL REFUNDING BONDS DUE IN 2027	26,720,000	1,029,608
16			
17	TEPPCO-Todhunter Cavern Gas Storage	851,494	
18			
19	4.650% SERIES DUE IN 2019	100,000,000	756,468
20			374,000 D
21			
22	SUBTOTAL ACCOUNT 224	332,571,494	5,082,680
23			
24			
25			
26	See footnote		
27			
28			
29			
30			
31			
32			
33	TOTAL	332,571,494	5,082,680

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, 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) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
						1
						2
						3
						4
						5
						6
12/06/04	12/15/14	12/06/04	12/15/14	40,000,000	2,000,000	7
						8
03/07/06	03/10/16	03/10/06	03/10/16	50,000,000	2,875,000	9
						10
03/07/06	03/10/36	03/10/06	03/10/36	65,000,000	4,030,000	11
						12
12/11/08	08/01/27	12/11/08	08/01/27	50,000,000	532,414	13
						14
11/24/10	08/01/27	11/24/10	08/01/27	26,720,000	106,528	15
						16
07/31/07	07/31/27			851,494		17
						18
09/22/09	10/01/19	09/22/09	10/01/19	100,000,000	4,650,000	19
						20
						21
				332,571,494	14,193,942	22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
				332,571,494	14,193,942	33

Schedule Page: 256 Line No.: 15 Column: a

The interest rate varies on this pollution control bond.

In January 2012, the 2010 Series 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. A letter of credit facility was issued to support the remarketing of the tax exempt bonds. The additional expenses incurred to issue the letter of credit are being amortized over the two-year life of the letter of credit.

Schedule Page: 256 Line No.: 26 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, and $26.72 million of tax-exempt private activity bonds to refund existing tax exempt bonds. On December 21, 2012, the KPSC granted an extension to DE Kentucky's existing authority approved in Case No. 2010-369, set to expire December 31, 2012, until an order is granted in the pending application 2012-575 for the issuance of up to $150 million of secured and/or unsecured notes.

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL 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 which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	28,220,860
2		
3		
4	Taxable Income Not Reported on Books	
5	Contributions In Aid Of Construction	287,527
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	See Footnote For Details	35,927,863
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15	Amortization Of Investment Tax Credits	563,360
16	Allowance For Funds Used During Construction	448,250
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	See Footnote For Details	64,990,011
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	-1,565,371
28	Show Computation of Tax:	
29		
30	Tax At 35% Of Federal Tax Net Income Of (1,565,371)	-547,880
31		
32	Plus: Prior Period Adjustments - Federal	4,777,415
33	Plus: Known Tax Reserve Adjustments - Federal	297,058
34	Plus: FIN 48 Adjustments - Federal	29,726
35	Less: Miscellaneous Federal Tax Adjustment	-401,951
36		
37	Tax Of Respondent	4,154,368
38		
39		
40		
41		
42		
43		
44		

Schedule Page: 261 Line No.: 10 Column: b

Federal Income Tax Expense	16,512,608
State Income Tax Benefit	(2,008,701)
Current Portion Of Regulatory Asset	6,248,226
Regulatory Asset - Transition From MISO To PJM	5,153,362
Retirement Plan	5,045,357
Regulatory Asset - Deferred Revenue	774,122
Charitable Contributions	660,000
Severance Accrual - Short Term	519,104
Excess Salvage	487,534
Accrued Vacation	434,088
Emissions Allowance Expense	425,864
Book Capital Lease Meters	415,344
Asset Retirement Obligation	390,849
Gas Supplier Refund	294,363
Tax Interest Capitalized	292,600
Amortization Of Loss On Reacquired Debt	283,143
Total	35,927,863

Schedule Page: 261 Line No.: 20 Column: b

Equipment Repairs	26,103,996
Depreciation Deducted In Excess Of Amount Booked	16,100,252
Demand Side Management Costs	8,564,626
Property Tax Reserves	3,584,274
Regulatory Asset - Accrued Pension - Post-Retirement Benefits - FAS 158	3,345,928
Joint Owner Pension Receivable	1,835,446
Leased Meters - Electric & Gas	1,745,418
Loss On Disposition Of Property	1,119,054
Unbilled Revenue - Fuel	971,576
Regulatory Asset - Asset Retirement Obligation	390,849
Non-Cash Overhead Basis Adjustment	265,040
Other	963,552
Total	64,990,011

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (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 know, 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 proportions of prepaid taxes chargeable 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 BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust-ments (f)
1						
2	FEDERAL TAXES:					
3						
4	INCOME	-2,773,124	1,814,514	4,154,368	2,962,901	966,802
5	FUEL TAXES			2,549	2,549	
6	FEDERAL INSURANCE	44,127		2,662,317	2,659,749	
7	UNEMPLOYMENT	9,338		32,218	40,586	
8						
9						
10	STATE TAXES:					
11						
12	INCOME	761,717		3,662,094	2,365,369	
13	UNEMPLOYMENT	-3,447		11,091	7,437	
14	PROPERTY	937,749		1,260,342	1,448,251	
15	SALES & USE TAXES	372,612		2,651,575	2,737,120	
16	PUBLIC UTILITIES		383,290			383,290
17	FRANCHISE			-797	-797	
18						
19						
20	OTHER:					
21						
22	PROPERTY	8,040,722		8,368,719	9,613,856	
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	7,389,694	2,197,804	22,804,476	21,837,021	1,350,092

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then 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 foot- note. 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. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	Line No.
						1
						2
						3
-2,429,369		2,839,553			1,314,815	4
		1,867			683	5
46,695		2,007,651			654,666	6
970		23,866			8,351	7
						8
						9
						10
						11
2,058,442		2,614,847			1,047,247	12
207		7,969			3,122	13
749,840		815,533			447,160	14
287,067		2,513,180			138,395	15
						16
		-614			-183	17
						18
						19
						20
						21
6,795,585		5,422,236			2,944,132	22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
7,509,437		16,246,088			6,558,388	41

Schedule Page: 262 Line No.: 4 Column: f

Federal NOL Reclass

Schedule Page: 262 Line No.: 16 Column: f

Other

Schedule Page: 262 Line No.: 40 Column: l

Kind of Tax - Column (a)

Federal Taxes	Other (1)	Gas Accounts 408.1-409.1	Other Accounts 408.2-409.2
Income	1,314,815	-1,435,584	2,750,399
Fuel Taxes	683	683	0
Federal Insurance	654,666	654,666	0
Unemployment Taxes	8,351	8,351	0
State Taxes			
Income	1,047,247	677,022	370,225
Unemployment Taxes	3,122	3,122	0
Property Taxes	447,160	447,160	0
Sales & Use Taxes	138,395	-1	138,396
Franchise Taxes	-183	-183	0
Other Taxes			
Property Taxes	2,944,132	2,944,676	-544
Total	6,558,388	3,299,912	3,258,476

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year: Account No. (c)	Deferred for Year: Amount (d)	Allocations to Current Year's Income: Account No. (e)	Allocations to Current Year's Income: Amount (f)	Adjustments (g)
1	Electric Utility						
2	3%						
3	4%	1					
4	7%						
5	10%	198,643				60,794	
6							
7							
8	TOTAL	198,644				60,794	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10	Gas - 3%	4,045				2,220	
11	Gas - 4%	37,217				5,204	
12	Gas - 10%	947,765				63,927	
13							
14	Total - Gas	989,027				71,351	
15							
16							
17	Other - 10%	588,783				431,215	-204,565
18							
19	Total - Other	588,783				431,215	-204,565
20							
21							
22							
23							
24							
25							
26							
27							
28							
30							
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45							
46							
47							
48							

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
1	30 Years		3
			4
137,849	30 Years		5
			6
			7
137,850			8
			9
1,825	43 Years		10
32,013	46 Years		11
883,838	45 Years		12
			13
917,676			14
			15
			16
-46,997	33 Years		17
			18
-46,997			19
			20
			21
			22
			23
			24
			25
			26
			27
			28
			30
			31
			32
			33
			34
			35
			36
			37
			38
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			45
			46
			47
			48

Schedule Page: 266 Line No.: 17 Column: g

The adjustment affects the account group 190.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	Gas Refunds	46,769	various	617,196	911,560	341,133
2						
3	Pension Cost Adj. - DPL Share	3,663,413	various	1,863,955	2,227,387	4,026,845
4						
5	Post Retirement Benefits					
6	- Health DPL	-227,158	various	182,495	18,957	-390,696
7						
8	Pension Cost Adj. FAS 106	3,511,792	186, 228.3	863,661	481,470	3,129,601
9						
10	Misc. Deferred Credits and Other	-17,900	146	19,318	17,900	-19,318
11						
12	MISO MTEP Accrual	15,472,893	various	859,061	6,012,423	20,626,255
13						
14	Merger - Related Donation Accrual				495,000	495,000
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
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36						
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39						
40						
41						
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43						
44						
45						
46						
47	TOTAL	22,449,809		4,405,686	10,164,697	28,208,820

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to amortizable property.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (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	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities	394,496		
5	Other (provide details in footnote):			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)	394,496		
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other (provide details in footnote):			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of 8, 15 and 16)	394,496		
18	Classification of TOTAL			
19	Federal Income Tax	339,689		
20	State Income Tax	54,807		
21	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
							3
					1	394,497	4
							5
							6
							7
					1	394,497	8
							9
							10
							11
							12
							13
							14
							15
							16
					1	394,497	17
							18
					1	339,690	19
						54,807	20
							21

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (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 282			
2	Electric	187,814,505	26,681,413	22,367,057
3	Gas	55,299,643	21,573,348	5,908,077
4				
5	TOTAL (Enter Total of lines 2 thru 4)	243,114,148	48,254,761	28,275,134
6	Other - Non-Utility	-10,493,868		
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	232,620,280	48,254,761	28,275,134
10	Classification of TOTAL			
11	Federal Income Tax	204,801,299	38,274,284	16,370,954
12	State Income Tax	27,818,981	9,980,477	11,904,180
13	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		Balance at End of Year	Line No.
		Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
		182 & 282	79,164,646			112,964,215	2
				182 & 282	4,726,704	75,691,618	3
							4
			79,164,646		4,726,704	188,655,833	5
31,192	3,352,251	282	2,875,871	282	76,405,345	59,714,547	6
							7
							8
31,192	3,352,251		82,040,517		81,132,049	248,370,380	9
							10
-1,562	2,886,527		73,614,110		72,657,751	222,860,181	11
32,754	465,724		8,426,407		8,474,298	25,510,199	12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ACCUMULATED DEFFERED 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. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (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		5,889,338	1,705,112	8,366,454
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	5,889,338	1,705,112	8,366,454
10	Gas			
11		3,842,802	474,184	181,519
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	3,842,802	474,184	181,519
18	Other - Non-Utility	-40,727		
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	9,691,413	2,179,296	8,547,973
20	Classification of TOTAL			
21	Federal Income Tax	8,344,996	1,876,528	7,360,425
22	State Income Tax	1,346,417	302,768	1,187,548
23	Local Income Tax			

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
				Misc Adj	329	-771,675	3
							4
							5
							6
							7
							8
					329	-771,675	9
							10
				Misc Adj	390,773	4,526,240	11
							12
							13
							14
							15
							16
					390,773	4,526,240	17
						-40,727	18
					391,102	3,713,838	19
							20
					336,501	3,197,600	21
					54,601	516,238	22
							23

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities	Balance at Begining of Current Quarter/Year	DEBITS		Credits	Balance at End of Current Quarter/Year
			Account Credited	Amount		
	(a)	(b)	(c)	(d)	(e)	(f)
1	INCOME TAXES	769,522	Various	88,107		681,415
2						
3	DSM ENERGY EFFICIENCY	6,053,854	407.3	3,025,091	708,691	3,737,454
4	(Amortized in accordance with rider revenue)					
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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40						
41	TOTAL	6,823,376		3,113,198	708,691	4,418,869

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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	127,926,561	125,417,440
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	115,828,388	110,313,927
5	Large (or Ind.) (See Instr. 4)	54,620,002	52,612,717
6	(444) Public Street and Highway Lighting	1,697,986	1,458,272
7	(445) Other Sales to Public Authorities	23,208,698	22,607,569
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales	69,544	52,567
10	TOTAL Sales to Ultimate Consumers	323,351,179	312,462,492
11	(447) Sales for Resale	11,387,642	23,334,960
12	TOTAL Sales of Electricity	334,738,821	335,797,452
13	(Less) (449.1) Provision for Rate Refunds	636,710	60,678
14	TOTAL Revenues Net of Prov. for Refunds	334,102,111	335,736,774
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues	332,229	297,431
18	(453) Sales of Water and Water Power		56,250
19	(454) Rent from Electric Property	674,097	797,214
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	1,841,301	5,881,746
22	(456.1) Revenues from Transmission of Electricity of Others	800,176	701,713
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	3,647,803	7,734,354
27	TOTAL Electric Operating Revenues	337,749,914	343,471,128

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
1,459,567	1,494,371	121,088	120,423	2
				3
1,445,334	1,427,248	13,528	13,396	4
780,912	785,033	380	379	5
15,006	15,226	415	408	6
297,013	300,085	966	968	7
				8
855	714			9
3,998,687	4,022,677	136,377	135,574	10
424,744	662,841	1	1	11
4,423,431	4,685,518	136,378	135,575	12
				13
4,423,431	4,685,518	136,378	135,575	14

Line 12, column (b) includes $ 2,009,000 of unbilled revenues.

Line 12, column (d) includes 18,182 MWH relating to unbilled revenues

FOOTNOTE DATA

Schedule Page: 300 Line No.: 17 Column: b

Non Utility Miscellaneous Revenue	$	119,991
Jobbing and Contract Work		40,625
Contribution in Aid of Construction (CIAC)		7,675
Disconnecting for Non-Pay		163,938
	$	332,229

Schedule Page: 300 Line No.: 17 Column: c

Non Utility Miscellaneous Revenue	$	128,603
Contribution in Aid of Construction (CIAC)		7,397
Disconnecting for Non-pay		161,431
	$	297,431

Schedule Page: 300 Line No.: 21 Column: b

SG Rev - MISO Make Whol	$	1,815,342
Sales Use Tax Coll Fee		18,000
Sale of M&S		7,959
	$	1,841,301

Schedule Page: 300 Line No.: 21 Column: c

RSG Rev - MISO Make Whol	$	5,851,264
Sales Use Tax Coll Fee		18,000
Profit or Loss on Sale of M&S		7,246
Other Electric Revenues		5,236
	$	5,881,746

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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	(440) RESIDENTIAL OR					
2	DOMESTIC SALES					
3						
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (1)	1,449,607	126,659,068	121,088	11,972	0.0874
7	SHEET 32 (2)					
8	SHEET 40 (3)					
9	SHEET 41 (4)					
10						
11	OUTDOOR LIGHTING SERVICE					
12	SHEET 65 (5)	779	121,118			0.1555
13	SHEET 67 (6)	86	17,375			0.2020
14						
15	UNBILLED REVENUE	9,095	1,129,000			0.1241
16						
17	TOTAL (440) RESIDENTIAL	1,459,567	127,926,561	121,088	12,054	0.0876
18						
19						
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36						
37						
38						
39						
40						
41	TOTAL Billed	3,980,505	321,342,179	136,377	29,188	0.0807
42	Total Unbilled Rev.(See Instr. 6)	18,182	2,009,000	0	0	0.1105
43	TOTAL	3,998,687	323,351,179	136,377	29,321	0.0809

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	COMMERCIAL AND INDUSTRIAL					
3						
4	RESIDENTIAL SERVICE					
5	SHEET 30 (7)	14,178	1,281,382	1,891	7,498	0.0904
6						
7	DISTRIBUTION SERVICE					
8	SHEET 40 (8)	926,822	79,957,366	11,423	81,136	0.0863
9	SHEET 42 (9)	3,627	253,644	84	43,179	0.0699
10	SHEET 43 (10)	48	3,958	1	48,000	0.0825
11	SHEET 44 (11)	6,067	528,848	121	50,140	0.0872
12						
13	PRIMARY SERVICE					
14	SHEET 45 (12)	8,001	569,989	6	1,333,500	0.0712
15						
16	TIME OF DAY DISTRIBUTION					
17	SERVICES					
18	SHEET 41 (13)	1,049,539	72,517,808	190	5,523,889	0.0691
19						
20	TIME OF DAY TRANSMISSION					
21	SERVICE					
22	SHEET 51 (14)	173,985	11,174,286	4	43,496,250	0.0642
23						
24	OUTDOOR LIGHTING SERVICE					
25	SHEET 65(15)	3,310	465,465			0.1406
26	SHEET 67 (16)	136	28,339			0.2084
27						
28	TRAFFIC LIGHTING SERVICE					
29	SHEET 61 (17)		14	2		
30						
31	STREET LIGHTING SERVICE					
32	SHEET 60 (18)	114	41,749	39	2,923	0.3662
33	SHEET 69 (19)	210	30,384	34	6,176	0.1447
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	3,980,505	321,342,179	136,377	29,188	0.0807
42	Total Unbilled Rev.(See Instr. 6)	18,182	2,009,000	0	0	0.1105
43	TOTAL	3,998,687	323,351,179	136,377	29,321	0.0809

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3						
4	SPECIAL CONTRACTS					
5	METERED (20)					
6	UNMETERED (21)					
7						
8	LOAD MANAGEMENT RIDERS					
9	SHEET 73(22)	31,863	2,798,158	113	281,973	0.0878
10	SHEET 74 (23)					
11						
12	UNBILLED REVENUE	8,346	797,000			0.0955
13						
14	TOTAL (442) COMMERCIAL	2,226,246	170,448,390	13,908	160,069	0.0766
15						
16						
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22						
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40						
41	TOTAL Billed	3,980,505	321,342,179	136,377	29,188	0.0807
42	Total Unbilled Rev.(See Instr. 6)	18,182	2,009,000	0	0	0.1105
43	TOTAL	3,998,687	323,351,179	136,377	29,321	0.0809

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(444) PUBLIC STREET AND					
3	HIGHWAY LIGHTING					
4						
5	DISTRIBUTION SERVICE					
6	SHEET 40 (24)	1,095	96,988	25	43,800	0.0886
7						
8	STREET LIGHTING SERVICE					
9	SHEET 60(25)	11,513	1,432,352	234	49,201	0.1244
10	SHEET 66(26)	411	66,683			0.1622
11	SHEET 68 (27)					
12	SHEET 69(28)					
13						
14	TRAFFIC LIGHTING SERVICE					
15	SHEET 61 (29)	1,987	101,963	156	12,737	0.0513
16						
17	UNBILLED REVENUE					
18						
19	TOTAL (444) PUBLIC STREET	15,006	1,697,986	415	36,159	0.1132
20						
21						
22						
23						
24						
25						
26						
27						
28						
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40						
41	TOTAL Billed	3,980,505	321,342,179	136,377	29,188	0.0807
42	Total Unbilled Rev.(See Instr. 6)	18,182	2,009,000	0	0	0.1105
43	TOTAL	3,998,687	323,351,179	136,377	29,321	0.0809

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6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(445) SALES TO OTHER PUBLIC					
3	AUTHORITIES					
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (30)	3	381	3	1,000	0.1270
7						
8	DISTRIBUTION SERVICE					
9	SHEET 40(31)	111,733	10,236,754	823	135,763	0.0916
10	SHEET 42(32)	13,664	932,358	29	471,172	0.0682
11	SHEET 43 (33)	252	28,592	21	12,000	0.1135
12	SHEET 44 (34)	189	17,935	46	4,109	0.0949
13						
14	PRIMARY SERVICE					
15	SHEET 45 (35)	10,755	800,913	10	1,075,500	0.0745
16						
17	TIME OF DAY DISTRIBUTION					
18	SERVICE					
19	SHEET 41 (36)	118,110	8,479,505	22	5,368,636	0.0718
20						
21	TIME OF DAY TRANSMISSION					
22	SERVICE					
23	SHEET 51 (37)	39,226	2,404,195	6	6,537,667	0.0613
24						
25	OUTDOOR LIGHTING SERVICE					
26	SHEET 65 (38)	619	72,235			0.1167
27	SHEET 67 (39)	44	5,677			0.1290
28						
29	SPECIAL CONTRACTS					
30	METERED (40)					
31						
32	LOAD MANAGEMENT RIDERS					
33	SHEET 73 (41)	1,465	135,782	6	244,167	0.0927
34	SHEET 74 (42)					
35	SHEET 61 (43)	212	11,371			0.0536
36						
37	UNBILLED REVENUE	741	83,000			0.1120
38						
39	TOTAL (445) SALES TO OTHER	297,013	23,208,698	966	307,467	0.0781
40	PUBLIC AUTHORITIES					
41	TOTAL Billed	3,980,505	321,342,179	136,377	29,188	0.0807
42	Total Unbilled Rev.(See Instr. 6)	18,182	2,009,000	0	0	0.1105
43	TOTAL	3,998,687	323,351,179	136,377	29,321	0.0809

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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SALES OF ELECTRICITY BY RATE SCHEDULES

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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(448) INTERDEPARTMENTAL					
3	SALES (44)	855	69,544			0.0813
4						
5	TOTAL (448) INTER-DEPART	855	69,544			0.0813
6						
7						
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40						
41	TOTAL Billed	3,980,505	321,342,179	136,377	29,188	0.0807
42	Total Unbilled Rev.(See Instr. 6)	18,182	2,009,000	0	0	0.1105
43	TOTAL	3,998,687	323,351,179	136,377	29,321	0.0809

Schedule Page: 304 Line No.: 6 Column: b

All references represent the detail of aditional revenue not included in the base rates from fuel adjustment clause.

