



139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-4315
Fax: 513-287-4386
Kristen.ryan@duke-energy.com

Kristen Ryan
Senior Paralegal

RECEIVED

JUL 18 2013

PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT DELIVERY

July 17, 2013

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

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

Dear Mr. Derouen:

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

Commitment # 23

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

Duke Energy Response:

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

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

Mr. Jeff Derouen
July 17, 2013
Page Two

Very truly yours,

A handwritten signature in blue ink that reads "Kristen Ryan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kristen Ryan

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

Duke Energy Kentucky, Inc.

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

RECEIVED