-4,640,518.56

Schedule Page: 304 Line No.: 12 Column: b

2510

Schedule Page: 304 Line No.: 13 Column: b

280

Schedule Page: 304.1 Line No.: 5 Column: b

46,084

Schedule Page: 304.1 Line No.: 8 Column: b

2,955,776

Schedule Page: 304.1 Line No.: 9 Column: b

44,634

Schedule Page: 304.1 Line No.: 10 Column: b

156

Schedule Page: 304.1 Line No.: 11 Column: b

19,591

Schedule Page: 304.1 Line No.: 14 Column: b

26,108

Schedule Page: 304.1 Line No.: 18 Column: b

3,375,941

Schedule Page: 304.1 Line No.: 22 Column: b

532,006

Schedule Page: 304.1 Line No.: 25 Column: b

10,719

Schedule Page: 304.1 Line No.: 26 Column: b

440

Schedule Page: 304.1 Line No.: 29 Column: b

0

Schedule Page: 304.1 Line No.: 32 Column: b

369

Schedule Page: 304.1 Line No.: 33 Column: b

678

Schedule Page: 304.2 Line No.: 9 Column: b

101,518

Schedule Page: 304.3 Line No.: 6 Column: b

3,619

Schedule Page: 304.3 Line No.: 9 Column: b

37,179

Schedule Page: 304.3 Line No.: 10 Column: b

1,326

Schedule Page: 304.3 Line No.: 15 Column: b

6,470

Schedule Page: 304.4 Line No.: 6 Column: b

10

Schedule Page: 304.4 Line No.: 9 Column: b

357,678

Schedule Page: 304.4 Line No.: 10 Column: b

45,779

Schedule Page: 304.4 Line No.: 11 Column: b

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2012/Q4

FOOTNOTE DATA

829

Schedule Page: 304.4 Line No.: 12 Column: b

611

Schedule Page: 304.4 Line No.: 15 Column: b

34,680

Schedule Page: 304.4 Line No.: 19 Column: b

378,646

Schedule Page: 304.4 Line No.: 23 Column: b

125,162

Schedule Page: 304.4 Line No.: 26 Column: b

1,999

Schedule Page: 304.4 Line No.: 27 Column: b

142

Schedule Page: 304.4 Line No.: 33 Column: b

4,662

Schedule Page: 304.4 Line No.: 35 Column: b

693

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	East Kentucky Power Cooperative, Inc	AD	MBRT1			
2	Midwest Independent System Operator,Inc	AD	MBRT1			
3	Jefferies Bache, LLC	OS	NJ			
4	PJM Settlement, Inc	OS	MBRT1			
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			**0**	**0**	**0**

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)	Total ($) (h+i+j) (k)	Line No.
147		4,874		4,874	1
-706		-24,995		-24,995	2
		-30,272		-30,272	3
425,303		11,438,035		11,438,035	4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
424,744	0	11,387,642	0	11,387,642	
424,744	**0**	**11,387,642**	**0**	**11,387,642**	

Schedule Page: 310 Line No.: 1 Column: c

Market Based Rate Tariff No. 1

Schedule Page: 310 Line No.: 3 Column: c

NJ - Non-Jurisdictional Agreement

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	3,481,472	2,759,785
5	(501) Fuel	84,585,704	107,118,468
6	(502) Steam Expenses	9,256,931	11,194,857
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	457,920	506,898
10	(506) Miscellaneous Steam Power Expenses	1,316,750	1,388,122
11	(507) Rents	1,059,505	1,105,489
12	(509) Allowances	439,613	1,105,805
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	100,597,895	125,179,424
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	1,880,116	1,714,811
16	(511) Maintenance of Structures	2,406,762	2,061,243
17	(512) Maintenance of Boiler Plant	12,834,976	7,553,291
18	(513) Maintenance of Electric Plant	2,499,180	923,920
19	(514) Maintenance of Miscellaneous Steam Plant	2,457,685	1,826,136
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	22,078,719	14,079,401
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	122,676,614	139,258,825
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	305,660	343,486
63	(547) Fuel	1,202,379	6,524,424
64	(548) Generation Expenses	294,809	361,102
65	(549) Miscellaneous Other Power Generation Expenses	703,096	864,909
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	2,505,944	8,093,921
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	37,084	26,788
70	(552) Maintenance of Structures	576,342	499,009
71	(553) Maintenance of Generating and Electric Plant	3,146,594	5,349,289
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	177,492	122,360
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	3,937,512	5,997,446
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	6,443,456	14,091,367
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	53,912,270	31,481,422
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses	4,009,798	-4,970,557
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	57,922,068	26,510,865
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	187,042,138	179,861,057
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	19,822	6,202
84			
85	(561.1) Load Dispatch-Reliability	82,314	77,204
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	124,689	353,009
87	(561.3) Load Dispatch-Transmission Service and Scheduling	17,333	15,661
88	(561.4) Scheduling, System Control and Dispatch Services	137,114	882,082
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	-26	46,980
93	(562) Station Expenses	99,625	106,518
94	(563) Overhead Lines Expenses	40,881	88,323
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	11,169,053	27,082,235
97	(566) Miscellaneous Transmission Expenses	201,817	2,628,943
98	(567) Rents	701,774	1,934,161
99	TOTAL Operation (Enter Total of lines 83 thru 98)	12,594,396	33,221,318
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		
102	(569) Maintenance of Structures	9,366	11,375
103	(569.1) Maintenance of Computer Hardware	15,655	16,997
104	(569.2) Maintenance of Computer Software	141,396	124,924
105	(569.3) Maintenance of Communication Equipment	4,460	4,149
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	390,270	280,257
108	(571) Maintenance of Overhead Lines	295,028	134,549
109	(572) Maintenance of Underground Lines	25,860	9,754
110	(573) Maintenance of Miscellaneous Transmission Plant		
111	TOTAL Maintenance (Total of lines 101 thru 110)	882,035	582,005
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	13,476,431	33,803,323

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	1,339,759	908,830
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	1,339,759	908,830
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	1,339,759	908,830
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering		6,612
135	(581) Load Dispatching	579,396	476,768
136	(582) Station Expenses	178,798	179,599
137	(583) Overhead Line Expenses	330,177	165,064
138	(584) Underground Line Expenses	327,769	401,233
139	(585) Street Lighting and Signal System Expenses		
140	(586) Meter Expenses	401,763	405,197
141	(587) Customer Installations Expenses	1,106,447	1,028,382
142	(588) Miscellaneous Expenses	1,084,699	1,569,929
143	(589) Rents		206,220
144	TOTAL Operation (Enter Total of lines 134 thru 143)	4,009,049	4,439,004
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		
147	(591) Maintenance of Structures	47,727	49,055
148	(592) Maintenance of Station Equipment	299,410	358,112
149	(593) Maintenance of Overhead Lines	5,039,680	4,049,889
150	(594) Maintenance of Underground Lines	252,329	207,162
151	(595) Maintenance of Line Transformers	50,724	-24,075
152	(596) Maintenance of Street Lighting and Signal Systems	222,678	146,457
153	(597) Maintenance of Meters	172,920	193,986
154	(598) Maintenance of Miscellaneous Distribution Plant		
155	TOTAL Maintenance (Total of lines 146 thru 154)	6,085,468	4,980,586
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	10,094,517	9,419,590
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision		402
160	(902) Meter Reading Expenses	955,148	967,928
161	(903) Customer Records and Collection Expenses	4,617,171	5,385,435
162	(904) Uncollectible Accounts	1,623,077	2,539,854
163	(905) Miscellaneous Customer Accounts Expenses	30	
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	7,195,426	8,893,619

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	13,876	5,571
169	(909) Informational and Instructional Expenses	3,495	1,744
170	(910) Miscellaneous Customer Service and Informational Expenses	1,655,117	1,824,492
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	1,672,488	1,831,807
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	-3,812	3,262
175	(912) Demonstrating and Selling Expenses	9,317	79
176	(913) Advertising Expenses	40,790	71,461
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	46,295	74,802
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	9,298,520	5,492,737
182	(921) Office Supplies and Expenses	3,504,553	3,316,779
183	(Less) (922) Administrative Expenses Transferred-Credit	-137	-320
184	(923) Outside Services Employed	3,365,985	3,256,429
185	(924) Property Insurance	291,127	401,332
186	(925) Injuries and Damages	412,085	538,632
187	(926) Employee Pensions and Benefits	7,769,951	6,725,042
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	588,120	815,706
190	(929) (Less) Duplicate Charges-Cr.	861,189	744,225
191	(930.1) General Advertising Expenses	16,273	13,550
192	(930.2) Miscellaneous General Expenses	1,911,376	1,810,826
193	(931) Rents	1,797,065	1,393,457
194	TOTAL Operation (Enter Total of lines 181 thru 193)	28,094,003	23,020,585
195	Maintenance		
196	(935) Maintenance of General Plant	122,566	110,494
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	28,216,569	23,131,079
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	249,083,623	257,924,107

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2012/Q4

FOOTNOTE DATA

Schedule Page: 320 Line No.: 86 Column: c

For Duke Energy Kentucky the 561.BA costs are to remain in the appropriate 561 accounts for proper treatment under PJM.

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classifi-cation (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	East Kentucky Power Cooperative, Inc.	AD	(1)			
2	Midwest Independent System Operator,					
3	Inc.	OS	(1)			
4	Midwest Independent System Operator,					
5	Inc.	AD	(1)			
6	Jefferies Bache, LLC	OS	NJ			
7	PJM Settlement, Inc.	OS	(1)			
8						
9						
10						
11						
12						
13						
14						
	Total					

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)	Total (j+k+l) of Settlement ($) (m)	
147				4,874		4,874	1
							2
				-197,176		-197,176	3
							4
24				-8,310		-8,310	5
1,546,849				4,652		4,652	6
				54,108,230		54,108,230	7
							8
							9
							10
							11
							12
							13
							14
1,547,020				53,912,270		53,912,270	

Schedule Page: 326 Line No.: 1 Column: c

The number "1" notation designates FERC approved Tariff and/or Rate Schedule as on file with the Commission.

Schedule Page: 326 Line No.: 6 Column: c

NJ - Non-Jurisdictional

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	PJM			OS
2	City of Williamstown			OS
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
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31				
32				
33				
34				
	TOTAL			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
						1
			9			2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
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						32
						33
						34
			9	0	0	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
144,721	20,655	631,816	797,192	1
1,940	1,044		2,984	2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
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				34
146,661	**21,699**	**631,816**	**800,176**	

Schedule Page: 328 Line No.: 1 Column: m

Midwest ISO Financial Transmission Rights (FTR)

Schedule Page: 328 Line No.: 1 Column: n

Transmission revenue credits issued for PJM Attachment H-22A (Schedule 7 and Schedule9).

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY: Magawatt-hours Received (c)	TRANSFER OF ENERGY: Magawatt-hours Delivered (d)	EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS: Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1	Midwest ISO	LFP			24,065		6,491,880	6,515,945
2	PJM	LFP			4,288,419		198,823	4,487,242
3	East Kentucky Power	OLF			156,928			156,928
4	Duke Energy Ohio, Inc.	OS			8,938			8,938
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL				4,478,350		6,690,703	11,169,053

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2012/Q4

FOOTNOTE DATA

Schedule Page: 332 Line No.: 1 Column: g

Midwest Transmission Enhancement Projects (MTEP) and other

Schedule Page: 332 Line No.: 2 Column: g

Midwest Transmission Enhancement Projects (MTEP) and other

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	47,279
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	25,738
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000	
6	Business and Service Company Support	1,953,884
7	Director's Fees and Expenses	26,427
8	Shareholders's Communications/Systems	20,717
9	ISO Conversion Costs	7,031
10	Dues and Subscriptions to Various Orginizations	251
11	Account Analysis Reconciliation Adjustments	-169,951
12		
13		
14		
15		
16		
17		
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45		
46	TOTAL	1,911,376

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			624,429		624,429
2	Steam Production Plant	12,216,910				12,216,910
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant	6,231,497				6,231,497
7	Transmission Plant	769,564				769,564
8	Distribution Plant	9,570,712				9,570,712
9	Regional Transmission and Market Operation					
10	General Plant	167,306		310,202		477,508
11	Common Plant-Electric	731,773		1,648,177		2,379,950
12	TOTAL	29,687,762		2,582,808		32,270,570

B. Basis for Amortization Charges

The rate used to compute amortization charges for intangible electric plant is primarily 20%. There are some software projects, such as the ED Asset Management System and Customer Management System, that have a 10% rate. No changes have been made in the types of items included in the base or in the rates used from the preceding reporting year.

The Respondent determines its monthly Provision for Depreciation by the application of rates to the previous month-end balance of property capitalized in each primary plant account plus property in Account 106 - Completed Construction Not Classified.

In 1997, the Respondent adopted vintage year accounting for General Plant accounts in accordance with FERC Accounting Release No. 15.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Kentucky Public Service Commission Expense				
2	Gas Related	206,921		206,921	
3	Electric Related	566,324		566,324	
4					
5	Midwest Independent System Operator (MISO)				
6	FERC Annual Assessment	21,796		21,796	
7					
8	AMRP Rate Study Case No. 2001-092		2,670	2,670	2,670
9					
10	Kentucky Public Service Commission				
11	Case No. 2009-00202				
12	Request for Rate Increase - Gas		51,799	51,799	51,799
13					
14					
15					
16					
17					
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21					
22					
23					
24					
25					
26					
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32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	795,041	54,469	849,510	54,469

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO							
Department (f)	Account No. (g)	Amount (h)	Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
							1
Gas	928	206,921					2
Electric	928	566,324					3
							4
							5
Electric	928	21,796					6
							7
Gas	928	2,670			2,670		8
							9
							10
							11
Gas	928	51,799			51,799		12
							13
							14
							15
							16
							17
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		849,510			54,469		46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects.(Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).
2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

A. Electric R, D & D Performed Internally:
- (1) Generation
  - a. hydroelectric
    - i. Recreation fish and wildlife
    - ii Other hydroelectric
  - b. Fossil-fuel steam
  - c. Internal combustion or gas turbine
  - d. Nuclear
  - e. Unconventional generation
  - f. Siting and heat rejection
- (2) Transmission
  - a. Overhead
  - b. Underground
- (3) Distribution
- (4) Regional Transmission and Market Operation
- (5) Environment (other than equipment)
- (6) Other (Classify and include items in excess of $50,000.)
- (7) Total Cost Incurred

B. Electric, R, D & D Performed Externally:
- (1) Research Support to the electrical Research Council or the Electric Power Research Institute

Line No.	Classification (a)	Description (b)
1	A. ELECTRIC R, D & D PERFORMED INTERNALLY	
2		Research & Development Administration Costs
3	TOTAL ELECTRIC R, D & D PERFORMED INTERNALLY	
4		
5	B. ELECTRIC R, D & D PERFORMED EXTERNALLY	
6		
7	(1) RESEARCH SUPPORT TO:	
8	THE ELECTRIC POWER RESEARCH INSTITUTE	
9		Electric Power Research Institute Memberships
10		Others (less than $50K each)
11		
12	TOTAL ELECTRIC R, D & D PERFORMED EXTERNALLY	
13		
14		
15		
16		
17		
18		
19		
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
(3) Research Support to Nuclear Power Groups
(4) Research Support to Others (Classify)
(5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing $50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under $50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)
5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.
6. If costs have not been segregated for R, D &D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
					1
8,938		930.2	8,938		2
8,938			8,938		3
					4
					5
					6
					7
					8
	508,249	various	508,249		9
	30,943	various	30,943		10
					11
	539,192		539,192		12
					13
					14
					15
					16
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Schedule Page: 352 Line No.: 12 Column: d

Schedule Page: 352 Line No.: 12 Column: d
Research, development and demonstration costs do not reflect reimburesements of $61,168 from the other joint owners of EastBend Unit 2 Plant.

Schedule Page: 352 Line No.: 12 Column: f

Schedule Page: 352 Line No.: 12 Column: f
Research, development and demonstration costs do not reflect reimburesements of $61,168 from the other joint owners of EastBend Unit 2 Plant.

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

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. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	6,558,901		
4	Transmission	394,012		
5	Regional Market			
6	Distribution	2,360,045		
7	Customer Accounts	3,043,892		
8	Customer Service and Informational	633,280		
9	Sales			
10	Administrative and General	10,061,296		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	23,051,426		
12	Maintenance			
13	Production	5,348,000		
14	Transmission	314,364		
15	Regional Market			
16	Distribution	2,122,612		
17	Administrative and General	15,401		
18	TOTAL Maintenance (Total of lines 13 thru 17)	7,800,377		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	11,906,901		
21	Transmission (Enter Total of lines 4 and 14)	708,376		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	4,482,657		
24	Customer Accounts (Transcribe from line 7)	3,043,892		
25	Customer Service and Informational (Transcribe from line 8)	633,280		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	10,076,697		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	30,851,803	212,498	31,064,301
29	Gas			
30	Operation			
31	Production-Manufactured Gas	48,180		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	326,627		
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution	3,070,551		
37	Customer Accounts	1,929,316		
38	Customer Service and Informational	543,037		
39	Sales			
40	Administrative and General	2,333,468		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	8,251,179		
42	Maintenance			
43	Production-Manufactured Gas	298,882		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	562,664		
49	Administrative and General	1,669		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	863,215		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	347,062		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	326,627		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)	3,633,215		
58	Customer Accounts (Line 37)	1,929,316		
59	Customer Service and Informational (Line 38)	543,037		
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)	2,335,137		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	9,114,394	3,649	9,118,043
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	39,966,197	216,147	40,182,344
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	6,902,019	812,574	7,714,593
69	Gas Plant	2,456,468	40,379	2,496,847
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	9,358,487	852,953	10,211,440
72	Plant Removal (By Utility Departments)			
73	Electric Plant	623,471		623,471
74	Gas Plant	96,313		96,313
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	719,784		719,784
77	Other Accounts (Specify, provide details in footnote):	347,182		347,182
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95	TOTAL Other Accounts	347,182		347,182
96	TOTAL SALARIES AND WAGES	50,391,650	1,069,100	51,460,750

Schedule Page: 354 Line No.: 77 Column: b

Projects For Duke's Subsidiaries & Merchandising	$ 2,481
Other Work in Progress	182,224
Other Accounts	162,477
Total	$ 347,182

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

1. COMMON UTILITY PLANT

COMMON PLANT IN SERVICE:

ACCOUNT TITLE	BALANCE BEGINNING OF YEAR	ADDITIONS	RETIREMENTS	TRANSFER(1)	BALANCE END OF YEAR
Misc. Intangible Plant	24,824,507	(10,569)	(2,755,435)		22,058,503
Leased Meters	601,513				601,513
Non-depr Land & Land Rights	154,249				154,249
Structures and Improvements	8,835,218	2,701,547	(32,273)	58,803	11,563,295
Office Furniture and Equip.	79,812		(6,353)	3,006	76,465
Electronic Data Processing	14,073			23,269	37,342
Stores Equipment	5,563				5,563
Tools, Shop & Garage Equip.	175,627		(786)	5,371	180,212
Laboratory Equipment	1,150				1,150
Communication Equipment	6,448,323	572,725			7,021,048
Miscellaneous Equipment	3,562	28,495			32,057
Total Common Plant in Service	41,143,597	3,292,198	(2,794,847)	90,449	41,731,397
Construction Work in Progress	1,426,784	(725,835)			700,949
Total Common Utility Plant	42,570,381	2,566,363	(2,794,847)	90,449	42,432,346

ALLOCATION OF COMMON PLANT TO UTILITY DEPARTMENTS (2)
Summary by Account Estimated as of 12/31/2012

Electric Department	71.45%	12,113,568
Gas Department	28.55%	30,318,778
	100.00%	42,432,346

(1) Represents reclassification between common utility/nonutility departments and primary plant accounts.
(2) The percentages used to allocate Common Plant to utility deparments are the weighted average resulting from the application of allocation factors to the investment based on Net Plant as of 12/31/2012.

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3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

2. ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF COMMON UTILITY PLANT

Summary by Account Estimated as of 12/31/2011		28,329,032
Depreciation provision for the year charged to:		
(403) Depreciation expense (1)	1,095,649	
(404) Amortization - Limited Term Plant	2,305,016	

		3,400,665
Net Charges for Plant Retired:		
Book Cost of Plant Retired	(2,794,847)	
Cost of Removal	(251,500)	
Salvage (Credit)		

		(3,046,347)
Other Items:		
Loss/Gain on Sale of Property (Credit	20,648	
Transfers & Adjustments	1,696	
Total Other Items		22,344
Balance - End of the Year		28,705,693

ALLOCATION OF ACCUMULATED PROVISION FOR DEPRECIATION TO UTILITY DEPARTMENTS (3)

Electric Department	71.45%	20,510,804
Gas Department	28.55%	8,194,889
	-----	----------
	100.00%	28,705,693

METHOD OF DETERMINATION OF DEPRECIATION & AMORTIZATION

Common Plant in Service	Rate(4)
Miscellaneous Intangible Plant	Note (2)
Leased Meters	5.61%
Structures and Improvements	5.94%
Office Furniture and Equipment	12.36%

COMMON UTILITY PLANT AND EXPENSES

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4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Electronic Data Processing Equip.	20.00%
Stores Equipment	48.47%
Tools, Shop & Garage Equipment	6.27%
Laboratory Equipment	Note (4)
Communication Equipment	13.62%
Miscellaneous Equipment	6.65%

(1) The Respondent determines its monthly provision for depreciation by the application of rates to the previous month's balance of property capitalized in each primary plant account plus total Account 106-Completed Construction Not Classified. The rates became effective January 1, 2007 with the approval of the Kentucky Public Service Commission in Case No. 2006-00172.

(2) The Respondent amortized its investment in Miscellaneous Intangible Plant equally over 60 months for certain projects and 120 for certain other projects.

(3) The percentages used to allocate the Common Plant Accumulated Provision for Depreciation balances to utility departments are the weighted average resulting from the application of allocation factors to the balance of Common Plant Accumulated Provision at 12/31/2012. These factors are based on Net Plant as of 12/31/2012.

(4) In 1997, the Respondent adopted vintage year accounting for general plant accounts in accordance with FERC Accounting Release No. 15.

3. COMMON UTILITY PLANT EXPENSE ACCOUNTS

Common utility plant expense accounts are not maintained, but such expenses are allocated to gas and electric deparments principally on one or more of the following bases:

- Floor space utilized for buildings and office equipment
- General labor - total company
- Number of gas and electric customers
- IT operations

4. COMMISSION APPROVAL

Prior to establishment of original cost, Messrs. Brenner and Eilers of the respondent and Campbell and Schwartz from Columbia System met with Mr. Smith of the Federal Power Commission to discuss amongst other things, the Federal Power Commission's permission to use the Common Utility Plant accounts. It was pointed out by the representatives of the respondent that because of the nature of the respondent's operations it

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COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
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4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

was impossible and impractical to assign certain types of equipment directly to either gas or electric utility plant. Because of the facts presented, Mr. Smith gave the respondent's representatives verbal permission to use the common plant accounts.

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AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)				53,379,698
3	Net Sales (Account 447)				11,206,187
4	Transmission Rights				631,816
5	Ancillary Services				
6	Other Items (list separately)				
7	Ancillary Services (account 555)				720,221
8	Ancillary Services (account 447)				206,853
9					
10					
11					
12					
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45					
46	TOTAL				66,144,775

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PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

		Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
Line No.	Type of Ancillary Service (a)	Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch			416			
2	Reactive Supply and Voltage			872			
3	Regulation and Frequency Response						
4	Energy Imbalance						
5	Operating Reserve - Spinning						
6	Operating Reserve - Supplement						
7	Other						
8	Total (Lines 1 thru 7)			1,288			

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) X An Original (2) _ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4

FOOTNOTE DATA

Schedule Page: 398 Line No.: 8 Column: d

Activity represents estimate true up from December 2012

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	3,998,687
3	Steam	3,101,437	23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	424,744
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	786
7	Other	11,130	27	Total Energy Losses	235,370
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	4,659,587
9	Net Generation (Enter Total of lines 3 through 8)	3,112,567			
10	Purchases	1,547,020			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	4,659,587			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4

MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirments Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	MONTHLY PEAK Day of Month (e)	MONTHLY PEAK Hour (f)
29	January	372,455	5,426	659	13	1900
30	February	331,516	2,102	619	11	1900
31	March	362,010	44,595	605	21	1700
32	April	296,786	8,865	542	30	2000
33	May	381,388	23,213	717	28	1700
34	June	444,601	62,371	878	29	1600
35	July	467,321	2,350	885	25	1600
36	August	411,999	5,303	852	8	1600
37	September	419,601	81,551	774	5	1400
38	October	355,757	42,244	559	30	1900
39	November	373,988	51,405	583	29	0800
40	December	442,165	95,319	631	21	1900
41	TOTAL	4,659,587	424,744			

Schedule Page: 401 Line No.: 35 Column: d

PJM Attachment H-22a requires the use of the single highest monthly coincident system peak.

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *EAST BEND* (b)			Plant Name: *MIAMI FORT 6* (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear	Steam			Steam		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	Conventional			Conventional		
3	Year Originally Constructed	1981			1960		
4	Year Last Unit was Installed	1981			1960		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	447.00			168.00		
6	Net Peak Demand on Plant - MW (60 minutes)	420			172		
7	Plant Hours Connected to Load	6298			6304		
8	Net Continuous Plant Capability (Megawatts)	414			163		
9	When Not Limited by Condenser Water	414			163		
10	When Limited by Condenser Water	0			0		
11	Average Number of Employees	92			0		
12	Net Generation, Exclusive of Plant Use - KWh	2207323000			894114000		
13	Cost of Plant: Land and Land Rights	1686453			95		
14	Structures and Improvements	39312620			3291461		
15	Equipment Costs	399860418			75595162		
16	Asset Retirement Costs	575095			-214707		
17	Total Cost	441434586			78672011		
18	Cost per KW of Installed Capacity (line 17/5) Including	987.5494			468.2858		
19	Production Expenses: Oper, Supv, & Engr	1506469			1896410		
20	Fuel	56722757			25249820		
21	Coolants and Water (Nuclear Plants Only)	0			0		
22	Steam Expenses	9211666			45297		
23	Steam From Other Sources	0			0		
24	Steam Transferred (Cr)	0			0		
25	Electric Expenses	457728			192		
26	Misc Steam (or Nuclear) Power Expenses	947433			384749		
27	Rents	0			1059504		
28	Allowances	0			0		
29	Maintenance Supervision and Engineering	1564344			295660		
30	Maintenance of Structures	1512230			894532		
31	Maintenance of Boiler (or reactor) Plant	9618832			3216148		
32	Maintenance of Electric Plant	2065700			433249		
33	Maintenance of Misc Steam (or Nuclear) Plant	1529455			928229		
34	Total Production Expenses	85136614			34403790		
35	Expenses per Net KWh	0.0386			0.0385		
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Coal		Oil	Coal		Oil
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	Tons		Barrels	Tons		Barrels
38	Quantity (Units) of Fuel Burned	1043737	0	16245	388663	0	9800
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	11451	0	137777	11730	0	137303
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	52.304	0.000	138.050	61.523	0.000	0.000
41	Average Cost of Fuel per Unit Burned	52.255	0.000	134.350	61.539	0.000	135.901
42	Average Cost of Fuel Burned per Million BTU	2.282	0.000	23.217	2.623	0.000	23.566
43	Average Cost of Fuel Burned per KWh Net Gen	0.025	0.000	0.001	0.027	0.000	0.001
44	Average BTU per KWh Net Generation	10829.000	0.000	0.000	10198.000	0.000	0.000

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: *WOODSDALE GT* (d)	Plant Name: (e)	Plant Name: (f)	Line No.
Gas Turbine			1
Conventional			2
1992			3
1993			4
490.00	0.00	0.00	5
394	0	0	6
924	0	0	7
564	0	0	8
564	0	0	9
0	0	0	10
28	0	0	11
11130000	0	0	12
2910272	0	0	13
33798913	0	0	14
245048364	0	0	15
0	0	0	16
281757549	0	0	17
575.0154	0	0	18
384252	0	0	19
1202379	0	0	20
0	0	0	21
294777	0	0	22
0	0	0	23
0	0	0	24
703096	0	0	25
-15432	0	0	26
0	0	0	27
0	0	0	28
57196	0	0	29
576342	0	0	30
-4	0	0	31
3146825	0	0	32
177493	0	0	33
6526924	0	0	34
0.5864	0.0000	0.0000	35

(d)			(e)			(f)			Line No.
GAS		Propane							36
Mcfs		Barrels							37
312258	0	6254	0	0	0	0	0	0	38
1	0	91709	0	0	0	0	0	0	39
3.095	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	40
3.095	0.000	37.730	0.000	0.000	0.000	0.000	0.000	0.000	41
3.011	0.000	9.796	0.000	0.000	0.000	0.000	0.000	0.000	42
0.087	0.000	0.021	0.000	0.000	0.000	0.000	0.000	0.000	43
31005.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44

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FOOTNOTE DATA

Schedule Page: 402 Line No.: 1 Column: b

East Bend is commonly owned by the respondent and the Dayton Power and Light Company with undivided interest of 69% and 31% respectively. Fuel expenses are shared on the basis of energy usage and other expenses are shared on an ownership basis.

Schedule Page: 402 Line No.: 11 Column: c

Miami Fort Unit 6 number of employees is included in the average number of employees for the total station under Duke Energy Ohio as station operator.

Schedule Page: 402 Line No.: 20 Column: b

Excludes coal handling, sale of fly ash and other miscellaneous cost of $2,613,128.

Schedule Page: 402 Line No.: 28 Column: b

Excludes non-station specific allowances of $439,614.

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of
	From (a)	To (b)	Operating (c)	Designed (d)	Structure (e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	Circuits (h)
1	69KV TRANSMISSION POOL		69.00	69.00	POLE	102.14	3.04	
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
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21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36					TOTAL	102.14	3.04	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) Land (j)	Construction and Other Costs (k)	Total Cost (l)	EXPENSES, EXCEPT DEPRECIATION AND TAXES Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	Line No.
	1,094,119	10,496,157	11,590,276	40,881	320,888	701,774	1,063,543	1
								2
								3
								4
								5
								6
								7
								8
								9
								10
								11
								12
								13
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								28
								29
								30
								31
								32
								33
								34
								35
	1,094,119	10,496,157	11,590,276	40,881	320,888	701,774	1,063,543	36

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	ALEXANDRIA SOUTH-CAMPBELL CO	UNATTENDED - D	69.00	13.20	
2	AUGUSTINE-COVINGTON, KY	UNATTENDED - D	138.00	13.20	
3	BEAVER-BOONE CO.	UNATTENDED - D	69.00	13.20	
4	BELLEVUE-CAMPBELL CO.	UNATTENDED - D	138.00	13.20	
5	BLACKWELL-GRANT CO.	UNATTENDED - T	138.00	69.00	
6	BUFFINGTON-KENTON CO.	UNATTENDED - T&D	138.00	69.00	13.20
7	CLARYVILLE-CAMBELL CO.	UNATTENDED - D	69.00	13.20	
8	COLD SPRING-KENTON CO.	UNATTENDED - D	138.00	13.20	
9	CONSTANCE-KENTON CO.	UNATTENDED - D	138.00	13.20	
10	COVINGTON - KENTON CO.	UNATTENDED - D	69.00	13.20	
11	CRESCENT-KENTON CO.	UNATTENDED - D	138.00	13.20	
12	CRITTENDEN-GRANT CO.	UNATTENDED - D	69.00	13.20	
13	DAYTON - CAMPBELL CO.	UNATTENDED - D	138.00	13.20	
14	DECOURSEY-KENTON CO.	UNATTENDED - D	69.00	13.20	
15	DIXIE-BOONE CO.	UNATTENDED - D	69.00	13.20	
16	DONALDSON-KENTON CO.	UNATTENDED - D	138.00	13.20	
17	DRY RIDGE-GRANT CO.	UNATTENDED - D	69.00	13.20	
18	EMPIRE - BOONE CO.	UNATTENDED - D	69.00	13.20	
19	FLORENCE-BOONE CO.	UNATTENDED - D	138.00	13.20	
20	GRANT-GRANT CO.	UNATTENDED - D	69.00	13.20	
21	HANDS-KENTON CO.	UNATTENDED - D	138.00	13.20	
22	HEBRON- BOONE CO.	UNATTENDED - D	138.00	13.20	
23	KENTON-KENTON CO.	UNATTENDED - T&D	138.00	13.20	
24	KY. UNIVERSITY-CAMP. CO.	UNATTENDED - D	138.00	13.20	
25	LIMABURG-BOONE CO.	UNATTENDED - D	69.00	13.20	
26	LONGBRANCH- BOONE CO.	UNATTENDED - D	138.00	13.20	
27	MARSHALL-CAMPBELL CO.	UNATTENDED - D	69.00	13.20	
28	MT ZION - BOONE CO.	UNATTENDED - D	138.00	13.20	
29	OAKBROOK - BOONE CO	UNATTENDED - D	69.00	13.20	
30	RICHWOOD-BOONE CO.	UNATTENDED - D	69.00	13.20	
31	THOMAS MORE - KENTON CO.	UNATTENDED - D	69.00	13.20	
32	VERONA - KENTON CO.	UNATTENDED - D	69.00	13.20	
33	VILLA-CRESTVIEW HLS., KY	UNATTENDED - D	69.00	13.20	
34	WHITE TOWER-KENTON CO.	UNATTENDED - D	69.00	13.20	
35	WILDER-WILDER, KY.	UNATTENDED - T&D	138.00	69.00	13.20
36	YORK-NEWPORT, KY.	UNATTENDED - D	138.00	13.20	
37	NO STATIONS UNDER 10 MVA				
38					
39					
40	Summary of Listed Stations Above				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa)	Number of Transformers In Service	Number of Spare Transformers	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment	Number of Units	Total Capacity (In MVa)	
(f)	(g)	(h)	(i)	(j)	(k)	
11	1					1
72	2					2
21	2					3
45	2					4
150	1					5
328	5					6
32	3					7
33	2					8
45	2					9
22	1					10
45	2					11
21	2					12
22	1					13
11	1					14
42	2					15
45	2					16
11	1					17
25	2					18
67	3					19
21	2					20
45	2					21
45	2					22
165	3					23
45	2					24
31	3					25
22	1					26
11	1					27
22	1					28
22	1					29
32	3					30
22	1					31
11	1					32
45	2					33
21	2					34
167	3					35
22	1					36
						37
						38
						39
						40

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	(By Function) not including Commonly Owned				
2	Substations				
3					
4	UNATTENDED - T&D				
5	UNATTENDED - D				
6	UNATTENDED - T				
7	ATTENDED - T&D				
8	ATTENDED - D				
9	ATTENDED - T				
10					
11					
12	Note				
13					
14					
15					
16					
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SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	Line No.
						1
						2
						3
660						4
986						5
150						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
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						40

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) X An Original (2) _ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4

FOOTNOTE DATA

Schedule Page: 426.1 Line No.: 12 Column: a

Note: The voltages reported in column (c), (d) and (e) are the highest and lowest in the substation by not necessarily on the same transformer. Column (g)represents the number of three phase transformers and/or transformer banks rather than the number of individual transformers.

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2012/Q4

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is $250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
1	**Non-power Goods or Services Provided by Affiliated**			
2	Services provided by Duke Energy Business Services	Duke Energy Business	various	85,887,612
3	- (Service Company transactions)	Services, LLC		
4	Services provided by Progress Energy Service Co.	Progress Energy Service	various	1,081,383
5	- (Service Company transactions)	Company, LLC		
6	DE Ohio employees provide services for Miami Fort	Duke Energy Ohio, Inc	various	9,895,709
7	Unit 6 and Woodsdale generating stations			
8	DE Ohio employees provide O&M and capital services	Duke Energy Ohio, Inc	various	4,868,278
9	for electric transmission & distribution systems			
10	DE Ohio employees provide O&M and capital services	Duke Energy Ohio, Inc	various	1,973,110
11	for the gas distribution system			
12	Services provided by DE Commercial Enterprises	Duke Energy Commercial	various	717,618
13	for generation stations	Enterprises, Inc		
14				
15	Total			104,423,710
16				
17				
18				
19				
20	**Non-power Goods or Services Provided for Affiliate**			
21	DE Kentucky employees provide O&M and capital	Duke Energy Ohio, Inc	various	2,300,405
22	services to DE Ohio for gas distribution systems			
23	DE Kentucky employees provide O&M and capital	Duke Energy Ohio, Inc	various	1,418,818
24	services to DE Ohio for the electric T&D systems			
25	DE Kentucky employees provide services to DE	Duke Energy Indiana, Inc	various	882,808
26	Indiana for admin, training and support at			
27	various combustion turbine sites			
28				
29	Total			4,602,031
30				
31				
32				
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42				

Schedule Page: 429 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
- Generating Unit MW Capability Ratio

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 Number of Customers Ratio and Number of Employees Ratio

Legal
- Three Factor Formula

Rates
- Sales Ratio

Finance
- Three Factor Formula

Rights of Way
- 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

Cline, Jeff D (PSC)

From: PSC - Reports
Sent: Monday, February 18, 2013 12:33 PM
To: Cocanougher, Kristen (Kristen.Cocanougher@duke-energy.com)
Subject: Duke Energy Kentucky, Inc. - 2012 Annual Financial and Statistical Report Extension

Dear Ms. Cocanougher:

In response to the extension request received February 18, 2013 for the 2012 Annual Report of Duke Energy Kentucky, please be advised that the report is now due on or before April 30, 2013. The Report of Gross Operating Revenues is still required to be filed by March 31, 2013.

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

Phone: 502.782.2623 | Fax: 502.564.3460 | Web: www.psc.ky.gov

From: Cocanougher, Kristen [mailto
Sent: Monday, February 18, 2013 11:34 AM
To: PSC - Reports
Subject: RE: Duke Energy Kentucky Annual Reporting Inquiry
Importance: High

Good afternoon,

Please see the attached letter requesting an extension of time until April 30, 2013 to submit the 2012 Duke Energy Kentucky Annual Financial and Statistical Reports.

Thank you in advance for your assistance.

Kristen Cocanougher
Sr. Paralegal
Duke Energy Business Services LLC
139 E. Fourth Street, 1212 Main
Cincinnati, Ohio 45201
Phone (513) 287-4315
Fax (513) 287-4386
E-mail: kristen.cocanougher@duke-energy.com

Duke Energy®

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 O. D'Ascenzo
Associate General Counsel

VIA ELECTRONIC MAIL

February 18, 2013

Mr. Jeff D. Cline
Public Service Commission
Commonwealth of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Dear Mr. Cline:

This letter is to request an extension of time until April 30, 2013 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 18, 2013 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 31, 2013 deadline.

Very truly yours,

Rocco D'Ascenzo

451609

DUKE ENERGY®

RECEIVED

MAR 28 2013

PUBLIC SERVICE COMMISSION

139 East Fourth Street, 1212-Main
Cincinnati, OH 45202

Telephone: (513) 287-4356
Facsimile: (513) 287-4386

E. Minna Rolfes
Paralegal
E-mail: Minna.Rolfes@duke-energy.com

March 27, 2013

VIA OVERNIGHT DELIVERY
Mr. Jeff Cline
Branch Manager of Financial Analysis
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: Duke Energy Kentucky, Inc.'s Annual Report-Calendar Year 2012

Dear Mr. Cline:

Enclosed please find Duke Energy Kentucky, Inc.'s ("Duke Energy Kentucky") Annual Report to the Commission pursuant to 807 KAR 5:080, *Procedural and filing requirements and safeguards concerning nonregulated activities of utilities or utility affiliates.*

Please note that the responses to Commission data requests filed annually as ordered in Administrative Case No. 387 are being filed separately upon request.

Very truly yours,

E. Minna Rolfes

E. Minna Rolfes
Paralegal to Rocco D'Ascenzo

EMR
Enclosure

Index to the Annual Reporting of Duke Energy Kentucky, Inc. Calendar year 2012

DATA REQUIREMENT	SOURCE	REPORT
Description of Change to Cost Allocation Manual	807 KAR 5:080, Section 2 (1)(a)	Duke Energy Kentucky's Cost Allocation Manual will be filed with the Commission as required by 807 KAR 5:080, section 3. The updated manual reflects: 1) updates to the various reporting requirements of non-regulated activities.
Incidental nonregulated activities	807 KAR 5:080, Section 2 (1)(b)	Exhibit A
List of nonregulated affiliates	807 KAR 5:080, Section 2 (1)(c)	Exhibit B
Copy of service agreements	807 KAR 5:080, Section 2 (2)	Exhibit C Amended and Restated Purchase and Sale Agreement was amended on or about October 27, 2010. The Agreement was updated to include <u>Receivables Dispositions,</u> Section 2.7 and Section 3 was slightly amended. Also, the signatories and addresses are being updated. Various service agreements approved in Case No. 2011-235 were finalized and executed to reflect completion of merger between Duke Energy Corp., and Progress Energy. The changes in the agreements, although effective upon completion of the merger on July 2, 2012, were only recently executed.

Exhibit A

A report on the utility's incidental nonregulated activity that describes the activity and provides justification for reporting the nonregulated activity as an incidental nonregulated activity, including:

1. *Revenue per year or percentage of total revenue per year of the activity reported as an incidental nonregulated activity;*
2. *A calculation demonstrating the manner in which the affected utility has determined the percentage of revenue set forth in subparagraph 1 of this paragraph;*
3. *A full explanation as to why the activity reported as an incidental nonregulated activity is reasonably related to the affected utility's regulated services*

INCIDENTAL AND NON-REGULATED ACTIVITIES OF DUKE ENERGY KENTUCKY
For Year Ended December 31, 2012

Activity	Revenues
Gas Curb to Meter & Misc. Replacement & Repair Optional service offered to customers who need to have their customer-owned curb-to-meter service line replaced, maintained or repaired.	0
Joint Underground Trench – Telephone, internet and cable wiring Offers telecom and cable providers the option of placing their facilities in the same underground trench as those of the Company.	104,299
Pilot Lights Optional service offered to customers whose furnace or water heater pilot light needs to be re-lit. Usually offered when customer smells gas and calls the Company to investigate where the cause of the gas odor is an unlit pilot light.	150
Pole Sets Optional service offered to private "utility pole" owners whereby the Company will use its equipment and expertise to set a customer-owned pole into the ground.	76,900
Property Management – Lease/Rental General lease of Company land to another.	1,049,369
Repair Underground Electric – Permanent/Temp Service Optional service offered to customers who need to have their customer-owned underground electric line replaced, maintained or repaired.	4,310
Underground Repair Protection	6,300
Miscellaneous Work Performed on Customer Premises	43.279
Total 2012 Duke Energy Kentucky Non-Utility/Non-Regulated Revenue	1,284,607
Total 2012 Duke Energy Kentucky Revenue	428,911,934
Non-Utility/Non-Regulated % of Total Revenue	.30%

Exhibit B

A list of nonregulated affiliates and a brief description of the activities in which each affiliate is involved.

See attached. The entities on the attached list are non-regulated affiliates of Duke Energy Kentucky, Inc. except for certain affiliates that are regulated by other state utility commissions or the Federal Energy Regulatory Commission. The major regulated affiliates of Duke Energy Kentucky, Inc. are: Duke Energy Ohio, Inc.'s gas and electric transmission and distribution business, Duke Energy Indiana, Inc. and Duke Energy Carolinas, LLC.

DUKE ENERGY KENTUCKY, INC. - AFFILIATE LIST
as of 03/13/2013

Name	Nature of Business
ADAGE LLC	Identify, evaluate, develop, and pursue Biomass oppurtunities in the US.
Advance SC LLC	Distribute a portion of bulk power marketing revenues of Duke Power Company for certain South Carolina public assistance programs, education programs, economic development funding and manufacturing competitiveness funding. FERC Form 1: Grant making
Aguaytia Energy del Peru S.R.L. Ltda.	Peruvian limited liability company which provides thermal electric generation in the Peruvian Amazon Basin, and is dedicated to operations in connection to natural gas and derivates.
Aguaytia Energy, LLC	Delaware limited liability holding company which owns 97.2238% of Aguaytia Energy del Peru SRL Ltda.
American Tax Credit Corporate Fund II	Real Estate Investments
Andershaw Wind Power Limited	Special purpose joint venture UK company formed with Statkraft UK Limited will hold assets of the Andershaw Wind Farm in order to facilitate the sale of the Berry Burn Windfarm
APOG, LLC	To provide technical, engineering and procurement support services to and for the benefit of Member-owned or operated nuclear facilities.
Asheville-Mountainside LLC	Real Estate Investments
Baker House Apartments LLC	Real Estate Development
Ball Hill Windpark, LLC	Developing a wind power generation project known as the "Ball Hill Windpark Project" in Villenova and Hanover Townships in Chautaqua County in New York State.
Barmoor Wind Power Limited	Special purpose company to hold assets of the Barmoor Wind Project in England and to facilitate the sale of the Barmoor Wind Project.
Berkley East Solar LLC	constructing and developing a 3.0 MW AC photovoltaic power plant to be located in the Town of Berkley, MA
Bison Insurance Company Limited	Bison Insurance Company Limited is a captive insurance company that insures the risks of Duke Energy Corporation and many of its subsidiaries and affiliates. Duke insures part or all of its risks with Bison, and Bison in turn retains a portion of its reinsurance premiums, claim costs and expenses and invests its cash just as any other insurance company would do.
Black Mountain Solar, LLC	Developing, constructing and thereafter operating and maintaining a 9.87 megawatt "MW" DC solar photovoltaic electric generation facility in Mojave County, AZ near the City of Kingman.
Boston Capital Corporate Tax Credit Fund	Real Estate Investments
Caldwell Power Company	The purpose of this entity is to generate, transmit, and distribute electric power and preserve property rights.
Capitan Corporation	Real Estate Operations
Carofund, Inc.	Investments in Real Estate Rental
CaroHome, LLC	Investments in Real Estate Rental
Carolina Power & Light Company	The production, transmission, distribution, and sale of electricity in North and South Carolina

Carolinas Virginia Nuclear Power Associates, Inc.	The Duke Power nuclear progam began in 1956 with the formation of the Carolinas Virginia Nuclear Power Associates, Inc. (CVNPA), consisting of Duke Power, Carolina Power & Light, Virginia Electric Power Company, and South Carolina Electric & Gas. CVNPA sponsored the construction and operation of the demonstration Carolinas-Virginia Tube Reactor (CVTR) at the Parr site, north of Columbia, SC. The CVTR began its demonstration mission in 1964 with a generating capacity of 17 Mwe, and completed its mission in January, 1967. Decommissioning of the plant was delayed until 2001; it currently still on-going (Non-profit)
Catamount Celtic Energy Limited	Developing windpower generation in the United Kingdom
Catamount Energy Corporation	Owns non-regulated power generation companies in the USA and United Kingdom
Catamount Energy SC 1	Limited partnership that owns a Scottish limited company for wind power development
Catamount Energy SC 2	Limited partnership that owns a Scottish limited company for wind power development
Catamount Energy SC 3	Limited partnership that owns a Scottish limited company for wind power development
Catamount Rumford Corporation	Limited Partner in a cogeneration plant in Maine
Catamount Sweetwater 1 LLC	Member of a Limited Liability Company that owns wind power assets in Texas
Catamount Sweetwater 2 LLC	Member of a Limited Liability Company that owns wind power assets in Texas
Catamount Sweetwater 3 LLC	Member of a Limited Liability Company that owns wind power assets in Texas
Catamount Sweetwater 4-5 LLC	Member of a Limited Liability Company that owns wind power assets in Texas
Catamount Sweetwater 6 LLC	Member of a Limited Liability Company that is developing a wind facility in Texas
Catamount Sweetwater Corporation	Member of three Limited Liability Companies
Catamount Sweetwater Holdings LLC	Holding company that owns LLCs with interests in wind power assets in Texas
Catawba Manufacturing and Electric Power Company	The purpose of this entity is to generate, transmit and distribute electric power and preserves property rights.
CEC UK1 Holding Corp.	General Partner in Scottish limited partnerships
CEC UK2 Holding Corp.	Limited Partner in Scottish limited partnerships
CEC Wind Development LLC	Owns assets in windpower projects being developed in various states
Cedar Tree Properties Limited Partnership	Real Estate Rental
CES Sterling LLC	constructing and developing a 2.0 MW AC photovoltaic power plant to be located in the town of Sterling, Massachusetts
CGP Global Greece Holdings, SA	Greek company which holds 51% (ownership of Attiki Denmark ApS) interest in the Attiki Gas Project, and debt for the project.
Cimarron Windpower II, LLC	Project company that has been developing, constructing, owning and operating an approximately 131.1 megawatt wind-powered electric generation facility located in Gray County, KS
CinCap V, LLC	Markets electricity at wholesale.
Cinergy Climate Change Investments, LLC	Formed to facilitate investments by Cinergy or its subsidiaries, and other energy companies in forestation projects in the Lower Mississippi River Valley, and possibly other sites, as a means for removing carbon dioxide (Co2) from the atmosphere.
Cinergy Corp.	The parent holding company of Duke Energy Indiana, Inc., Duke Energy Ohio, Inc., and Cinergy Investments, Inc.

Cinergy Global (Cayman) Holdings, Inc.	Cayman holding entity. Formed to be utilized in connection with future EWG or FUCO acquisitions by Cinergy Corp.
Cinergy Global Holdings, Inc.	Delaware holding company which holds 100% of Cinergy Holdings B.V. and 1 share in CGP Global Holdings, SA.
Cinergy Global Power Africa (Proprietary) Limited	South African entity is currently in process for dissolution.
Cinergy Global Power, Inc.	To engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "GCL").
Cinergy Global Resources, Inc.	The U.S. holding company created for Cinergy's international, non-regulated investments, as well as its domestic initiatives in renewable generation. Through its subsidiaries, Cinergy Global Resources, Inc. holds interests in power generation, transmission and distribution projects worldwide and is also active in European gas and electricity markets. Assets in operation/development are located in various countries, including the Czech Republic, Denmark, Greece, Kenya, Spain, South Africa, England and Wales, Cayman Islands, the Netherlands, Poland, the U.S. and the Republic of Zambia. O'Neill, Teri 6/14/2004 1:37:27 PM
Cinergy Global Tsavo Power	Holds 48% interest in IPS-Cinergy Power Limited, a Kenyan entity, through its joint venture with Industrial Promotion Services (Kenya) Limited which holds the other 51.8% in IPS-Cinergy Power Limited.
Cinergy Investments, Inc.	A non-utility subsidiary holding company that holds the majority of Cinergy's domestic non-utility businesses.
Cinergy Power Generation Services, LLC	Provides generation services, such as operation and maintenance services, to owners of electric generating facilities.
Cinergy Receivables Company LLC	Intended to and shall operate and function as a Qualified Special Purpose Entity ("QSPE") as that term is defined in the Statement of Financial Ccounting Standards No. 140 ("FASB 140"). For detailed purpose, please refer to Section 7 of the A&R LLC Agreement dated 3.31.2002. Cinergy Receivables Company LLC was formed for the purpose of purchasing the accounts receivables and related rights of Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc and Duke Energy Ohio, Inc. and then securitizing such receivables through a loan agreement with certain commercial banks.
Cinergy Retail Power General, Inc.	Formed to serve as the general partner of Cinergy Retail Power, L.P.
Cinergy Solutions - Utility, Inc.	To provide engineering, construction, operation and maintenance services with respect to electric and natural gas systems and infrastructure.
Cinergy Solutions Partners, LLC	The Company may carry on any lawful business, purpose or activity.
Cinergy Technology, Inc.	Manages Cinergy's existing non-regulated, technology-related investments, assess the market potential for non-regulated product and service development opportunities, and form key alliances for non-regulated product development.
Cinergy Wholesale Energy, Inc.	Cinergy Wholesale Energy, Inc. is a holding company for non-utility energy services businesses. O'Neill, Teri 6/14/2004 1:40:49 PM
Cinergy-Centrus Communications, Inc.	Inactive and being held open for tax purposes.
Cinergy-Centrus, Inc.	Inactive and is being held open for tax purposes.
Claiborne Energy Services, Inc.	Is the general partner of Clean Energy Partners Limited Partnership, a limited partnership which was formed to develop, own and operate a coal gasification electric power facility. Own and operate a uranium enrichment facility.
Clear Skies Solar Holdings, LLC	Holding company for Clear Skies Solar, LLC
Clear Skies Solar, LLC	Parent company that will hold 9 solar project companies

Comercializadora Duke Energy de Centro America, Limitada	Guatemalan company used as a trading and marketing vehicle. It was originally formed to buy excess electricity from El Salvador and sell it in the open market. It also buys power from DEI Guatemala y Cia SCA (Planta Arizona and Planta Las Palmas) under a PPA with that entity.
Conterra Ultra Broadband Holdings, Inc.	Conterra is a facilities-based, FCC common carrier that provides high quality, high capacity backhaul and wide area network services for mobile carriers, school districts and government entities throughout the country.
CS Murphy Point, LLC	Project company which owns and is developing and constructing a 998 kilowatt (DC) solar PV electric generation facility located on a site in Notla Township, Cherokee County, NC at 70 Wingate Road, Murphy, NC 28906
CST General, LLC	To transact of any and all lawful business for which limited liability companies may be organized under the Texas Limited Liability Company Act.
CST Green Power, L.P.	Purpose is to be the project company that will partially own and manage a long-term co-generation project located in Texas.
CST Limited, LLC	The Company may carry on any lawful business, purpose or activity.
CTE Petrochemicals Company	Cayman partnership 50% owned by Texas Eastern Arabian Ltd. (Duke entity) and 50% owned by sub of Duke's partner, Celanese Corporation. CTE is the holding company for 50% interest in National Methanol Company, a methanol project in Saudi Arabia and JV with SABIC.
CURRENT Group, LLC	CURRENT provides electric utilities, a Smart Grid solution that increases the efficiency and reliability of the electric grid while reducing the environmental impact of electric usage.
D/FD Holdings, LLC	Holding company for previous D/FD companies
D/FD International Services Brasil Ltda.	Formed to be the contracting entity for the DI Project (and possibly other projects) in Brazil.
D/FD Operating Services LLC	Operation of electric generating plant
DATC Midwest Holdings, LLC	Holding company for DATC operating companies which will own and operate commercial transmission projects in the Midwest
DE Marketing Canada Ltd.	Holding Company/General Partner
DE Nuclear Engineering, Inc.	Nuclear Engineering Services
DEB - Pequenas Centrais Hidrelétricas Ltda.	Power generation and sale in Brazil.
DECAM Coal Gen FinCo, LLC	Holding Company
DECAM Gas Gen FinCo, LLC	Holding Company
DECAM Generation Holdco, LLC	Holding Company
DEGS Biomass, LLC	Acquiring, holding and funding 50% ownership interest in Adage, LLC.
DEGS NC Solar, LLC	To serve as a holding company for multiple solar project companies.
DEGS O&M, LLC	To operate and maintain several facilities owned by subsidiaries of KGen, LLC.
DEGS of Delta Township, LLC	To perform the construction and operating services for GM for the Delta Township assembly facilities.
DEGS of Lansing, LLC	Cinergy Solutions Operating Services of Lansing, LLC performs oversight, management, operation and maintenance of energy/utility service facilities at a General Motors vehicle assembly plant in Lansing, Michigan.

DEGS of Narrows, LLC	Formed for the purpose of operating, maintaining and managing the existing utility system at teh Celanese acetate manufacturing facility located in Narrows, Virginia.
DEGS of Shreveport, LLC	Cinergy Solutions Operating Services of Shreveport, LLC performs oversight, management, operation and maintenance of energy/utility service facilities at a General Motors vehicle assembly plant in Shreveport, Louisiana.
DEGS of South Charleston, LLC	To design, build, own, operate, and maintain certain steam generating equipment and ancillary water treatement equipment to be located at the UCC Technical Center in South Charleston, West Virginia.
DEGS of Tuscola, Inc.	Oversees the operations and staffing of a qualifying facility (QF) located in Tuscola, Illinois.
DEGS Solar, LLC	To serve as a holding company to hold all solar projects of Duke Energy Generation Services Holding Company, Inc. other than those in North Carolina.
DEGS Wind I, LLC	Holding Company for project companies which will develop wind assets.
DEGS Wind Supply II, LLC	To procure wind turbine generators from General Electric for projects under development by DEGS Wind I, LLC and its affiliates.
DEGS Wind Supply, LLC	The purpose of the Company is to engage in any activity for which limited liability companies may be organized in the State of Delaware.
DETMI Management, Inc.	Holding company.
Dixilyn-Field (Nigeria) Limited	Inactive, but still on the books
Dixilyn-Field Drilling Company	Inactive but still on the books
Dogwood Solar, LLC	Project company will hold solar assets for tax credit purposes
DS Cornerstone LLC	Joint Venture company formed to engage in developing, constructing, owning, financing, refinancing, selling or otherwise disposing of, operating, maintaining, improving and managing either or both of the Cimarron Windpower II or the Ironwood Windpower Project companies
DTMSI Management Ltd.	Holding Company
Duke Communications Holdings, Inc.	Provides telecommunications services, information services, selling or leasing of long-haul optic fiber capacity and energy management services.
Duke Energy Americas, LLC	Holding Company
Duke Energy Beckjord, LLC	Owns and operates a generation facility
Duke Energy Business Services LLC	Management Services
Duke Energy Carolinas Plant Operations, LLC	Performs the operations and maintenance and provides other plant services for power generation and energy facilities.
Duke Energy Carolinas, LLC	The production, transmission, distribution, and sale of electricity in North and South Carolina
Duke Energy Cerros Colorados, S.A.	Argentine entity which serves as the operator of both generation facilities in Argentina: Alto Valle and Planicia Banderita.
Duke Energy China Corp.	Corporate staff operations; General Partner (1%) in PanEnergy Services Limited Partnership.
Duke Energy Commercial Asset Management, Inc.	Face to the market to perform hedge transactions for non-regulated Duke Energy Corporation affiliates.
Duke Energy Commercial Enterprises, Inc.	Duke Energy Commercial Enterprises, Inc. (f/k/a Cinergy Capital & Trading, Inc.) is engaged in the business of marketing energy commodities at wholesale.
Duke Energy Conesville, LLC	Owns and operates a generation facility

Duke Energy Corporate Services, Inc.	Serves as the holding company to Duke Energy Business Services LLC
Duke Energy Corporation	Holding Company.
Duke Energy Dicks Creek, LLC	Owns and operates a generation facility
Duke Energy Egenor S. en C. por A.	Peruvian joint stock company which owns 2 central hidroelectric plants: 263 MW Canon del Pato and 95 MW Carhuaquero. Also owns 6 thermoelectric plants in the north of Peru: 43 MW in Piura; 63 MW in Chimbote; 21 MW in Trujillo; 24 MW in Chiclayo; 9 MW in Paita; and 10 MW in Sullana.
Duke Energy Electroquil Partners	Delaware general partnership holding 99.75% in Duke Energy International del Ecuador Cia. Ltda. in connection with the Electroquil facility in Guayaquil, Ecuador.
Duke Energy Fayette II, LLC	Owns and operates a generation facility
Duke Energy Generating S.A.	Argentine holding company for Duke's 90.87% interest in Duke Energy Cerros S.A., an Argentine company which serves as the operator for both facilities in Argentina: Alto Valle and Palanicia Banderita.
Duke Energy Generation Services Holding Company, Inc.	Markets an array of energy-related products and services and develops, acquires, owns and operates certain energy-related projects.
Duke Energy Generation Services, Inc.	Develops, acquires, owns and operates certain energy-related businesses, formerly conducted by Cinergy Solutions Holding Company, Inc.
Duke Energy Group Holdings, LLC	Delaware limited liability company which holds the 100% ownership interest in Duke Energy Group, LLC.
Duke Energy Group, LLC	Delaware limited liability company with interests in Duke's international companies involved with electric power projects and marketing of electric power.
Duke Energy Guatemala Ltd.	Bermuda holding company which holds ownership interest in Guatemalan entities which generate, sell, supply, transmit, trade in, purchase and market electricity, natural gas, and hydro carbon products.
Duke Energy Guatemala Transco Limitada	Guatemalan entity that owns and operates a 230 kv electric transmission line facility in Guatemala.
Duke Energy Guatemala y Compania Sociedad en Comandita por Acciones	Guatemalan joint stock entity which owns and operates with Duke Energy Transco Ltda an 235 MW electric generation facility in Guatemala which is comprised of the 150 MW Arizona plant and the 85 MW Las Palmas plant.
Duke Energy Hanging Rock II, LLC	Owns and operates a generation facility
Duke Energy Indiana, Inc.	The production, transmission, distribution, and sale of electricity in North Central, Central, and Southern Indiana.
Duke Energy Industrial Sales, LLC	The purpose of this entity is to engage in the sale of coal and other supplies to industrial companies.
Duke Energy International (Europe) Holdings ApS	Danish holding company slated for dissolution pending dissolutions of its UK subsidiaries.
Duke Energy International (Europe) Limited	UK company in process of voluntary dissolution.
Duke Energy International Antilaf Generación SpA	SPV 2 Holding Company for Hydro Plants in Chile - Ibener/Duke Energy Duqueco SA
Duke Energy International Argentina Holdings	Cayman entity slated for dissolution.
Duke Energy International Argentina Marketing/Trading (Bermuda) Ltd.	Bermuda entity slated for dissolution.
Duke Energy International Asia Pacific Ltd.	Bermuda holding company slated for dissolution pending liquidation of its subsidiaries.
Duke Energy International Aylen Generación SpA	SPV 1 Holding Company for Hydro Plants in Chile - Ibener/Duke Energy Duqueco SA
Duke Energy International Brasil Commercial, Ltda.	Brazilian entity which holds 99.99% in Duke Trading do Brasil Ltda.

Duke Energy International Brasil Holdings, LLC	Delaware entity which holds the minority interest in Duke Energy International Brasil Ltda.
Duke Energy International Brazil Holdings Ltd.	Bermuda holding company for Duke Energy International's assets in Brazil.
Duke Energy International Chile Holding I B.V.	Holding company for potential Chilean project.
Duke Energy International Chile Holding II B.V.	Holding company for potential Chile project.
Duke Energy International Chile Holding II BV Sociedad en Comandita por Acciones	Project company for potential Chilean project.
Duke Energy International Comercializadora de El Salvador, S.A. de C.V.	Salvadorean entity used for energy trading and marketing throughout the Central American region; import, export and domestic electric energy transactions.
Duke Energy International del Ecuador Cia. Ltda.	Ecuadorean company which owns 82.7482% in Electroquil SA, an electric power generation company located in Guayaquil, Ecuador.
Duke Energy International El Salvador Investments No. 1 Ltd	Bermuda holding entity for Duke Energy International's assets in El Salvador.
Duke Energy International El Salvador Investments No. 1 y Cia. S. en C. de C.V.	Salvadorean holding entity for Duke Energy International's assets in El Salvador..
Duke Energy International El Salvador, S en C de CV	Salvadorean operating company - a thermal electric generation plant.
Duke Energy International Electroquil Holdings, LLC	Delaware holding entity which owns 0.25% interest in Duke Energy International del Ecuador Cia, Ltda.
Duke Energy International Espana Holdings, S.L.U.	Spanish holding entity which holds ownership interests in Argentina and Ecuador.
Duke Energy International Group Cooperatie U.A.	Dutch holding company used for various financial transactions within Duke Energy International.
Duke Energy International Group, Ltd.	Bermuda holding company for all of Duke Energy International's interests in Latin America.
Duke Energy International Guatemala Holdings No. 2, Ltd.	Bermuda holding entity slated for dissolution.
Duke Energy International Holding, Ltd.	Holding company
Duke Energy International Holdings B.V.	Dutch holding company used for various transactions within Duke Energy International.
Duke Energy International Investments No. 2 Ltd.	Bermuda holding company which holds a minority interest in Duke Energy Generating S.A. and Duke Energy International Southern Cone SRL.
Duke Energy International Latin America, Ltd.	Bermuda holding company for all of Duke Energy International's interests in Latin America.
Duke Energy International Mexico Holding Company I, S. de R.L. de C.V.	Mexican holding company used for various transaction within Duke Energy International.
Duke Energy International Mexico, S.A. de C.V.	Mexican company which previously managed the Campeche platform in Mexico. Currently in liquidation.
Duke Energy International Nehuén Generación SpA	Holding Company for Hydro Plants in Chile - Ibener/Duke Energy Duqueco SA
Duke Energy International Netherlands Financial Services B.V.	Dutch entity used for various financial transactions within DEI.
Duke Energy International Peru Inversiones No. 1, S.R.L.	Peruvian entity in process of dissolution.

Duke Energy International Peru Investments No. 1, Ltd.	Bermuda holding entity for the Peruvian companies.
Duke Energy International PJP Holdings, Ltd.	Bermuda entity slated for dissolution.
Duke Energy International Southern Cone SRL	Argentine limited liability entity set up for trade & marketing.
Duke Energy International Trading and Marketing (UK) Limited	Business Activity 4010 - As of October 25, 2006, Company is in process of voluntary dissolution.
Duke Energy International Uruguay Holdings, LLC	Delaware holding entity which holds a minority ownership interest in Duke Energy International Uruguay Investments, SRL.
Duke Energy International Uruguay Investments, S.R.L.	Uruguayan limited liability holding entity for Duke's assets in Argentina and Ecuador.
Duke Energy International, Brasil Ltda.	Brazilian company set up for the participation at bidding procedures and/or auctions for the transfer of ownership interests in electriicity companies in Brazil.
Duke Energy International, Geracao Paranapanema S.A.	Brazilian entity which owns and operates 8 hydroelectric generating facilities in the Paranapanema River in Sao Paulo, Brazil.
Duke Energy International, LLC	Delaware parent/holding company for all of the DEI subsidiaries.
Duke Energy Kentucky, Inc.	The transmission, distribution, and sale of electricity energy and the sale and transportation of natural gas in northern Kentucky. O'Neill, Teri 3/10/2004 3:50:41 PM
Duke Energy Killen, LLC	Owns and operates a generation facility
Duke Energy Lee II, LLC	Owns and operates a generation facility
Duke Energy Marketing America, LLC	Energy marketing and energy management for unregulated merchant energy facilities of Duke Energy North America, LLC.
Duke Energy Marketing Corp.	Was formed to engage in the marketing of electric power.
Duke Energy Marketing Limited Partnership	Engage in the business of purchasing, selling and marketing natural gas, electric power and other energy products and services in Canada.
Duke Energy Merchants, LLC	Provides financial, risk management and asset managment services to producers, transporters and users of global energy commodities and derivative products such as crude oil, refined products, LPGs, residual fuels, coal, and fertilizer.
Duke Energy Miami Fort, LLC	Owns and operates a generation facility
Duke Energy Moapa, LLC	Transact any and all lawful business for which limited liability companies may be organized under the act. All assets of the company were sold on 10/13/04. Company retains a title insurance policy which backs up the warranty deed given to Nevada Power and should not be dissolved.
Duke Energy Murray Operating, LLC	To own and operate merchant power plant.
Duke Energy North America, LLC	Development, ownership, and operation of energy facilities.
Duke Energy Ohio, Inc.	Engaged in the production, transmission, distribution and sale of electricity and the sale and transportation of natural gas in the southwestern portion of Ohio.

Duke Energy One, Inc.	Entity has two different businesses - one for residential customers and one for commercial/industrial customers. On the residential side, Michael Goldenberg directs DE One's strikestop and underground protection offerings. Strikestop is a whole-house surge protector that DE One sells to residential customers. Underground protection is an offering under which DE One repairs underground customer-owned electric. On the commercial/industrial side, Bruce Modlin directs DE One's customer-owned substation construction and maintenance activities. Evidently, there are large customers with their own transformers/substations. DE One builds these and repairs/maintains these.
Duke Energy Peru Holdings S.R.L.	Peruvian limiited liability holding company.
Duke Energy Piketon, LLC	Owns and operates a generation facility
Duke Energy Receivables Finance Company, LLC	Receivables finance company
Duke Energy Registration Services, Inc.	Manages the brand protection of Duke energy Corporation.
Duke Energy Renewable Services, LLC	To acquire and hold the Outland Energy onsite wind operating and maintenance business and to hold other renewable operating and maintenance service businesses as well.
Duke Energy Retail Sales, LLC	To provide retail gas and electric services.
Duke Energy Royal, LLC	Holding Company
Duke Energy Services Canada ULC	Purchasing, selling and marketing natural gas, electric power and other energy products.
Duke Energy Services, Inc.	a holding company.
Duke Energy Stuart, LLC	Owns and operates a generation facility
Duke Energy Trading and Marketing, L.L.C.	Market natural gas, electricity and other energy related commodities. Member companies are DETMI Management, Inc., 60% and Mobil Natural Gas, Inc., 40%.
Duke Energy Transmission Holding Company, LLC	Holding company for transmission joint venture.
Duke Energy Vermillion II, LLC	Owns and operates a generation facility
Duke Energy Washington II, LLC	Owns and operates a generation facility
Duke Energy Zimmer, LLC	Owns and operates a generation facility
Duke Investments, LLC	The Company may carry on any lawful business, purpose or activity.
Duke Project Services, Inc.	Engaged in engineering activities for coal projects.
Duke Supply Network, LLC	The Company may carry on any lawful business, purpose or activity.
Duke Technologies, Inc.	A holding company for various Cinergy investments and initiatives.
Duke Trading Do Brasil Ltda.	Brazilian entity used to purchase and sell electric power.
Duke Ventures II, LLC	The Company may carry on any lawful business, purpose or activity.
Duke Ventures Real Estate, LLC	Holder/owner of real property currently owned by Duke Ventures, LLC
Duke Ventures, LLC	Holding company
Duke/Fluor Daniel	Engineering activities to coal fired plants.

Duke/Fluor Daniel Caribbean, S.E.	Execution of an engineering, procurement and construction services agreement between the partnership and AES Puerto Rico, L.P.
Duke/Fluor Daniel El Salvador S.A. de C.V.	Per Skip Weiss: Entity apparently set up as a contracting entity for El Salvador, but is apparently dormant.
Duke/Fluor Daniel International	Provides engineering, construction and operation services inside the U.S. to coal fired electric plants outside the U.S.
Duke/Fluor Daniel International Services	Coal Fired Generating Plant Services
Duke/Fluor Daniel International Services (Trinidad) Ltd.	Execution of an engineering, procurement and construction services agreement between Duke/Fluor Daniel International Services (partnership) and InCOGEN Limited.
Duke/Louis Dreyfus L.L.C.	A limited liability company formed to engage in the marketing of power. It sells both natural gas and electricity throughout the US.
Duke-American Transmission Company, LLC	The Company is organized for the purpose of evaluating, analysing and assessing potential Projects transmission facilities to determine whether such potential Porjects can be authorized, constructed, owned and operated on a profitable basis, and for any purposes and activities necessary, convenient, or incidental to the conduct, promotion, or attainment of such purpose.
Duke-Cadence, Inc.	To engage in the construction, operation, development or ownership of cogeneration facilities or power production facilities. To enter into joint ventures and partnership agreements.
DukeNet Communications Holdings, LLC	Holding Company
DukeNet Communications, LLC	Telecommunication Services
DukeNet VentureCo, Inc.	Holding Company
DukeNet/TCG LLC	Wholesale provider of fiber-optic services
Duke-Reliant Resources, Inc.	Holds Cinergy's inevstment in Reliant Services, LLC.
Eastman Whipstock do Brasil Ltda.	Dormant entity
Eastman Whipstock, S.A.	Dormant. Oil and gas field services
Eastover Land Company	Entity created for purposes of holding the land for Eastover Mining.
Eastover Mining Company	Mining company (NOT a payroll entity)
Electroquil, S.A.	Ecuadorean entity which owns and operates 4 diesel-fired turbines of 180 MW near Guayaquil, Ecuador.
Energy Pipelines International Company	Engineering & Management Services. Currenty Inactive.
Equinox Vermont Corporation	Non-regulated ownership of biomass and cogeneration facilities in Vermont and Maine
Etenorte S.R.L.	Peruvian entity engaged in activities related to electricity transmission.
Eteselva S. R. L.	Peruvian limited liability company, and subsidiary of Aguaytia Energy, LLC which owns and operates transmission lines from Aguaytia, Peru to Paramanga, Peru and transmits electricity to customers in Peru.
First Partners Corporate Limited Partnership II	Real Estate Investments
Florida Power Corporation	The production, generation, transmission, distribution, and sale of electricity in Florida.
Florida Progress Corporation	Holding Company
Florida Progress Funding Corporation	Obtains financing for Florida Progress Corporation and its direct and indirect subsidiaries and serves as depositor of statutory business trusts through which securities are issued.

FPC Capital I	Issues certain 10% cumulative quarterly income preferred securities Series A (QUIPS).
Free State Windpower, LLC	Serves as a holding company to facilitate the financing of the Ironwood and Cimarron Windpower II wind facilities.
Gas Integral S.R.L.	Peruvian limited liability which gathers gas in connection with the Aguaytia asset.
Gato Montes Solar, LLC	Construct and develop a 6/1 megawatt (DC) solar photovoltaic electric generation project located in the Solar Zone of the Univ of AZ Tech Park in Tucson, AZ
Green Frontier Windpower Holdings, LLC	Holding company formed for the purpose of financing a portfolio of wind energy project companies
Green Frontier Windpower, LLC	To serve as a holding company to hold certain wind power project companies that would be financed by Duke on a portfolio basis
Greenville Gas and Electric Light and Power Company	This corporation shall have for its object the manufacture of gas, and the generating of electricity to be sold for lighting, heating, and all other purposes for which gas and electricity or eithe rof them may be used. The corporation also preserves property rights.
Grove Arcade Restoration LLC	Restoration of Public Market
Happy Jack Windpower, LLC	Owner of all the assets that comprise the 29.4 MW Happy Jack Windpower Project being developed in Cheyenne, Wyoming.
HGA Development, LLC	Real Estate Investments
Historic Property Management, LLC	Real Estate Rental - Holds investment interest in Tax Credit Projects
Iberoamericana de Energia Ibener SA	Operating Company of Hydro Plants in Chile.
IGC Aguaytia Partners, LLC	Cayman company with ownership interests in the Aguaytia project in Peru.
INDU Solar Holdings, LLC	To serve as a holding company for project companies related to the Commercial Rooftop Solar Program. To acquire, invest in, develop, improve, own, operate, finance, maintain, sell, lease, or otherwise dispose of, Project LLCs or, if not owned by a Project LLC, Energy Assets in accordance with Applicable Law and, to the extent applicable, the Master Development Agreement.
Inflexion Fund, LP	Real Estate Investments
Inver Energy Holdings I	Cayman Holding company establish for the San Cristobal Project in Guatemala and the Fuel Oil Supply Agreement with Glencore Ltd.
Inver Energy Holdings II	Cayman Holding company establish for the San Cristobal Project in Guatemala.
Inver-Energy y Cia. SCA	Guatemalan operating company establish for the San Cristobal Project in Guatemala.
IPS-Cinergy Power Limited	Holds a joint venture in Tsavo Power Company in Kenya.
Ironwood Windpower, LLC	Project Company that will hold the assets of the Ironwood Windpower project.
Ironwood-Cimarron Windpower Holdings, LLC	Serve as a holding company for the assets of Free State Windpower LLC.
ISH Solar AZ, LLC	To hold the assets of a solar project generating facility located in Prescott Valley, AZ
ISH Solar Beach, LLC	To acquire, own, operate, maintain & manage the solar power generating facility located on property owned by the Union Beach Board of Education at Memorial Elem School, 221 Morningside Ave, Union Beach, NJ 07735
ISH Solar CA, LLC	To hold the assets of 2 project solar generating facilities located in Santa Clara County, CA (SCC) and South Bayside Waste Management Agency in San Jose, CA (SBWMA).

ISH Solar Central, LLC	Owns, operates, maintains and manages the solar power generating facility located on property owned by the Central Regional School District/Board of Education at the High School & Middle School located on Forest Hills Parkway, Bayville, NJ 08721
ISH Solar Grin, LLC	Owns, operates maintains and manages the solar power generating facility located on property owned by GRINNELL Enterprises, Inc. in Sparta, NJ
ISH Solar Hospitals, LLC	This company holds various Kaiser solar projects that are developing and operating photovoltaic solar generating facilities located in Cudahy, Downey, Bellflower, Fontana, Irvine & San Diego, CA
ISH Solar Mouth, LLC	To acquire, own, operate, maintain and manage the solar power generating facility/facilities located on property owned by the County of Monmouth at various locations in Monmouth County, New Jersey
Kentucky May Coal Company, LLC	Coal Mining
Kinetic Ventures I LLC	Real Estate Investments
Kinetic Ventures II LLC	Real Estate Investments
Kit Carson Windpower, LLC	To develop, construct, own and operate a 51 MW wind farm facility located in Kit Carson County, Colorado, near Burlington.
KO Transmission Company	Engaged in the transportation of natural gas in interstate commerce between Kentucky and Ohio.
Laurel Hill Wind Energy, LLC	Limited Liability Company that owns and is developing and operating a wind powered electricity generation facility in Pennsylvania
Lehman Housing Tax Credit Fund L.P.	Investment in affordable housing
Los Vientos Windpower IA Holdings, LLC	Serve as a holding company for the project company that will hold Phase I of the Los Vientos Windpower project.
Los Vientos Windpower IA, LLC	Special purpose entity to hold Phase I of the Los Vientos Windpower project
Los Vientos Windpower IB Holdings, LLC	To serve as a holding company for the interests of the Los Vientos Windpower phase IB project company
Los Vientos Windpower IB, LLC	To own development rights, and ultimately to construct, own and operate the approximately 200 MW Phase IB of the Los Vientos Windpower project near Harlingen, TX
Louisiana Energy Services, LLC	A limited partnership formed to design, license, construct, own and operate a centrifuge uranium enrichment plant to be located in the U.S., and sell and provide enrichment services and products on a profitable basis therefrom.
Martins Creek Solar NC, LLC	Project company developing a 998 kilowatt (DC) solar photovoltaic ("PV") electric generation facility located in Murphy Township, Cherokee County, North Carolina
Maxey Flats Site IRP LLC	Real Estate Investments
McDonald Corporate Tax Credit Fund, L.P.	Investment in affordable housing
MCP, LLC	Owner of record of the land on which the Mill Creek Compustion Turbine Station sits in Cherokee County, South Carolina.
Miami Power Corporation	Owns an electric transmission line in Indiana. O'Neill, Teri 3/10/2004 3:56:30 PM
Murphy Farm Power, LLC	Owns and is developing and constructing a 998 kilowatt (DC) solar PV electric generation facility located on a site in Culberson, NC
National Corporate Tax Credit Fund VI	Investment in affordable housing.
National Methanol Company (IBN SINA)	A joint venture with SABIC for the operation of a methanol production plant in Saudi Arabia. 50% held by SABIC and 50% held by CTE Petrochemicals Company (Duke's partnership with Celanese).

North Allegheny Wind, LLC	Single purpose entity which owns and operates a 70 MW wind generating facility in Blair and Cambria Counties, Pennsylvania.
North Carolina Renewable Properties, LLC	Solar project company which owns and is developing and constructing a 998 kilowatt (DC) solar PV electric generation facility in Cherokee Ctny, NC at a site located at 480 Holiness Church Rd, Murphy, NC
NorthSouth Insurance Company Limited	A captive insurance company
Notrees Windpower, LP	Owner of all the assets that comprise that Notrees Windpower Project being developed in Ector and Winkler Counties, Texas.
NuStart Energy Development, LLC	NuStart Energy is a limited liability corporation comprised of ten power companies, created in 2004 for the dual purposes of: 1) obtaining a Construction and Operating License (COL) from the Nuclear Regulatory Commission (NRC), using the never before used, streamlined licensing process developed in 1992 and 2) completing the design engineering for the selected reactor technologies.
Ocotillo Windpower, LP	Owner of all the assets that comprise the 58.8 MW Ocotillo Windpower Project being developed near Big Spring, Texas.
Ohio Valley Electric Corporation	Formed for the purpose of providing the large electric power requirement projected for a major DOE uranium enrichment complex. OVEC has in turn a subsidiary called Indiana Kentucky Electric Corporation which provides similar services. Owns an electric generating facility and sells electricity to a government facility that makes weapons. It also provides the large electric power requirement for a major Department of Energy uranium enrichment complex.
Oklahoma Arcadian Utilities, LLC	Constructs, owns, operates and maintains energy-related facilities located at a General Motor vehicle assembly plant in Oklahoma City, Oklahoma.
Owings Mills Energy Equipment Leasing LLC	Energy equipment leasing
P.I.D.C. Aguaytia, L.L.C.	Delaware limited liability company with ownership interest in the Aguaytia project in Peru.
Pacific Power Holdings No. 1, B.V.	Danish Holding company for potential projects in Central America.
PanEnergy Corp.	Parent Company
Panoche Valley Solar LLC	Will develop and operate up to a 399 megawatt (ac) solar photovoltaic project to be located in Panoche Valley, CA
Peak Tower, LLC	Real Estate Rental
Peru Energy Holdings, LLC	Delaware holding company which holds 99% in Gas Integral SRL (Peru) with regard to the Aguaytia project in Peru.
Piedmont Venture Partners Limited Partnership	Venture capital firm created to invest in high-technology and biotechnology (including clean energy) private start-up companies in the research triangle (Raleigh, Durham and Chapel Hill) of NC and the Southeast. Currently in bankruptcy proceedings.
PIH Tax Credit Fund III, Inc.	Holds Investments in Affordable Housing Fund.
PIH Tax Credit Fund IV, Inc.	Holds Investments in Affordable Housing Fund.
PIH Tax Credit Fund V, Inc.	Holds Investments in Affordable Housing Fund.
PIH, Inc.	Holding Company for investments in affordable housing projects.
Pioneer Transmission, LLC	Joint Venture company formed to engage in developing, constructing, owning,transmission lines
Prairie, LLC	Real Estate Investments

Progress Capital Holdings, Inc.	Downstream holding company for Florida Progress subsidiaries, except Florida Power Corporation; Provides financing to subsidiaries
Progress Energy EnviroTree, Inc.	Formed to hold a 5% interest in Power Tree Carbon Company, LLC, a consortium of utilities with the purpose of generating credits similar to Emission Allowance Credits through tree planting projects designed to reduce carbondioxide emissions and global warming
Progress Energy Foundation, Inc.	To receive, administer, and make donation of funds for educational, scientific, and charitable purposes.
Progress Energy Service Company, LLC	Management Services
Progress Energy, Inc.	Holding Company
Progress Fuels Corporation	Procurement and transportation of coal and other bulk cargoes, railcar repair and marine transportation services.
Progress Telecommunications Corporation	Operate wholesale telecommunication services throughout the State of Florida
Progress Ventures Holdings, Inc.	The purpose for which the corporation is organized is to engage in any lawful business
Progress Ventures, Inc.	The Company may carry on any lawful business, purpose or activity.
Proyecto de Autoabastecimiento La Silla, S. de R.L. de C.V.	Mexican holding company used for various transactions within Duke Energy International.
PT Attachment Solutions, LLC	Telecommunication Services
PT Holding Company LLC	Wireless Services
Raleigh-CaroHome/WCK, LLC	Real Estate Investments
RE Ajo 1 LLC	Project company that owns, is developing and will operate a 5.0 megawatt (dc) ground-mounted solar photovoltaic (PV) plant currently in construction located near Ajo, Pima County, Az
RE AZ Holdings LLC	Commercial Solar Developer that owns 2 project solar companies in AZ: RE Ajo 1 LLC, and RE Bagdad Solar 1 LLC
RE Bagdad Solar 1 LLC	Project company that owns, is developing and will operate a 16.6 megawatt (dc) ground-mounted solar photovoltaic (PV) plant currently in construction located near Bagdad, Az
RP-Orlando, LLC	Project company that has been developing two solar photovoltaic ("PV") electric generation projects (Stanton project) and (Jetport project) to be located on property owned by the Orlando Utilities Commission in Orlando, FL
Ryegate Associates	Owns a biomass facility in Vermont
Sandy River Timber, LLC	Assemblage of land for future generation project use
SanGroup, LLC	Joint Venture
Seahorse do Brasil Servicos Maritimos Ltda.	Has been dormant for many years. Dissolution under review.
Searchlight Wind Energy LLC	Developing a windpower project in Nevada
SEC Bellefonte SD Solar One, LLC	Develop and own certain solar PV rooftop projects serving the Bellefonte SD in PA
SEC BESD Solar One, LLC	Develop and own certain solar PV rooftop projects serving the Bald Eagle SD in PA
Shirley Wind, LLC	Project Company which has developed and operates an approximately 20 megawatt wind-powered electric generation facility located in Brown Ctny, WI.

Shreveport Red River Utilities, LLC	The purpose of the company is to develop, design and construct the improvements; to own, operate and maintain the Central Utilities Complex; to obtain financiing for such activities; and to take all actions incident thereto (the "Purpose").
Silver Sage Windpower, LLC	Holds a lease for some property in Laramie County, Wyoming.
Solar Star North Carolina I, LLC	Special purpose company devoted to developing, constructing, owning, operating and selling the electricity and associated renwewable energy credits from its 1 megawatt (AC) solar electric generating facility in Shelby, NC (currently under construction).
Solar Star North Carolina II, LLC	Special purpose company devoted to developing, constructing, owning, operating and selling the electricity and associated renewable energy credits from its 5 one-megawatt (AC) solar photovoltaic electric generating facilities in Murfreesboro, Hertford County, NC (currently under development).
South Atlantic Private Equity Fund IV, LP	This partnership provides equity funds to privately owned emerging growth companies in both technology and in Technology related markets, with an emphasis on investments located in the southeastern United States, Florida and Texas.
South Construction Company, Inc.	Holds legal title to real estate and interests in real estate which are either not used and useful in the conduct of Duke Energy Indiana, Inc.'s business or which has some defect in title which is unacceptable to Duke Energy Indiana Inc.
Southern Power Company	The purpose of this entity is to generate, transmit, and distribute electric power and preserve property rights.
Strategic Resource Solutions Corp.	The Company may carry on any lawful business, purpose or activity.
SUEZ-DEGS of Orlando LLC	Develops, constructs, operates and maintains a district cooling business in Orlando, Florida.
SUEZ-DEGS of Owings Mills, LLC	Develops, constructs, operates and maintains a cogeneration facility located at the Sweetheart Cup Corporation in Owings Mills, Maryland.
SUEZ-DEGS, LLC	Engages in the preliminary development of cogeneration and/or thermal energy facilities. Specific projects are developed and held by special purpose affiliates.
Sugartree Timber, LLC	Hold land for future generation project use.
Sweetwater 4-5 Holdings LLC	Holding company that owns LLCs with interests in wind power assets in Texas
Sweetwater Development LLC	Developing a windpower project in Texas
Sweetwater Wind 1 LLC	Owns wind generation facility in Texas
Sweetwater Wind 2 LLC	Owns wind generation facility in Texas
Sweetwater Wind 3 LLC	Owns wind generation facility in Texas
Sweetwater Wind 4 LLC	Owns wind generation facility in Texas
Sweetwater Wind 5 LLC	Owns wind generation facility in Texas
Sweetwater Wind 6 LLC	Owns assets of windpower project being developed in Texas
Sweetwater Wind Power L.L.C.	Owns wind generation assets in Texas
Taylorsville Solar, LLC	To develop a 1 MW solar PV project in Alexander County, Taylorsville, North Carolina.
TBP Properties, LLC	Hold land for future project use
TE Notrees, LLC	Holding company.

TE Ocotillo, LLC	Holding company
TEC Aguaytia, Ltd.	Bermuda holding entity with indirect ownership interest in the Aguaytia project in Peru.
Termoselva S. R. L.	Peruvian limited liability company that owns and operates facility generating electricity in the Peruvian Amazon Basin.
Texas Eastern (Bermuda) Ltd.	Bermuda holding company with investments in international ventures.
Texas Eastern Arabian Ltd.	Investments in National Methanol Company.
The Duke Energy Foundation	To receive, administer, and make donation of funds for educational, scientific, and charitable purposes.
Three Buttes Windpower, LLC	Develop, construct, own and operate the Campbell Hill Windpower project near Casper, Wyoming.
Top of the World Wind Energy Holdings LLC	To act as the holding company of the project company that owns the Top of the World wind farm, and to pledge that ownership interest as security for a project financing arrangement upon the project.
Top of the World Wind Energy LLC	Developing windpower project in Wyoming
TRES Timber, LLC	Hold land for future project use
Tri-State Improvement Company	Acquiring and holding property in Ohio, Kentucky, and Indiana for substations, electric and gas rights of way, office space, and other uses in connection with the utility business of Duke Energy Ohio, Inc., and its utility subsidiaries. O'Neill, Teri 3/10/2004 3:53:24 PM
Tsavo Power Company Limited	Power plant at the Port of Mombasa, Kenya's main seaport. The facility sells power to Kenya Power and Lighting Corporation through a Purchased Power Agreement.
TX Solar I LLC	Special purpose company devoted to developing, constructing, owning, operating and selling the electricity and associated renewable energy credits from its 14 megawatt (AC) solar electric generating facility in San Antonio, TX (currently under construction).
Unidad de Transacciones, S.A. de C.V.	Administrates the wholesale electricity market in El Salvador, operate the transmission system, maintain safety, quality and security of the entire system, coordinate the dispatch of energy from generating plants and provide market participants timely information and services for the development of their activities.
Washington White Post Solar, LLC	Own, develop, construct, operate and maintain up to a 25 MWDC solar photovoltaic power project known as the Washington Solar Farm located in Beaufort County, NC
Wateree Power Company	The purpose of this entity is to generate, transmit, and distribute electric power and preserve property rights.
Western Carolina Power Company	The purpose of this entity is to generate, transmit, and distribute electric power and preserve property rights.
White Sands Solar, LLC	Project company will hold solar assets for tax credit purposes
Willow Creek Wind Energy LLC	Developing windpower project in Colorado
Wilrik Hotel Apartments LLC	Real Estate Development
WNC Institutional Tax Credit Fund, L.P.	Real Estate Investments
Zephyr Power Transmission LLC	Joint Venture company formed to engage in developing, constructing, owning,transmission lines

Exhibit C

A copy of each service agreement existing on the effective date of KRS 278.2201 through 278.2219 and remaining in effect shall be filed as an attachment to the annual report required by this subsection. After the initial filing, an affected utility shall file only new or amended service agreements with the annual report.

Intercompany Asset Transfer Agreement made and entered into as of July 2, 2012.

Operating Companies Service Agreement dated July 2, 2012.

Service Company Utility Service Agreement dated July 2, 2012.

Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax Liabilities and Benefits dated July 2, 2012.

Utility Money Pool Agreement made and entered into as of July 3, 2012.

INTERCOMPANY ASSET TRANSFER AGREEMENT

This **Intercompany Asset Transfer Agreement** (this "Agreement") is made and entered into as of July 2, 2012 (the "Effective Date") by and among Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE Carolinas"), Duke Energy Ohio, Inc., an Ohio corporation ("DE Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE Indiana"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-Carolinas"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation, and Duke Energy Kentucky, Inc., a Kentucky corporation ("DE Kentucky") (collectively the "Operating Companies" and, individually, an "Operating Company"). This Agreement supersedes and replaces in its entirety the Intercompany Asset Transfer Agreement dated December 22, 2008.

WITNESSETH:

WHEREAS, Duke Energy Corporation ("Duke Energy") is a Delaware corporation;

WHEREAS, each Operating Company is a subsidiary of Duke Energy and a public utility company;

WHEREAS, in the ordinary course of their businesses, the Operating Companies maintain inventory and other assets for the operation and maintenance of their respective electric utility, and with respect to DE Ohio and DE Kentucky, gas utility, businesses; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the Operating Companies' utility responsibilities, each Operating Company is willing, upon request from time to time, to transfer Assets, as defined herein, to each other Operating Company, as each shall request from each other.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

ARTICLE 1. TRANSFER OF ASSETS

Section 1.1 Transfer. Upon request from one party ("Recipient"), the other party ("Transferor") shall transfer to the Recipient those Assets requested by Recipient, provided that (i) Transferor believes, in its reasonable judgment, that such transfer will not jeopardize Transferor's ability to render electric utility service to its customers consistent with Good Utility Practice; (ii) the Cost of any shipment of transmission- or generation-related item(s) does not exceed $10,000,000; (iii) DE Carolinas and PE Carolinas shall not transfer any Asset hereunder in contravention of S.C. Code Ann. § 58-27-1300; (iii) DE Kentucky shall not transfer any Asset hereunder in contravention of KRS 278.218; (iv) DE Carolinas and PE Carolinas shall not transact with DE Ohio's generation operation under this Agreement and shall not transact with DE Kentucky or DE Indiana for purposes of circumventing or avoiding this prohibition; and (v) DE Carolinas and PE Carolinas shall not transfer or take receipt of any transmission transformers or other equipment under this Agreement other than transmission-related equipment that may be used on/with transformers within a range of voltages or regardless of voltage. "Assets" means parts inventory, capital spares, equipment and other goods except for the following: coal; natural gas; fuel oil used for electric power generation; emission allowances; electric power; and environmental control reagents. "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the United States during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, method, or acts generally accepted in the region.

Section 1.2 Compensation. Except to the extent otherwise required by Section 482 of the Internal Revenue Code or analogous state tax law, Recipient shall compensate Transferor for any Assets transferred hereunder at Cost; provided however that any transfers of electric generation-related Assets between DE Ohio, on the one hand, and DE Indiana, or DE Kentucky on the other hand, will be priced in accordance with Federal Energy Regulatory Commission's ("FERC") affiliate transaction pricing requirements. Accordingly, generation-related Assets transferred from DE Indiana or DE Kentucky to DE Ohio shall be priced at the greater of Cost or market, and generation-related Assets transferred from DE Ohio to DE Indiana or DE Kentucky shall be priced at no more than market. "Cost" means (i) for items of inventory accounted for in the FERC Uniform System of Accounts account 154 ("Inventory Items"), the average unit price of such Inventory Items as recorded on the books of the Transferor, plus stores, freight, handling, and other applicable costs, and (ii) for assets other than Inventory Items, net book value.

Alternatively, to the extent that an Asset may be transferred under this Agreement, the Transferor and Recipient may agree that the Asset transferred to the Recipient be replaced in kind. In this event, Transferor and Recipient shall agree to the timing of such replacement, and other necessary terms and conditions, and such in-kind replacement shall be deemed a transferred Asset for all purposes hereunder.

Section 1.3 Payment. Each Operating Company shall reasonably cooperate with each other Operating Company to record billings and payments required hereunder in their common accounting systems.

Section 1.4 Delivery; Title and Risk of Loss. The parties shall cooperate in providing transportation equipment necessary to deliver the Assets to the Recipient. Assets will be delivered FOB transportation equipment at the Transferor's location where such Assets reside ("Shipping Point"). All costs of transportation, including the cost of transporting in-kind replacement Assets to Transferor, shall be borne by the Recipient. Title to and risk of loss of the transferred Assets shall pass from the Transferor to the Recipient at the Shipping Point.

ARTICLE 2. WARRANTIES

Section 2.1 Warranties. Each Operating Company, as Transferor, warrants that it will have good and marketable title to the Assets transferred hereunder. Further, each Operating Company, as Transferor, warrants that it shall obtain release of any liens or other encumbrances on the transferred Assets within a reasonable time. ALL ASSETS TRANSFERRED HEREUNDER ARE BEING SOLD "AS IS, WHERE IS" AND WITHOUT ANY WARRANTY AS TO ITS CONDITION, INCLUDING WITHOUT ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 2.2 Disclaimer. WITH RESPECT TO ANY ASSETS TRANSFERRED HEREUNDER, EACH OPERATING COMPANY AS TRANSFEROR MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 2.1, AND THE PARTIES HERETO HEREBY AGREE THAT NO OTHER WARRANTY, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), SHALL BE APPLICABLE TO SUCH ASSETS. THE PARTIES FURTHER AGREE THAT THE REMEDIES STATED HEREIN ARE EXCLUSIVE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

ARTICLE 3. INDEMNIFICATION

Section 3.1 Indemnification; Limitation of Liability.

(a) Subject to subparagraph (b) of this Section 3.1, each party (the "Indemnifying Party") shall release, defend, indemnify and hold harmless the other party (the "Indemnified Party"), including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees), whether or not involving a third-party claim, incurred or sustained by or against any such Indemnified Party arising, directly or indirectly, from or in connection with Indemnifying Party's negligence or willful misconduct in the performance of its obligations hereunder.

(b) Notwithstanding any other provision hereof, each party's total liability hereunder with respect to any Assets shall be limited to the amount actually paid to Transferor for such Assets for which the liability arises, and under no circumstances shall Transferor be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

Section 3.2 Procedure for Indemnification. Within 15 business days after receipt by an Indemnified Party of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a "Proceeding") with respect to which it is eligible for indemnification hereunder, the Indemnified Party shall notify the Indemnifying Party thereof in writing (it being understood that failure so to notify the Indemnifying Party shall not relieve the latter of its indemnification obligation, unless the Indemnifying Party establishes that defense thereof has been prejudiced by such failure). Thereafter, the Indemnifying Party shall be entitled to participate in such Proceeding and, at its election upon notice to such Indemnified Party and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Indemnified Party, Indemnifying Party shall not enter into any settlement of any third-party claim that would lead to liability or create any financial or other obligation on the part of such Indemnified Party for which such Indemnified Party is not entitled to indemnification hereunder. If such Indemnified Party has given timely notice to Indemnifying Party of the commencement of such Proceeding, but Indemnifying Party has not, within 15 business days after receipt of such notice, given notice to Indemnified Party of its election to assume the defense thereof, Indemnifying Party shall be bound by any determination made in such Proceeding or any compromise or settlement made by Indemnified Party. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Indemnified Party to Indemnifying Party.

ARTICLE 4. MISCELLANEOUS

Section 4.1 Amendments. Any amendments to this Agreement shall be in writing executed by each of the parties hereto. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any affected state public utility commission for its review or otherwise, each Operating Company shall comply in all respects with any such requirements.

Section 4.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by either party upon not less than 30 days prior written notice to the other party. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of the parties hereto.

Section 4.3 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto. Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 4.4 Severability. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 4.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any party hereto without the prior written consent of the other party. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 4.6 Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of New York, without regard to conflicts of laws principles.

Section 4.7 Captions, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, "hereof," "hereunder," "herein," "hereto," and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 4.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

Section 4.9 DE Carolinas Conditions and PE Carolinas. In addition to the terms and conditions set forth herein, with respect to DE Carolinas and PE Carolinas, the provisions set out in Exhibit A are hereby incorporated herein by reference. In addition, except with respect to the pricing of Asset transfers as set forth herein, DE Carolinas' and PE Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued ______, ____, in Docket No. E-7, Sub 986 and E-2, Sub 998 ("Merger Order"), as such Regulatory Conditions and Code of Conduct may be amended from time to time. In accordance with Regulatory Condition 9 as approved in the Merger Order, nothing in this Agreement shall be construed or interpreted so as to commit DE Carolinas or PE Carolinas, or to involve DE Carolinas or PE Carolinas in, joint planning, coordination, or operation of generation, transmission, or distribution facilities with one or more affiliates nor shall it be interpreted as otherwise altering DE Carolinas' or PE Carolinas' obligations with respect to the Regulatory Conditions approved in the Merger Order. In the event of a conflict between the provisions of this Agreement and the Regulatory Conditions and Code, the Regulatory Conditions and Code shall govern, except as altered by the Commission by Order for this Agreement.

Section 4.10 DE Indiana Conditions. DE Indiana agrees and acknowledges that in accordance with its Affiliate Standards, Section II O (i) it will make Assets available to non-affiliated wholesale power marketers under the same terms, conditions and prices, and at the same time, as it makes Assets available to a DE Ohio's wholesale power marketing function, and (ii) it will process all requests for Assets from DE Ohio's wholesale power marketing function and non-affiliated wholesale power marketers on a non-discriminatory basis.

Section 4.11 Regulatory Approvals. This Agreement is expressly contingent on the receipt of all regulatory approvals or waivers deemed necessary by the parties.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an appropriate officer thereunto duly authorized.

Duke Energy Carolinas, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Duke Energy Indiana, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Ohio, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Kentucky, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Power Corporation d/b/a Progress Energy Florida, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

EXHIBIT A

DE CAROLINAS and PE CAROLINAS CONDITIONS

In connection with the North Carolina Utilities Commission ("NCUC") approval of the Merger in NCUC Docket No. E-7, Sub 986 and Docket No. E-2, Sub 998, the NCUC imposed certain Regulatory Conditions ("Regulatory Conditions") and adopted a revised Code of Conduct governing transactions between DE Carolinas and its affiliates ("Code of Conduct"). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DE Carolinas and PE Carolinas and considered to be incorporated into the Intercompany Asset Transfer Agreement:

(1) DE Carolinas' and PE Carolinas' participation in this Agreement is voluntary. Neither DE Carolinas or PE Carolinas is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE Carolinas or PE Carolinas may elect to discontinue its participation in this Agreement at its election after giving notice under Section 4.2 of the Agreement.

(2) Neither DE Carolinas nor PE Carolinas may make or incur a charge under this Agreement except in accordance with North Carolina law and the rules, regulations and orders of the NCUC promulgated thereunder.

(3) Neither DE Carolinas nor PE Carolinas may not seek to reflect in rates any (i) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (ii) revenue level earned under this Agreement less than the amount imputed by the NCUC; and

(4) DE Carolinas and PE Carolinas will not assert in any forum that the NCUC's authority to assign, allocate, make pro-forma adjustments to or disallow revenues and costs for retail ratemaking and regulatory accounting and reporting purposes is preempted and will bear the full risk of any preemptive effects of federal law with respect to this Agreement.

(5) DE Carolinas and PE Carolinas shall retain appropriate documentation verifying compliance with the terms hereof for Public Staff and NCUC review.

(6) DE Carolinas and PE Carolinas shall submit to the NCUC for approval any changes in the terms and conditions of this Agreement having or likely to have a material effect on DE Carolinas or PE Carolinas.

(7) DE Carolinas and PE Carolinas acknowledge and agree that for ratemaking purposes, NCUC approval of DE Carolinas' and PE Carolinas' participation in this Agreement does not constitute approval of the amount of compensation paid with respect to transactions pursuant to the Agreement, and that the authority granted by the NCUC is without prejudice to the right of any party to take issue with any provision of the Agreement or with any transaction pursuant thereto in a future proceeding.

OPERATING COMPANIES SERVICE AGREEMENT

This Operating Companies Service Agreement (this "Agreement"), dated July 2, 2012 (the "Effective Date"), by and among Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE-Carolinas"), Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PE-Carolinas"), a North Carolina corporation, and Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"). DE-Carolinas, DE-Ohio, DE-Indiana, DE-Kentucky, Miami, PE-Carolinas and PE-Florida are referred to collectively as the "Operating Companies" and, individually, an "Operating Company" supersedes and replaces in its entirety the Operating Company Service Agreement dated May 18, 2010.

WITNESSETH:

WHEREAS, Duke Energy Corporation ("Duke Energy") is a Delaware corporation;

WHEREAS, each Operating Company is a subsidiary of Duke Energy and a public utility company;

WHEREAS, in the ordinary course of their businesses, Operating Companies maintain organizations of employees with technical expertise in matters affecting public utility companies and related businesses and own or acquire related equipment, facilities, properties and other resources; and

WHEREAS, subject to the terms and conditions herein set forth, and taking into consideration the parties' utility responsibilities or primary business operations, as the case may be, the parties hereto are willing, upon request from time to time, to perform such services, and in connection therewith to make available such equipment, facilities, properties and other resources, as they shall request from each other;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

ARTICLE 1. PROVISION OF SERVICES; LOANED EMPLOYEES

Section 1.1 Provision of Services.

(a) Except as hereinafter provided with respect to DE Carolinas and PE Carolinas providing services for each other, upon receipt by a party hereto (in such capacity, a "Service Provider") of a written request in substantially the same form attached hereto as Exhibit A (a "Service Request") from another party hereto (in such capacity, a "Client Company") for the provision to such Client Company of such services as are specified therein, including if applicable use of any related equipment, facilities, properties or other resources (collectively, "Services"), the Service Provider, if in its sole discretion it has available the personnel or other resources needed to perform the Service Request without impairment of its utility responsibilities or business operations, as the case may be, shall furnish such Services to the Client Company at such times, for such periods and in such manner as the Client Company shall have so requested and otherwise in accordance with the provisions hereof.

(b) For purposes of this Agreement, "Services" may include, but shall not be limited to, services in such areas as engineering and construction; operations and maintenance; installation services; equipment testing; generation technical support; environmental, health and safety; and procurement services.

(c) "Services" may also include the use of assets, equipment and facilities, provided the Client Company compensates the Service Provider for such use in accordance with Article 3.

(d) For the avoidance of doubt, affiliate transactions involving sales or other transfers of assets, goods, energy commodities (including electricity, natural gas, coal and other combustible fuels) or thermal energy products are outside the scope of this Agreement.

Section 1.2 Loaned Employees.

(a) If specifically requested in connection with the provision of Services, Service Provider shall loan one or more of its employees to such Client Company, provided that such loan shall not, in the sole discretion of Service Provider, interfere with or impair Service Provider's utility responsibilities or business operations, as the case may be. After the commencement thereof, any such loaned employees may be withdrawn by Service Provider from tasks duly assigned by Client Company, prior to completion thereof as contemplated in the associated Service Request, only with the consent of Client Company (which shall not be unreasonably withheld or delayed), except in the event of a demonstrable emergency requiring the use of any such employees in another capacity for Service Provider.

(b) While performing work on behalf of Client Company, any such loaned employees shall be under its supervision and control, and Client Company shall be responsible for their actions to the same extent as though such persons were its employees (it being understood that such persons shall nevertheless remain employees of Service Provider and nothing herein shall be construed as creating an employer-employee relationship between any Client Company and any loaned employees). Accordingly, for the duration of any such loan, Service Provider shall continue to provide its loaned employees with the same payroll, pension, savings, tax withholding, unemployment, bookkeeping and other personnel support services then being provided by Service Provider to its other employees.

ARTICLE 2. SERVICE REQUESTS

Section 2.1 Procedure. All Services (including any loans of employees) (i) shall be performed in accordance with Service Requests issued by or on behalf of Client Company and accepted by Service Provider and (ii) shall be assigned to applicable activities, processes, projects, responsibility centers or on other appropriate bases to enable specific work to be properly assigned.

Service Requests shall be as specific as practicable in defining the Services requested. Client Company shall have the right from time to time to amend or rescind any Service Request, *provided* that (a) Service Provider consents to any amendment that results in a material change in the scope of Services to be provided, (b) the costs associated with an amended or rescinded Service Request shall include the costs incurred by Service Provider as a result of such amendment or rescission, and (c) no amendment or rescission of a Service Request shall release Client Company from any liability for costs already incurred or contracted for by Service Provider pursuant to the original Service Request, regardless of whether any labor or the furnishing of any property or other resources has been commenced or completed.

ARTICLE 3. COMPENSATION FOR SERVICES

Section 3.1 Cost of Services. As compensation for any Services rendered to it pursuant to this Agreement, Client Company shall pay to Service Provider the Cost thereof, except to the extent otherwise required by Section 482 of the Internal Revenue Code; provided, however, that with respect to Services relating to wholesale merchant or electric generation functions, applicable only to the non-regulated generating assets owned by DE Ohio and only during its ownership of said assets, such Services provided by DE Carolinas, PE Carolinas, PE Florida, DE Indiana, or DE Kentucky to DE Ohio shall be priced at the greater of Cost or market, and such Services provided by the non-regulated generating assets owned by DE Ohio and only during its ownership of said assets to DE Carolinas, PE Carolinas, PE Florida DE Indiana, or DE Kentucky shall be priced at no more than market. Any other Services provided by DE Carolinas, PE Carolinas PE Florida, DE Indiana or DE Kentucky to regulated DE Ohio or by regulated DE Ohio to DE Carolinas, PE Carolinas, PE Florida, DE Indiana, or DE Kentucky shall be provided at Cost. "Costs" means the sum of (i) direct costs, (ii) indirect costs and (iii) costs of capital. As soon as practicable after the close of each month, Service Provider shall render to each Client Company a statement reflecting the billing information necessary to identify the costs charged for that month. By the last day of each month, Client Company shall remit to Service Provider all charges billed to it. For avoidance of doubt, the Service Provider and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 3.2 Exception. In the event any Services to be rendered under this Agreement are to be provided to or from DE-Carolinas and PE-Carolinas in accordance with DE-Carolinas' and PE-Carolinas' North Carolina Code of Conduct at anything other than fully embedded cost as described above, then prior to entering into the transaction, DE-Indiana, DE-Kentucky, PE Florida or DE-Ohio, whichever is applicable, shall provide 30 days written notice to the respective state commission staffs and state consumer representatives explaining the proposed transaction, including the benefits of the transaction. If no objection is received within 30 days, then the transaction may proceed. If one or more third parties object to the transaction in writing within 30 days, then DE-Indiana, DE-Kentucky PE-Florida or DE-Ohio, whichever is applicable, must seek specific state commission approval of the transaction prior to entering into the transaction.

ARTICLE 4. LIMITATION OF LIABILITY; INDEMNIFICATION

Section 4.1 Limitation of Liability/Services. In performing Services pursuant to Section 1.1 hereof, Service Provider will exercise due care to assure that the Services are performed in a workmanlike manner in accordance with the specifications set forth in the applicable Service Request and consistent with any applicable legal standards. The sole and exclusive responsibility of Service Provider for any deficiency therein shall be promptly to correct or repair such deficiency or to re-perform such Services, in either case at no additional cost to Client Company, so that the Services fully conform to the standards described in the first sentence of this Section 4.1. No Service Provider makes any other warranty with respect to the provision of Services, and each Client Company agrees to accept any Services without further warranty of any nature.

Section 4.2 Limitation of Liability/Loaned Employees. In furnishing Services under Section 1.2 hereof (i.e., involving loaned employees), neither the Service Provider, nor any officer, director, employee or agent thereof, shall have any responsibility whatever to any Client Company receiving such Services, and Client Company specifically releases Service Provider and such persons, on account of any claims, liabilities, injuries, damages or other consequences arising in connection with the provision of such Services under any theory of liability, whether in contract, tort (including negligence or strict liability) or otherwise, it being understood and agreed that any such loaned employees are made available without warranty as to their suitability or expertise.

Section 4.3 Disclaimer. WITH RESPECT TO ANY SERVICES PROVIDED UNDER THIS AGREEMENT, THE SERVICE PROVIDER THEREOF MAKES NO WARRANTY OR REPRESENTATION OTHER THAN AS SET FORTH IN SECTION 4.1, AND THE PARTIES HERETO HEREBY AGREE THAT NO OTHER WARRANTY, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), SHALL BE APPLICABLE TO THE PROVISION OF ANY SUCH SERVICES. THE PARTIES FURTHER AGREE THAT THE REMEDIES STATED HEREIN ARE EXCLUSIVE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF ANY PARTY HERETO FOR A FAILURE BY ANY OTHER PARTY HERETO TO COMPLY WITH ITS WARRANTY OBLIGATIONS.

Section 4.4 Indemnification.

(a) Subject to subparagraph (b) of this Section 4.4, Service Provider shall release, defend, indemnify and hold harmless each Client Company, including any officer, director, employee or agent thereof, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees), whether or not involving a third-party claim, incurred or sustained by or against any such Client Company arising, directly or indirectly, from or in connection with Service Provider's negligence or willful misconduct in the performance of the Services.

(b) Notwithstanding any other provision hereof, Service Provider's total liability hereunder with respect to any specific Services shall be limited to the amount actually paid to Service Provider for its performance of the specific Services for which the liability arises, and under no circumstances shall Service Provider be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise (it being the intent of the parties that the indemnification obligations in this Agreement shall cover only actual damages and accordingly, without limitation of the foregoing, shall be net of any insurance proceeds actually received in respect of any such damages).

Section 4.5 Procedure for Indemnification. Within 15 business days after receipt by any Client Company of notice of any claim or the commencement of any action, suit, litigation or other proceeding against it (a "Proceeding") with respect to which it is eligible for indemnification hereunder, such Client Company shall notify Service Provider thereof in writing (it being understood that failure so to notify Service Provider shall not relieve the latter of its indemnification obligation, unless Service Provider establishes that defense thereof has been prejudiced by such failure). Thereafter, Service Provider shall be entitled to participate in such Proceeding and, at its election upon notice to such Client Company and at its expense, to assume the defense of such Proceeding. Without the prior written consent of such Client Company, Service Provider shall not enter into any settlement of any third-party claim that would lead to liability or create any financial or other obligation on the part of such Client Company for which it such Client Company is not entitled to indemnification hereunder. If such Client Company has given timely notice to Service Provider of the commencement of such Proceeding, but Service Provider has not, within 15 business days after receipt of such notice, given notice to Client Company of its election to assume the defense thereof, Service Provider shall be bound by any determination made in such Proceeding or any compromise or settlement made by Client Company. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice from the applicable Client Company to Service Provider.

ARTICLE 5. MISCELLANEOUS

Section 5.1 Amendments. Any amendments to this Agreement shall be in writing executed by each of the parties hereto. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any affected state public utility commission for its review or otherwise, each Operating Company shall comply in all respects with any such requirements.

Section 5.2 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect as to each party until terminated by any party, as to itself only, upon not less than 30 days prior written notice to the other parties hereto. Any such termination of parties shall not be deemed an amendment hereto. This Agreement may be terminated and thereafter be of no further force and effect upon the mutual consent of all of the parties hereto.

Section 5.3 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto. Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 5.4 Severability. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 5.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.6 Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of New York, without regard to conflicts of laws principles.

Section 5.7 Captions, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, "hereof," "hereunder," "herein," "hereto," and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 5.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

Section 5.9 DE-Carolinas and PE-Carolinas Conditions. In addition to the terms and conditions set forth herein, with respect to DE-Carolinas and PE-Carolinas, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, except with respect to the pricing of Services as set forth herein, DE-Carolinas' and PE-Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued, in Docket No. E-7, Sub 986 and E-2, Sub 998, as such Regulatory Conditions and Code of Conduct may be amended from time to time. In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an appropriate officer thereunto duly authorized.

Duke Energy Carolinas, LLC
By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Duke Energy Ohio, Inc.
By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Indiana, Inc.
By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Kentucky, Inc.
By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Miami Power Corporation
By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.
By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Power Corporation d/b/a Progress Energy Florida, Inc.

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

Exhibit A

eForms

Folder Name: efr148v1-000142
Status: New

Service Request for Affiliates

* Red Asterisk indicates required fields

Service Provider

* Service Provider ______ Selec
* Legal Approval Representative ______ Selec

Proposed Service

* Description of Proposed Service
Please Provide Basis for Estimated Costs, include # of employees requested and amount of time requested

* Estimated Costs (Numbers only, no commas or decimals) $0
* Scheduled Start Date
* Scheduled Completio Date

Client Company

* Client Company ______ Selec

Accounting Codes (FMIS/BDMS) of the Client Company Receiving the Service

* ** Process/Work Code(s) OR Project & Activities (FMIS only) OR GL Account must be entered

n/a / Corp. Number
* Operating Unit / Line of Business
* Resp. Center / Center
* Process / Work Code(s)
* Project
* Activity
* GL Account

Confirmation of Service Provider Utility Responsibilities by Service Provider Approver

* ☐ Check this box to confirm that this Service Request will not result in impairment of Service Provider's utility responsibilities or operations.

Miscellaneous Comments

Comments

Comments Log

Exhibit A

Attachments

Help

Filename | Size

Approver Selection

The approvers should be appropriate according to the Delegation of Authority (DOA) matrix.

Route To:	Name		Phone	Status
* Client Company		Select		
* Service Provider		Select		
* Legal				

Submitter Details

Created by: Pahutski, Michael J

Created on: 3/9/2008 11:09:03 AM

* Phone: (513) 419-1803

Last Modified by:

Last Modified:

Exhibit B

DE-CAROLINAS AND PE-CAROLINAS CONDITIONS

1. In connection with the North Carolina Utilities Commission ("NCUC") approval of the Merger in NCUC Docket No. E-7, Sub 986, and E-2, Sub 998, the NCUC adopted certain Regulatory Conditions ("Regulatory Conditions") and a revised Code of Conduct governing transactions between DE-Carolinas, PE-Carolinas and their affiliates ("Code of Conduct"). Pursuant to the Regulatory Conditions and Code of Conduct, the following provisions are applicable to DE-Carolinas and PE-Carolinas:

(a) DE-Carolinas's and PE-Carolinas' participation in this Agreement is voluntary. Neither DE-Carolinas nor PE-Carolinas is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE-Carolinas and PE-Carolinas may elect to discontinue its participation in this Agreement at its election after giving notice under Section 6.2 of the Agreement.

(b) Neither DE-Carolinas nor PE-Carolinas may not make or incur a charge under this Agreement except in accordance with North Carolina law and the rules, regulations and orders of the NCUC promulgated thereunder.

(c) Neither DE-Carolinas nor PE-Carolinas may seek to reflect in rates any (i) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (ii) revenue level earned under this Agreement less than the amount imputed by the NCUC; and

(d) Except to the extent that requesting FERC review and authorization pursuant to 1275(b) of Subtitle F in Title XII of PUHCA 2005, as provided in Regulatory Condition 21, may be determined to have preemptive effect under the law, neither DE-Carolinas nor PE-Carolinas will assert in any forum – whether judicial, etc. or support any other entity's assertions, etc. - that the NCUC's authority to assign, allocate, impute, make pro-forma adjustments to or disallow revenues and costs for retail ratemaking and regulatory accounting and reporting purposes is preempted and will bear the full risk of any preemptive effects of federal law with respect to this Agreement.

2. Transfers by DE-Carolinas or PE-Carolinas. With respect to the transfer by DE-Carolinas or PE-Carolinas under this Agreement of the control of, operational responsibility for, or ownership of any DE-Carolinas or PE-Carolinas assets used for the generation, transmission or distribution of electric power to its North Carolina retail customers with a gross book value in excess of ten million dollars, the following shall apply: (a) neither DE-Carolinas nor PE-Carolinas may commit to or carry out the transfer except in accordance with all applicable law, and the rules, regulations and orders of the NCUC promulgated thereunder; and (b) neither DE-Carolinas nor PE-Carolinas may not include in its North Carolina cost of service or rates the value of the transfer, whether or not subject to federal law, except as allowed by the NCUC in accordance with North Carolina law.

3. Access to DE-Carolinas or PE-Carolinas Information. Any Operating Company providing Services to DE-Carolinas or PE-Carolinas pursuant to this Agreement, including any loaned employees under Section 1.2 of the Agreement, shall be permitted to have access to DE-Carolinas and PE-Carolinas Customer Information and Confidential Systems Operation Information,

as those terms are defined in the Code of Conduct, to the extent necessary for the performance of such Services; provided that such Operating Company shall take reasonable steps to protect the confidentiality of such Information.

4. Procedure for Services Provided By DE Carolinas to PE Carolinas and PE Carolinas to DE Carolinas. DE Carolinas and PE Carolinas shall provide to each other, upon the terms and conditions set forth in this agreement, such of the services listed in the Operating Companies Service Agreement List on file with the North Carolina Utilities Commission, at such times, for such periods and in such manner as DE Carolinas or PE Carolinas may from time to time request of each other and which DE Carolinas or PE Carolinas concludes it is equipped to perform for each other. DE Carolinas and PE Carolinas may perform these services for each other as described in this paragraph without the requirement of a written request in substantially the form attached to this agreement as Exhibit A.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Revised, Proposed Operating Companies Service Agreement in Docket No. E-7, Sub 986A and Docket No. E-2, Sub 998A, has been served by electronic mail (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 21st day of June, 2012.

Kendrick, C. Fentress
Associate General Counsel
Duke Energy Carolinas, LLC
3700 Glenwood Ave, Suite 330
Raleigh, NC 27612
Kendrick.fentress@duke-energy.com
919.784.8454

SERVICE COMPANY
UTILITY SERVICE AGREEMENT

This Service Company Utility Service Agreement (this "Agreement"), dated July 2, 2012 (the "Effective Date") is by and among Duke Energy Carolinas, LLC ("DE-Carolinas"), a North Carolina limited liability company, Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-Carolinas"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"), Progress Energy Service Company, LLC, a North Carolina limited liability company ("PESC"), and Duke Energy Business Services LLC, a Delaware limited liability company ("DEBS"), (DEBS and PESC are sometimes hereinafter referred to individually as a "Service Company" and collectively as the "Service Companies") (DE-Carolinas, DE-Ohio, DE-Indiana, DE-Kentucky, PE-Carolinas, PE-Florida, and Miami are sometimes hereinafter referred to individually as a "Client Company" and collectively as the "Client Companies"). This Agreement supersedes and replaces in its entirety the Second Amended and Restated Utility Service Agreement dated September 1, 2008.

WITNESSETH

WHEREAS, each of the Client Companies and each of the Service Companies is a subsidiary of Duke Energy Corporation;

WHEREAS, the Service Companies and the Client Companies have entered into this Agreement whereby the Service Companies agrees to provide and the Client Companies agree to accept and pay for various services as provided herein at cost, except to the extent otherwise required by Section 482 of the Internal Revenue Code; and

WHEREAS, economies and efficiencies benefiting the Client Companies will result from the performance by the Service Companies of services as herein provided;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Agreement covenant and agree as follows:

ARTICLE I – SERVICES

Section 1.1 The Service Companies shall furnish to the Client Companies, upon the terms and conditions hereinafter set forth, such of the services described in Appendix A hereto, at such times, for such periods and in such manner as the Client Companies may from time to time request and which the Service Company concludes it is equipped to perform. The Service Companies shall also provide Client Companies with such special services, including without limitation cost management services, in addition to those services described in Appendix A hereto, as may be requested by a Client Company and which the Service Company concludes it is equipped to perform. In supplying such services, the Service Companies may (i) arrange, where it deems appropriate, for the services of such experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the rendition of such services, and (ii) tender payments to third parties as agent for and on behalf of Client Companies, with such charges being passed through to the appropriate Client Companies.

Section 1.2 Each of the Client Companies shall take from the Service Companies such of the services described in Section 1.1 and such additional general or special services, whether or not now contemplated, as are requested from time to time by the Client Companies and which the Service Company concludes it is equipped to perform.

Section 1.3 The services described herein shall be directly assigned, distributed or allocated by activity, process, project, responsibility center, work order or other appropriate basis. A Client Company shall have the right from time to time to amend, alter or rescind any activity, process, project, responsibility center or work order, provided that (i) any such amendment or alteration which results in a material change in the scope of the services to be performed or equipment to be provided is agreed to by the Service Company, (ii) the cost for the services covered by the activity, process, project, responsibility center or work order shall include any expense incurred by the Service Company as a direct result of such amendment, alteration or rescission of the activity, process, project, responsibility center or work order, and (iii) no amendment, alteration or rescission of an activity, process, project, responsibility center or work order shall release a Client Company from liability for all costs already incurred by or contracted for by the Service Company pursuant to the activity, process, project, responsibility center or work order, regardless of whether the services associated with such costs have been completed.

Section 1.4 The Service Companies shall maintain a staff trained and experienced in the design, construction, operation, maintenance and management of public utility properties.

ARTICLE II - COMPENSATION

Section 2.1 Except to the extent otherwise required by Section 482 of the Internal Revenue Code, as compensation for the services to be rendered hereunder, each of the Client Companies shall pay to the Service Company all costs which reasonably can be identified and related to particular services performed by the Service Company for or on its behalf. Where more than one Client Company is involved in or has received benefits from a service performed, costs will be directly assigned, distributed or allocated, as set forth in Appendix A hereto, between or among such companies on a basis reasonably related to the service performed to the extent reasonably practicable.

Section 2.2 The method of assignment, distribution or allocation of costs described in Appendix A shall be subject to review annually, or more frequently if appropriate. Such method of assignment, distribution or allocation of costs may be modified or changed by the Service Companies without the necessity of an amendment to this Agreement, provided that in each instance, all services rendered hereunder shall be at actual cost thereof, fairly and equitably assigned, distributed or allocated, except to the extent otherwise required by Section 482 of the Internal Revenue Code. The Service Companies shall promptly advise the Client Companies and the North Carolina Utilities Commission ("NCUC"), the Public Service Commission of South Carolina ("PSCSC"), the Indiana Utility Regulatory Commission ("IURC"), The Public Utilities Commission of Ohio ("PUCO"), the Kentucky Public Service Commission ("KPSC;" and together with the NCUC, the PSCSC, the IURC and the PUCO, the "Affected State Commissions") from time to time of any material changes in such method of assignment, distribution or allocation. Such notice shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

Section 2.3 The Service Companies shall render a monthly statement to each Client Company which shall reflect the billing information necessary to identify the costs charged for that month. By the last day of each month, each Client Company shall remit to each Service Company all charges billed to it. For avoidance of doubt, the Service Companies and each Client Company may satisfy the foregoing requirement by recording billings and payments required hereunder in their common accounting systems without rendering paper or electronic monthly statements or remitting cash payments.

Section 2.4 Subject to Section 482 of the Internal Revenue Code, it is the intent of this Agreement that the payment for services rendered by the Service Companies to the Client Companies shall cover all the costs of its doing business (less the cost of services provided to affiliated companies not a party to this Agreement and to other non-affiliated companies, and credits for any miscellaneous income items), including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, property insurance, injuries and damages, employee pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization and compensation for use of capital. Without limitation of the foregoing, "cost," as used in this Agreement, means fully embedded cost, namely, the sum of (1) direct costs, (2) indirect costs and (3) costs of capital.

ARTICLE III - TERM

Section 3.1 This Agreement is entered into as of the Effective Date and shall continue in force with respect to a Client Company until terminated by the Service Companies and Client Company with respect to such Client Company (provided that no such termination with respect to less than all of the Client Companies shall thereby affect the term of this Agreement or any of the provisions hereof) or until terminated by unanimous agreement of all the parties then signatory to this Agreement.

ARTICLE IV – ACCOUNTS AND RECORDS

Section 4.1 The Service Companies shall utilize the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Section 4.2 The Service Companies shall permit each Affected State Commission and applicable statutory utility consumer representative(s), together with other interested parties as required under applicable law, access to its accounts and records, including the basis and computation of allocations, necessary for each Affected State Commission to review a Client Company's operating results.

ARTICLE V – MISCELLANEOUS

Section 5.1 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other parties.

Section 5.2 Entire Agreement; No Third Party Beneficiaries. This Agreement (including Appendix A and any other appendices or other exhibits or schedules hereto) (i) constitutes the entire agreement, and supersedes any prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement; and (ii) is not intended to confer upon any person other than the parties hereto any rights or remedies.

Section 5.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict of laws.

Section 5.4 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 5.5 Amendments. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any Affected State Commission for its review or otherwise, each Client Company shall comply in all respects with any such requirements.

Section 5.6 Interpretation. When a reference is made in this Agreement to an Article, Section or Appendix or other Exhibit, such reference shall be to an Article or Section of, or an Appendix or other Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. References to a person are also to its permitted successors and assigns.

Section 5.7 DE-Carolinas and PE Carolinas Conditions. In addition to the terms and conditions set forth herein, with respect to DE-Carolinas and PE Carolinas, the provisions set out in Appendix B are hereby incorporated herein by reference. In addition, DE-Carolinas' and PE-Carolinas' participation in this Agreement is explicitly subject to the Regulatory Conditions and Code of Conduct approved by the NCUC in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued, in NCUC Docket No. E-7, Sub 986 and Docket No. E-2, Sub 998. In the event of any conflict between the provisions of this Agreement and the approved Regulatory Conditions and Code of Conduct provisions, the Regulatory Conditions and Code of Conduct shall govern.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date and year first above written.

DUKE ENERGY BUSINESS SERVICES LLC

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

DUKE ENERGY CAROLINAS, ~~LLC~~

By: Nancy M Wright

Nancy M. Wright
Assistant Secretary

DUKE ENERGY OHIO, INC.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY INDIANA, INC.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY KENTUCKY, INC.

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

MIAMI POWER CORPORATION

By: Nancy M Wright

Nancy M. Wright
Assistant Corporate Secretary

CAROLINA POWER & LIGHT COMPANY d/b/a
PROGRESS ENERGY CAROLINAS, INC.

By: Nancy M. Wright
Nancy M. Wright
Assistant Secretary

FLORIDA POWER CORPORATION d/b/a
PROGRESS ENERGY FLORIDA, INC.

By: Nancy M. Wright
Nancy M. Wright
Assistant Secretary

PROGRESS ENERGY SERVICE COMPANY, LLC

By: Nancy M. Wright
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Assistant Secretary

APPENDIX A

Description of Services and Determination of Charges for Services

I. The Service Companies will maintain an accounting system for accumulating all costs on an activity, process, project, responsibility center, work order, or other appropriate basis. To the extent practicable, time records of hours worked by Service Company employees will be kept by activity, process, project, responsibility center or work order. Charges for salaries will be determined from such time records and will be computed on the basis of employees' labor costs, including the cost of fringe benefits, indirect labor costs and payroll taxes. Records of employee-related expenses and other indirect costs will be maintained for each functional group within the Service Company (hereinafter referred to as "Function"). Where identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs will be directly assigned to such activity, process, project, responsibility center or work order. Where not identifiable to a particular activity, process, project, responsibility center or work order, such indirect costs within a Function will be distributed in relationship to the directly assigned costs of the Function. For purposes of this Appendix A, any costs not directly assigned or distributed by the Service Company will be allocated monthly.

II. Service Company costs accumulated for each activity, process, project, responsibility center or work order will be directly assigned, distributed, or allocated to the Client Companies or other Functions within the Service Company as follows:

1. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for a single Client Company or Function will be directly assigned and charged to such Client Company or Function.

2. Costs accumulated in an activity, process, project, responsibility center or work order for services specifically performed for two or more Client Companies or Functions will be distributed among and charged to such Client Companies or Functions. The appropriate method of distribution will be determined by the Service Company on a case-by-case basis consistent with the nature of the work performed and will be based on the application of one or more of the methods described in paragraphs IV and V of this

Appendix A. The distribution method will be provided to each such affected Client Company or Function.

3. Costs accumulated in an activity, process, project, responsibility center or work order for services of a general nature which are applicable to all Client Companies or Functions or to a class or classes of Client Companies or Functions will be allocated among and charged to such Client Companies or Functions by application of one or more of the methods described in paragraphs IV and V of this Appendix A.

III. For purposes of this Appendix A, the following definitions or methodologies shall be utilized:

1. Where applicable, the following will be utilized to convert gas sales to equivalent electric sales: 1 cubic foot of gas sales equals 0.303048 kilowatt-hour of electric sales (based on electricity at 3412 Btu/kWh and natural gas at 1034 Btu/cubic foot).

2. "Domestic utility" refers to a utility which operates in the contiguous United States of America.

3. "Gross margin" refers to revenues as defined by Generally Accepted Accounting Principles, less cost of sales, including but not limited to fuel, purchased power, emission allowances and other cost of sales.

4. "Distribution" means electric distribution and local gas distribution as applicable.

5. "Distribution Lines" mean electric power lines at distribution voltages measured in circuit miles, and gas mains and lines, as applicable.

The weights utilized in the weighted average ratios in paragraph V of this Appendix A shall represent the percentage relationship of the activities associated with the function for which costs are to be allocated. For example, if an expense item is to be allocated on the weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the Total Property, Plant and Equipment ("PP&E") Ratio, and the activity to be allocated is one-third gross margin related, one-third labor related and one-third PP&E related, 33 percent of the Gross Margin Ratio would be utilized, 33 percent of the Labor Dollars Ratio and 34 percent of the PP&E Ratio would be utilized. To illustrate this application, assuming that the Gross Margin Ratio were 53.75 percent for Company A and 46.25 percent for Company B, the Labor Dollars Ratio were 25 percent for Company A and 75 percent for Company B, and the Total PP&E Ratio were 60 percent for Company A and 40 percent for Company B, the following weighted average ratio would be computed:

		Company A		Company B	
Activity	Weight	Ratio	Weighted	Ratio	Weighted
Gross Margin Ratio	33%	53.75%	17.74%	46.25%	15.26%
Labor Dollars Ratio	33%	25.00%	8.25%	75.00%	24.75%
Total Property, Plant and Equipment Ratio	34%	60.00%	20.40%	40.00%	13.60%
	100%		46.39%		53.61%

IV. The following allocation methods will be applied, as specified in paragraph V of this Appendix A, to assign costs for services applicable to two or more clients and/or to allocate costs for services of a general nature.

1. Sales Ratio

   A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable), This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

   A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. <u>Number of Customers Ratio</u>

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. <u>Number of Employees Ratio</u>

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. <u>Construction-Expenditures Ratio</u>

A ratio, based on the applicable projected construction expenditures for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Miles of Distribution Lines Ratio

In the case of electric Distribution, a ratio, based on the applicable installed circuit miles of domestic electric Distribution Lines, and in the case of gas Distribution, a ratio, based on the applicable installed miles of domestic gas Distribution Lines, in either case at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client

Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. <u>Inventory Ratio</u>

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. <u>Procurement Spending Ratio</u>

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. <u>Square Footage Ratio</u>

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

19. Number of Meters Ratio

A ratio, based on the number of electric and/or gas meters, as applicable, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. Separate ratios will be computed for appropriate meter classifications (e.g., type of metering technology). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. O&M Expenditures Ratio

A ratio, based on the operation and maintenance (O&M) expenditures for a prior twelve month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total O&M expenditures and appropriate functional plant (i.e., production, transmission, Distribution, and general) classifications. This ratio will be determined annually.

V. A description of each Function's activities, which may be modified from time to time by the Service Companies, is set forth below in paragraph "a" under each Function. As described in paragraph II, "1" and "2" of this Appendix A, where identifiable, costs will be directly assigned or distributed to Client Companies or to other Functions of the Service Company. For costs accumulated in activities, processes, projects, responsibility centers, or work orders which are for services of a general nature that cannot be directly assigned or distributed, as described in paragraph II, "3" of this Appendix A, the method or methods of allocation are set forth below in paragraph "b" under each Function. For any of the functions set forth below other than Information Systems, Transportation, Human Resources or Facilities, costs of a general nature to be allocated pursuant to this Agreement shall exclude costs of a general nature which have been allocated to affiliated companies not a party to this Agreement. Substitution or changes may be made in the methods of allocation hereinafter specified, as may be appropriate, and will be provided to state regulatory agencies and to each Client Company. Any such substitution or changes shall be in compliance with the requirements of applicable state law, regulations and regulatory conditions.

1. Information Systems

   a. Description of Function

      Provides communications and electronic data processing services. The activities of the Function include:

      (1) Development and support of mainframe computer software applications.

      (2) Procurement and support of personal computers and related network and software applications.

      (3) Development and support of distributed computer software applications (e.g., servers).

      (4) Installation and operation of communications systems.

      (5) Information systems management and support services.

   b. Method of Allocation

      (1) Development and support of mainframe computer software applications - allocated between the Client Companies and other Functions of the Service Company based on the number of Central Processing Unit Seconds Ratio, or allocated among the Client Companies on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio as appropriate.

      (2) Procurement and support of personal computers and related network and software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Personal Computer Work Stations Ratio.

      (3) Development and support of distributed computer software applications - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Information Systems Servers Ratio.

      (4) Installation and operation of communications systems - allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.

      (5) Information systems management and support services – allocated to the Client Companies and to other Functions of the Service Company based

on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

2. Meters
   a. Description of Function
      Procures, tests and maintains meters.
   b. Method of Allocation
      Allocated to the Client Companies based on the Number of Customers Ratio.

3. Transportation
   a. Description of Function
      (1) Procures and maintains vehicles and equipment.
      (2) Procures and maintains aircraft and equipment.
   b. Method of Allocation
      (1) The costs of maintaining vehicles and equipment are allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.
      (2) The costs of maintaining aircraft and equipment are allocated to the Client Companies and to other Functions of the Service Company based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

4. System Maintenance
   a. Description of Function
      Coordinates maintenance and support of electric transmission systems and Distribution systems.
   b. Method of Allocation
      (1) Services related to electric transmission systems - allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.
      (2) Services related to electric Distribution systems - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.

(3) Services related to gas Distribution systems – allocated to the Client Companies based on the Labor Dollars Ratio.

5. <u>Marketing and Customer Relations</u>

a. Description of Function

Advises the Client Companies in relations with domestic utility customers.

The activities of the Function include:

(1) Design and administration of sales and demand-side management programs.

(2) Customer meter reading, billing and payment processing.

(3) Customer services including the operation of call center.

b. Method of Allocation

(1) Design and administration of sales and demand-side management programs - allocated to the Client Companies based on the Sales Ratio.

(2) Customer billing and payment processing - allocated to the Client Companies based on the Number of Customers Ratio.

(3) Customer Services - allocated to the Client Companies based on the Number of Customers Ratio.

6. <u>Transmission and Distribution Engineering and Construction</u>

a. Description of Function

Designs and monitors construction of electric transmission and Distribution Lines and associated facilities. Prepares cost and schedule estimates, visits construction sites to ensure that construction activities coincide with plans, and administers construction contracts.

b. Method of Allocation

(1) Transmission engineering and construction allocated to the Client Companies based on the Electric Transmission Plant's Construction-Expenditures Ratio.

(2) Distribution engineering and construction allocated to the Client Companies based on the Distribution plant's Construction-Expenditures Ratio.

7. Power Engineering and Construction

   a. Description of Function

      Designs, monitors and supports the construction and retirement of electric generation facilities. Prepares specifications and administers contracts for construction of new electric generating units, improvements to existing electric generating units, and the retirement of existing electric generating equipment, including developing associated operating processes with operations personnel. Prepares cost and schedule estimates and visits construction sites to ensure that construction and retirement activities meet schedules and plans.

   b. Method of Allocation

      Allocated to the Client Companies based on the Electric Production Plant's Construction-Expenditures Ratio.

8. Human Resources

   a. Description of Function

      Establishes and administers policies and supervises compliance with legal requirements in the areas of employment, compensation, benefits and employee health and safety. Processes payroll and employee benefit payments. Supervises contract negotiations and relations with labor unions.

   b. Method of Allocation

      Allocated to the Client Companies and to other Functions of the Service Company based on the Number of Employees Ratio.

9. Materials Management

   a. Description of Function

      Provides services in connection with the procurement of materials and contract services, processes payments to vendors, and provides management of material and supplies inventories.

   b. Method of Allocation

(1) Procurement of materials and contract services and vendor payment processing - allocated to the Client Companies and to other Functions of the Service Company based on the Procurement Spending Ratio.

(2) Management of materials and supplies inventory – allocated to the Client Companies on the Inventory Ratio.

10. <u>Facilities</u>

a. Description of Function

Operates and maintains office and service buildings. Provides security and housekeeping services for such buildings and procures office furniture and equipment.

b. Method of Allocation

Allocated to the Client Companies and to other Functions of the Service Company based on the Square Footage Ratio.

11. <u>Accounting</u>

a. Description of Function

Maintains the books and records of Duke Energy Corporation and its affiliates, prepares financial and statistical reports, prepares tax filings and supervises compliance with the laws and regulations.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

12. <u>Power and Gas Planning and Operations</u>

a. Description of Function

Coordinate the planning, management and operation of Duke Energy Corporation's power generation, transmission and Distribution systems. The activities of the Function include:

(1) System Planning - planning of additions and retirements to the electric generation units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.

(2) System Operations - coordination of the dispatch and operation of the electric generating units and transmission and Distribution systems belonging to the regulated utilities owned by Duke Energy Corporation.

(3) Power Operations – provides management and support services for the electric generation units owned or operated by subsidiaries of Duke Energy Corporation.

(4) Wholesale Power Operations – coordination of Duke Energy Corporation's wholesale power operations.

b. Method of Allocation

(1) System Planning

(a) Generation planning - allocated to the Client Companies based on the Electric Peak Load Ratio.

(b) Transmission planning – allocated to the Client Companies based on the Electric Peak Load Ratio.

(c) Electric Distribution planning - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.

(d) Gas Distribution planning – allocated to the Client Companies based on the Construction-Expenditures Ratio.

(2) System Operations –

(a) Generation Dispatch - allocated to the Client Companies based on the Sales Ratio.

(b) Transmission Operations - allocated to the Client Companies based on a weighted average of the Circuit Miles of Electric Transmission Lines Ratio and the Electric Peak Load Ratio.

(c) Electric Distribution Operations - allocated to the Client Companies based on a weighted average of the Miles of Distribution Lines Ratio and the Electric Peak Load Ratio.

(d) Gas Distribution Operations – allocated to the Client Companies based on the Construction-Expenditures Ratio.

(3) Power Operations – allocated to the Client Companies based on the Generating Unit MW Capability Ratio.

(4) Wholesale Power Operations – allocated to the Client Companies based on the Sales Ratio.

13. Public Affairs

a. Description of Function

Prepares and disseminates information to employees, customers, government officials, communities and the media. Provides graphics, reproduction lithography, photography and video services.

b. Method of Allocation

(1) Services related to corporate governance, public policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

(2) Services related to utility specific activities - allocated to the Client Companies based on a weighted average of the Number of Customers Ratio and the Number of Employees Ratio.

14. Legal

a. Description of Function

Renders services relating to labor and employment law, litigation, contracts, rates and regulatory affairs, environmental matters, financing, financial reporting, real estate and other legal matters.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

15. Rates

a. Description of Function

Determines the Client Companies' revenue requirements and rates to electric and gas requirements customers. Administers interconnection and joint ownership agreements. Researches and forecasts customers' usage.

b. Method of Allocation

Allocated to the Client Companies based on the Sales Ratio.

16. Finance

a. Description of Function

Renders services to Client Companies with respect to investments, financing, cash management, risk management, claims and fire prevention. Prepares budgets, financial forecasts and economic analyses.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

17. Rights of Way

a. Description of Function

Purchases, surveys, records, and sells real estate interests for Client Companies.

b. Method of Allocation

(1) Services related to Distribution system - allocated to the Client Companies based on the Miles of Distribution Lines Ratio.

(2) Services related to electric generation system- allocated to the Client Companies based on the Electric Peak Load Ratio.

(3) Services related to electric transmission system – allocated to the Client Companies based on the Circuit Miles of Electric Transmission Lines Ratio.

18. Internal Auditing

a. Description of Function

Reviews internal controls and procedures to ensure that assets are safeguarded and that transactions are properly authorized and recorded.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

19. Environmental, Health and Safety

a. Description of Function

Establishes policies and procedures and governance framework for compliance with environmental, health and safety ("EHS") issues, monitors compliance with EHS requirements and provides EHS compliance support to the Client Companies' personnel.

b. Method of Allocation

(1) Services related to corporate governance, environmental policy, management and support services - allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollar Ratio and the PP&E Ratio.

(2) Services related to utility specific activities – allocated to the Client Companies based on the Sales Ratio

20. Fuels

a. Description of Function

Procures coal, gas and oil for the Client Companies. Ensures compliance with price and quality provisions of fuel contracts and arranges for transportation of the fuel to the generating stations.

b. Method of Allocation

Allocated to the Client Companies based on the Sales Ratio.

21. Investor Relations

a. Description of Function

Provides communications to investors and the financial community, performs transfer agent and shareholder record keeping functions, administers stock plans and performs stock-related regulatory reporting.

b. Method of Allocation

Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

22. Planning
    a. Description of Function
       Facilitates preparation of strategic and operating plans, monitors trends and evaluates business opportunities.
    b. Method of Allocation
       Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

23. Executive
    a. Description of Function
       Provides general administrative and executive management services.
    b. Method of Allocation
       Allocated to the Client Companies based on a weighted average of the Gross Margin Ratio, the Labor Dollars Ratio and the PP&E Ratio.

APPENDIX B

DE-CAROLINAS CONDITIONS

1. In connection with the NCUC approval the Merger in NCUC Docket No. E-7, Sub 986 and Docket No. E-2, Sub 998, the NCUC adopted certain Regulatory Conditions and a revised Code of Conduct governing transactions between DE-Carolinas, PE-Carolinas and their affiliates. Pursuant to the Regulatory Conditions, the following provisions are applicable to DE-Carolinas and PE Carolinas:

(a) DE-Carolinas' and PE-Carolinas' participation in this Agreement is voluntary. Neither DE-Carolinas nor PE-Carolinas is obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DE-Carolinas or PE-Carolinas may elect to discontinue its participation in this Agreement at its election after giving notice under Section 3.1 of the Agreement.

(b) Neither DE-Carolinas nor PE-Carolinas may make or incur a charge under this Agreement except in accordance with North Carolina law and the rules, regulations and orders of the NCUC promulgated thereunder.

(c) Neither DE-Carolinas nor PE-Carolinas may seek to reflect in rates any (i) costs incurred under this Agreement exceeding the amount allowed by the NCUC or (ii) revenue level earned under this Agreement less than the amount imputed by the NCUC; and

(d) Except to the extent that requesting FERC review and authorization pursuant to Section 1275(b) of Subtitle F in Title XII of PUHCA 2005, as provided in Regulatory Condition No. 21; may be determined to have preemptive effect under the law, DE-Carolinas nor PE-Carolinas will assert in any forum that the NCUC's authority to assign, allocate, make pro-forma adjustments to or disallow revenues and costs for retail ratemaking and regulatory accounting and reporting purposes is preempted and will bear the full risk of any preemptive effects of federal law with respect to this Agreement.

2. With respect to the transfer by DE-Carolinas or PE-Carolinas under this Agreement of the control of, operational responsibility for, or ownership of any DE-Carolinas or PE-Carolinas assets used for the generation, transmission or distribution of electric power to its North Carolina retail customers with a gross book value in excess of ten million dollars ($10 million), the following shall apply:

(a) Neither DE-Carolinas nor PE-Carolinas may not commit to or carry out the transfer except in accordance with all applicable law, and the rules, regulations and orders of the NCUC promulgated thereunder; and

(b) Neither DE-Carolinas nor PE-Carolinas may not include in its North Carolina cost of service or rates the value of the transfer, whether or not subject to federal law, except as allowed by the NCUC in accordance with North Carolina law.

DUKE ENERGY CORPORATION AND CONSENTING MEMBERS OF ITS CONSOLIDATED GROUP

AGREEMENT FOR FILING CONSOLIDATED INCOME TAX RETURNS AND FOR ALLOCATION OF CONSOLIDATED INCOME TAX LIABILITIES AND BENEFITS

Duke Energy Corporation, a Delaware corporation ("Duke Energy"), and its Members hereby agree as of July 2, 2012 to join annually in the filing of a consolidated Federal income tax return and to allocate the consolidated Federal income tax liabilities and benefits among the Members of the Consolidated Group in accordance with the provisions of this Agreement ("Agreement"). This Agreement supersedes and replaces in its entirety the Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income and Tax Liabilities and Benefits dated October 1, 2008.

1. DEFINITIONS

"Affiliate" means a corporation, or a company that is treated as a corporation or a company wholly owned by an entity treated as a corporation that is disregarded for purposes of U.S. federal income taxation, other than the common parent which is a Member of the Affiliated Group.

"Affiliated Group" means a group of corporations, or companies that are treated as corporations or disregarded for purposes of U.S. federal income taxation, as defined in Internal Revenue Code ("IRC") section 1504 and the regulations enacted thereunder,

"Consolidated Group" means a group filing (or required to file) consolidated returns for the tax year.

"Consolidated tax" is the aggregate current Federal income tax liability for the Consolidated Group for a tax year shown on the consolidated Federal income tax return, including any adjustments thereto, or as described in section 5 hereof.

"Corporate taxable income" is the positive taxable income of an Affiliate for a tax year, computed as though such company had filed a separate return on the same basis as used in the consolidated return, except that dividend income from Affiliates shall be disregarded, and other intercompany transactions, eliminated in consolidation, shall be given appropriate effect.

"Corporate taxable loss" is the taxable loss of an Affiliate for a tax year, computed as though such entity had filed a Separate return on the same basis as used in the consolidated return, except that dividend income from

Affiliates shall be disregarded, and other intercompany transactions, eliminated in consolidation, shall be given appropriate effect.

"Corporate tax credit" is a negative separate regular tax of an Affiliate for a tax year, equal to the amount by which the consolidated regular tax is reduced by including the Corporate taxable loss of such Affiliate in the consolidated tax return.

"Environmental Tax" The Superfund Amendments and Reauthorization Act of 1986 imposed a new Environmental Tax. The tax was imposed only for the years beginning after December 31, 1986 and before January 1, 1996. The environmental tax was equal to 0.12 percent ($12 of tax per $10,000 of alternative minimum taxable income ("AMTI")) of the excess of AMTI over $2,000,000 and was imposed whether or not the taxpayer was subject to the alternative minimum tax. The Environmental Tax is included in this Agreement for the purposes of any refund on liability with respect to those years when it was in effect.

"Group" means a group of Affiliates as defined in IRC section 1504.

"Separate return" is the tax liability calculated on the taxable income or loss of an Affiliate as though such entity were not a Member of a Consolidated Group.

"Member" is an Affiliate, including a Regulated Business as indicated in section 3 herein, which is part of the Affiliated Group as defined in IRC section 1504 that files consolidated tax returns and agrees to be subject to this Agreement.

These definitions shall apply, as appropriate, in the context of the regular income tax and the Alternative Minimum Tax ("AMT") unless otherwise indicated in the Agreement.

2. FILING OF RETURNS

A U.S. consolidated federal income tax return shall be filed by Duke Energy as the common parent for the tax year ended December 31, 2008, and for each subsequent taxable period for which the Affiliated Group is required or permitted to do so. Each Member of the Affiliated Group consents to the filing by Duke Energy of consolidated federal income tax returns for all taxable periods in which it is eligible to be a member of the Affiliated Group. Duke Energy and each Member of the Affiliated Group agrees to execute and file such consents, elections and other documents, and to take such other action as may be necessary, required or appropriate for the proper filing of such returns. Duke Energy will timely pay the Affiliated Group's federal income tax liability for each taxable year.

3. REGULATED BUSINESSES OPERATING IN LLC OR LP FORM

For purposes of allocating the consolidated federal and state tax liabilities and tax benefits under this Agreement, each business operating as a LLC, or LP that is subject to the rules and regulations of the Federal Energy Regulatory Commission or state utilities commissions (hereinafter, a "Regulated Business") shall be considered a Member of the Consolidated Group, and shall be responsible for tax due on its allocable share of taxable income (or shall be entitled to a credit for its allocable share of tax loss), as set forth in Sections 4 through 7 hereof. For purposes of this Agreement, the determination of a Regulated Business's allocable share shall be made (i) as if such Regulated Business was a taxable or regarded entity for U.S. federal income tax purposes and (ii) utilizing the separate "taxable income" method.

4. <u>ALLOCATION PROCEDURES FOR CONSOLIDATED FEDERAL INCOME TAXES</u>

For all taxable periods, Duke Energy shall calculate the consolidated federal income tax liability (including, if applicable, alternative minimum tax liability) of the Affiliated Group for the period. The Members agree that their respective shares of the Consolidated tax liability for each year shall be an amount equal to the amount determined under the income method in accordance with IRC 1552(a)(2)[1], with the absorption of tax benefits determined under the percentage method in accordance with Treas. Reg. section 1.1502-33(d)(3)[2], using 100% as the applicable percentage for allocation of any excess of a member's Separate return liability over that determined under the income method. To the extent that the Consolidated Group federal income tax liability is reduced by a loss or tax credit available to it as a result of the inclusion of a Member in the consolidated federal income tax return, Duke Energy shall make a payment or an inter-company account adjustment for the amount of the benefit to the Member as determined in accordance with this section.

To illustrate the above, the Consolidated tax liability shall be allocated among the Members of the Group utilizing the separate return "taxable income" allocation method attributable to each Member, in the following manner:

a) Each Member, which has a Corporate taxable loss, will be entitled to a Corporate payment or intercompany credit equal to the amount by which the consolidated regular income tax is reduced by including the corporate tax loss of such Member in the consolidated tax return.

[1] Under IRC 1551(a)(2), tax liability is allocated to the several members of the group on the basis of the percentage of the total tax which the tax of such member if computed on a separate return would bear to the total amount of the taxes for all members of the group so computed.

[2] The percentage method under this regulation "allocates tax liability based on the absorption of tax attributes, without taking into account the ability of any member to subsequently absorb its own tax attributes. The allocation under this method is in addition to the allocation under section 1552."

The Members having corporate taxable income will be allocated an amount of regular income tax liability equal to the sum of the consolidated regular tax liability and the Corporate tax credits allocated to the Members having corporate tax losses based on the ratio that each such Member's Corporate taxable income bears to the total corporate taxable income of all Members having Corporate taxable income.

If the aggregate of the Members' Corporate taxable losses are not entirely utilized on the current year's consolidated return, the consolidated carryback or carryforward of such losses to the applicable taxable year(s) will be allocated to each Member having a Corporate taxable loss in the ratio that such Member's separate Corporate tax loss bears to the total corporate tax losses of all Members having Corporate taxable losses.

b) The consolidated Environmental Tax will be allocated among the Members of the Group by applying the procedures set forth in subsection a) above, except that the basis for allocation will be Alternative Minimum Taxable Income ("AMTI") rather than regular corporate taxable income.

c) The consolidated AMT will be allocated among the Members in accordance with the procedures and principles set forth in Proposed Treasury Regulation section 1.1502-55 in the form such Regulation existed on the date on which this Agreement was executed.

d) Tax benefits such as general business credits, foreign tax benefits, or other tax credits shall be apportioned directly to those Members whose investments or contributions generated the credit or benefit.

If the credit or benefit cannot be entirely utilized to offset current Consolidated tax, the consolidated credit carryback or carryforward shall be apportioned to those Members whose investments or contributions generated the credit or benefit in proportion to the relative amounts of credits or benefits generated by each Member.

e) If the amount of Consolidated tax allocated to any Member under this Agreement, as determined above, exceeds the separate return tax of such Member, such excess shall be reallocated among those Members whose allocated tax liability is less than the amount of their respective separate return tax liabilities. The reallocation shall be proportionate to the respective reductions in separate return tax liability of such Members. Any remaining unallocated tax liability shall be assigned to Duke Energy. The term "tax" and "tax liability" used in the subsection shall include regular tax, Environmental Tax and AMT.

5. TAX PAYMENTS AND COLLECTIONS FOR ALLOCATIONS

Duke Energy shall make any calculations on behalf of the Members necessary to comply with the estimated tax provisions of the Internal Revenue Code of 1986 as amended (the "Code"). Based on such calculations, Duke Energy shall charge or refund to the Members appropriate amounts at intervals consistent with the dates indicated by Code section 6655. Duke Energy shall be responsible for paying to the Internal Revenue Service the consolidated current Federal income tax liability.

After filing the consolidated Federal income tax return and allocating the Consolidated tax liability among the Members, Duke Energy and the Members agree to settle between them the difference, if any, between the allocable federal income tax liability as determined under this Agreement and the sum of all payments or inter-company adjustments previously made relating to that tax year no later than ninety (90) days after the filing of the consolidated Federal income tax return.

6. ALLOCATION OF STATE TAX LIABILITIES OR BENEFITS

State and local income tax liabilities will be allocated, where appropriate, among Members in accordance with principles similar to those employed in the Agreement for the allocation of consolidated Federal income tax liability.

7. TAX RETURN ADJUSTMENTS

In the event the consolidated tax return is subsequently adjusted by the Internal Revenue Service, state tax authorities, amended returns, claims for refund, or otherwise, such adjustments shall be reflected in the same manner as though they had formed part of the original consolidated return. Interest paid or received, and penalties imposed on account of any adjustment will be allocated to the responsible Member.

8. NEW MEMBERS

If, at any time, a corporation becomes a Member of the affiliated group, the parties hereto agree that such new Member shall become a party to this Agreement by executing a duplicate copy of this Agreement. Unless otherwise specified, such new Member shall have similar rights and obligations of all other Members under this Agreement, effective as of the day they become a member of the Affiliated Group that elects to file a consolidated return.

9. MEMBERS LEAVING THE AFFILIATED GROUP

In the event that any Member of the Affiliated Group at any time leaves the

Group and, under any applicable statutory provision or regulation, that Member is assigned and is deemed to take with it all or a portion of any of the tax attributes (including, but not limited to, net operating losses, credit carryforwards, and Minimum Tax Credit carryforwards) of the Affiliated Group, then, to the extent the amount of the attributes so assigned differs from the amount of such attributes previously allocated to such Member under this Agreement, the leaving Member shall appropriately settle with the Group. Such settlement shall consist of payment on a dollar-for-dollar basis for all differences in credits and, in the case of net operating loss differences, in an amount computed by reference to the highest marginal corporate tax rate. The settlement amounts shall be allocated among the remaining Members of the Group in proportion to the relative level of attributes possessed by each Member and the attributes of each Member shall be adjusted accordingly.

10. SUCCESSORS, ASSIGNS

The provisions and terms of the Agreement shall be binding on and inure to the benefit of any successor or assignee by reason of merger, acquisition of assets, or otherwise, of any of the Members hereto.

11. AMENDMENTS AND TERMINATION

This Agreement may be amended at any time by the written agreement of the parties hereto at the date of such amendment and may be terminated at any time by the written consent of all such parties.

12. GOVERNING LAW

This Agreement is made under the law of the State of Delaware, which law shall be controlling in all matters relating to the interpretation, construction, or enforcement hereof.

13. EFFECTIVE DATE

This Agreement is effective for the allocation of the current Federal income tax liabilities of the Members for the consolidated tax year 201_ and all subsequent years until this Agreement is revised in writing.

The above procedure for apportioning the consolidated annual net current federal and state tax liabilities and tax benefits of Duke Energy and consenting Members of its Consolidated Group have been agreed to by each of the below listed Members of the Consolidated Group as evidenced by the signature of an officer of each entity.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an appropriate officer thereunto duly authorized.

DUKE ENERGY CORPORATION
By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY CORP.
By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY BUSINESS SERVICES LLC
By: Nancy M. Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY OHIO, INC.
By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY INDIANA, INC.
By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

SOUTH CONSTRUCTION COMPANY, INC.
By: Nancy M. Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY KENTUCKY, INC.
By: Nancy M. Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY CAROLINAS, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

MIAMI POWER CORPORATION

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

TRI-STATE IMPROVEMENT COMPANY

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

KO TRANSMISSION COMPANY

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CINERGY INVESTMENTS, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY TECHNOLOGY, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY COMMERCIAL ENTERPRISES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY GLOBAL POWER, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CINERGY GLOBAL RESOURCES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY COMMERCIAL ASSET MANAGEMENT, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE TECHNOLOGIES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY RETAIL SALES, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DE NUCLEAR ENGINEERING, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DETMI MANAGEMENT, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE ENERGY MARKETING AMERICA, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY REGISTRATION SERVICES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY SERVICES, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

DUKE VENTURES, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKENET VENTURECO, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

EASTOVER MINING COMPANY

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY CHINA CORP.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Duke Energy Corporate Services, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Energy, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Power Corporation d/b/a Progress Energy Florida, Inc.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CaroFund, Inc.
(by its parent, Carolina Power & Light Company)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Capitan Corporation
(by its parent, Carolina Power & Light Company)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Energy EnviroTree, Inc.
(by its parent, Carolina Power & Light Company)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Strategic Resource Solutions Corp.
(by its parent company Progress Energy, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Ventures Holdings, Inc.
(by its parent, Progress Energy, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Ventures, Inc.
(by its parent, Progress Energy, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Progress Corporation

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Florida Progress Funding Corporation

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Capital Holdings, Inc.
(by its parent, Florida Progress Corporation)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH Tax Credit Fund III, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH Tax Credit Fund IV, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PIH Tax Credit Fund V, Inc.
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Telecommunications Corporation
(by its parent, Progress Capital Holdings, Inc.)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Fuels Corporation

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

Progress Synfuel Holdings, Inc.
(by its parent, Progress Fuel Corporation)

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE COMMUNICATIONS HOLDINGS, INC.

By: ____________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY GENERATION SERVICES HOLDING COMPANY, INC.

By: ____________________
Richard G. Beach
Assistant Secretary

DUKE-CADENCE, INC.

By: ____________________
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS COMMUNICATIONS, INC.

By: ____________________
Richard G. Beach
Assistant Secretary

CINERGY-CENTRUS, INC.

By: ____________________
Richard G. Beach
Assistant Secretary

CINERGY GLOBAL HOLDINGS, INC.

By: ____________________
Richard G. Beach
Secretary

DEGS OF TUSCOLA, INC

By: ____________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY ONE, INC.

By: ____________________
Richard G. Beach
Assistant Secretary

DUKE–RELIANT RESOURCES, INC.

By: R.G. Beach
Richard G. Beach
Assistant Secretary

DUKE ENERGY GENERATION SERVICES, INC.

By: R.G. Beach
Richard G. Beach
Assistant Secretary

CINERGY WHOLESALE ENERGY, INC.

By: R.G. Beach
Richard G. Beach
Assistant Secretary

CINERGY CLIMATE CHANGE INVESTMENTS, LLC

By: R.G. Beach
Richard G. Beach
Assistant Secretary

CINERGY SOLUTIONS - UTILITY, INC.

By: R.G. Beach
Richard G. Beach
Assistant Secretary

CALDWELL POWER COMPANY

By: R.G. Beach
Richard G. Beach
Assistant Secretary

CATAWBA MANUFACTURING AND ELECTRIC POWER COMPANY

By: R.G. Beach
Richard G. Beach
Assistant Secretary

CLAIBORNE ENERGY SERVICES, INC.

By: R.G. Beach
Richard G. Beach
Assistant Secretary

DIXILYN-FIELD DRILLING COMPANY

By: ______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY MARKETING CORP.

By: ______________________
Richard G. Beach
Assistant Secretary

EASTOVER LAND COMPANY

By: ______________________
Richard G. Beach
Assistant Secretary

ENERGY PIPELINES INTERNATIONAL COMPANY

By: ______________________
Richard G. Beach
Assistant Secretary

GREENVILLE GAS AND ELECTRIC LIGHT AND POWER COMPANY

By: ______________________
Richard G. Beach
Assistant Secretary

SOUTHERN POWER COMPANY

By: ______________________
Richard G. Beach
Assistant Secretary

WESTERN CAROLINA POWER COMPANY

By: ______________________
Richard G. Beach
Assistant Secretary

WATEREE POWER COMPANY

By: ______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY TRANSMISSION HOLDING COMPANY, LLC

By:______________________
Richard G. Beach
Assistant Secretary

Catamount Energy Corporation

By:______________________
Richard G. Beach
Assistant Secretary

Catamount Rumford Corporation

By:______________________
Richard G. Beach
Assistant Secretary

Catamount Sweetwater Corporation

By:______________________
Richard G. Beach
Assistant Secretary

CEC UK1 Holding Corp.

By:______________________
Richard G. Beach
Assistant Secretary

CEC UK2 Holding Corp.

By:______________________
Richard G. Beach
Assistant Secretary

Equinox Vermont Corporation

By:______________________
Richard G. Beach
Assistant Secretary

DUKE ENERGY GROUP HOLDINGS, LLC

By:____________________
Donna T. Council
Assistant Treasurer

DUKE PROJECT SERVICES, INC.

By:____________________
Donna T. Council
Assistant Treasurer

PANENERGY CORP

By:____________________
Donna T. Council
Assistant Treasurer

CINERGY RETAIL POWER GENERAL, INC.

By:____________________
Greer E. Mendelow
Assistant Secretary

BISON INSURANCE COMPANY LIMITED

By: Swati V. Daji
Swati V. Daji
President

NORTHSOUTH INSURANCE COMPANY LIMITED

By: Swati V. Daji
Swati V. Daji
President

UTILITY MONEY POOL AGREEMENT

This UTILITY MONEY POOL AGREEMENT (this "Agreement") is made and entered into as of July 3, 2012 ("Effective Date") by and among Duke Energy Corporation, a Delaware corporation ("Duke Energy"), Cinergy Corp., a Delaware corporation ("Cinergy"), Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE-Carolinas"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), KO Transmission Company, a Kentucky corporation ("KO"), Progress Energy, Inc., a North Carolina corporation ("Progress Energy"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-North Carolina"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"), Progress Energy Service Company, LLC, a North Carolina corporation ("Progress Services"), and Duke Energy Business Services LLC, a Delaware limited liability company ("DEBS"), (each a "party" and collectively, the "parties"). For purposes of this Agreement, Progress Services and DEBS shall each collectively be referred to as Duke Services. This Agreement supersedes and replaces in its entirety the Utility Money Pool Agreement dated November 1, 2008.

Recitals

Each of DE-Carolinas, DE-Indiana, DE-Ohio, DE-Kentucky, PE-Florida, PE-North Carolina and Miami is a public utility company and a subsidiary company of Duke Energy. DEBS and Progress Services are subsidiary service companies of Duke Energy. KO is a nonutility company and a subsidiary company of DE-Ohio.

The parties from time to time have need to borrow funds on a short-term basis. Some of the parties from time to time have funds available to loan on a short-term basis. The parties desire to establish a cash management program (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements.

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the parties hereto agree as follows:

ARTICLE I
CONTRIBUTIONS AND BORROWINGS

Section 1.1 Contributions to Utility Money Pool. Each party will determine each day, on the basis of cash flow projections and other relevant factors, in such party's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such party's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such party's sole discretion. Each party may withdraw any of its funds at any time upon notice to Duke Services as administrative agent of the Utility Money Pool.

Section 1.2 Rights to Borrow. Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the parties, with the exception of Duke Energy, Progress Energy and Cinergy, will be met by funds in the Utility Money Pool to the extent such funds are available. Each party (other than Duke Energy, Progress Energy and Cinergy) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein. Each party (other than Duke Energy, Progress Energy and Cinergy) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the parties; provided, however, that the aggregate amount of all loans requested by any party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of regulatory authorities, resolutions of such party's shareholders and Board of Directors, such party's governing corporate documents, and agreements binding upon such party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by Duke Energy, Progress Energy and Cinergy.

Section 1.3 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the parties from time to time: (i) surplus funds in the treasuries of parties other than Duke Energy, Progress Energy and Cinergy, (ii) surplus funds in the treasuries of Duke Energy, Progress Energy and Cinergy, and (iii) proceeds from borrowings by parties, including the sale of commercial paper by Duke Energy, Progress Energy, Cinergy, DE-Carolinas, DE-Indiana, DE-Ohio, DE-Kentucky, PE-North Carolina and PE-Florida ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as Duke Services, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the parties providing funds to the Utility Money Pool.

(b) Borrowing parties will borrow pro rata from each lending party in the proportion that the total amount loaned by such lending party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Duke Energy, Progress Energy and Cinergy and other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.4 Authorization. (a) Each loan shall be authorized by the lending party's chief financial officer or treasurer, or by a designee thereof.

(b) All borrowings from the Utility Money Pool shall be authorized by the borrowing party's chief financial officer or treasurer, or by a designee thereof. No party shall be required to effect a borrowing through the Utility Money Pool if such party determines that it can (and is authorized to) effect such borrowing at lower cost from other sources, including but not limited to directly from banks or through the sale of its own commercial paper.

Section 1.5 Interest. Each party receiving a loan shall accrue interest monthly on the unpaid principal amount of such loan to the Utility Money Pool from the date of such loan until such principal amount shall be paid in full.

(a) If only Internal Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such Internal Funds shall be the CD yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate (or, if no such Composite Rate is established for that day, then the applicable rate shall be the Composite Rate for the next preceding day for which such Composite Rate was established).

(b) If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds shall be equal to the lending party's cost for such External Funds (or, if more than one party had made available External Funds on such day, the applicable interest rate shall be a composite rate, equal to the weighted average of the cost incurred by the respective parties for such External Funds).

(c) In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds shall be a composite rate, equal to the weighted average of the (i) cost of all Internal Funds contributed by parties (as determined pursuant to Section 1.5(a) above) and (ii) the cost of all such External Funds (as determined pursuant to Section 1.5(b) above); provided, that in circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Section 1.6 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by parties lending External Funds to the Utility Money Pool shall initially be paid by the party maintaining such line. A portion of such costs shall be retroactively allocated every month to the parties borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.7 Repayment. Each party receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 365 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.8 Form of Loans to Parties. Loans to the parties through the Utility Money Pool will be made pursuant to open-account advances, repayable upon demand and in any event not later than one year after the date of the advance; provided, that each lending party shall at all times be entitled to receive upon demand one or more promissory notes evidencing any and all loans by such lender. Any such note shall: (a) be dated as of the date of the initial borrowing, (b) mature on demand or on a date agreed by the parties to the transaction, but in any event not later than one year after the date of the applicable borrowing, and (c) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II
OPERATION OF UTILITY MONEY POOL

Section 2.1 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by Duke Services under the authority of the appropriate officers of the parties. Duke Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the parties. Duke Services will administer the Utility Money Pool on an at-cost basis. Separate records shall be kept by Duke Services for the money pool established by this agreement and any other money pool administered by Duke Services.

Section 2.2 Investment of Surplus Funds in the Utility Money Pool. Funds not required to meet Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar certificates of deposit or time deposits; and (viii) such other investments as the parties mutually determine .

Section 2.3 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the parties in accordance with the proportion each party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.4 Event of Default. If any party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any party seeking to adjudicate it a bankrupt or insolvent, then the other parties may declare the unpaid principal amount of any loans to such party, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable.

ARTICLE III
MISCELLANEOUS

Section 3.1 Amendments. No amendment to this Agreement shall be effective unless set forth in writing and executed by each of the parties. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any affected state public utility commission for its review or otherwise, the parties shall comply in all respects with any such requirements.

Section 3.2 Legal Responsibility. Nothing herein contained shall render any party liable for the obligations of any other party hereunder and the rights, obligations and liabilities of the parties are several in accordance with their respective obligations, and not joint.

Section 3.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 3.4 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by the parties. This Agreement may be terminated and thereafter will be of no further force and effect upon the mutual consent in writing of all of the parties.

Section 3.5 Entire Agreement. This Agreement contains the entire agreement between and among the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto. Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 3.6 Severability; Regulatory Requirements. If any provision of this Agreement shall be determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby. Without limiting the generality of the foregoing, the transactions contemplated under this Agreement shall in all cases, and notwithstanding anything herein to the contrary, be subject to any limitations or restrictions contained in any applicable orders or authorizations, statutory provisions, rules or regulations, or agreements, whether now in existence or hereinafter promulgated, of those regulatory or governmental agencies, including without limitation any affected state public utility commission or the Federal Energy Regulatory Commission, having jurisdiction over any of the parties. To the extent, if any, that at any time any provision of this Agreement conflicts with any such limitation or restriction of any such regulatory agencies, such limitation shall control.

Section 3.7 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 3.8 Captions, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, "hereof," "hereunder," "herein," "hereto," and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 3.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

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IN WITNESS WHEREOF, the undersigned companies have duly caused this Utility Money Pool Agreement to be executed on their behalf on the Effective Date above by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION

By: Nancy M Wright
Nancy M. Wright
Assistant Corporate Secretary

CINERGY CORP.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY BUSINESS SERVICES LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY CAROLINAS, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY INDIANA, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

DUKE ENERGY OHIO, INC.

By: Nancy M Wright
Nancy M.Wright
Assistant Secretary

DUKE ENERGY KENTUCKY, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

MIAMI POWER CORPORATION

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

KO TRANSMISSION COMPANY

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PROGRESS ENERGY, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

CAROLINA POWER & LIGHT COMPANY D/B/A
PROGRESS ENERGY CAROLINAS, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

FLORIDA POWER CORPORATION D/B/A PROGRESS
ENERGY FLORIDA, INC.

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary

PROGRESS ENERGY SERVICE COMPANY, LLC

By: Nancy M Wright
Nancy M. Wright
Assistant Secretary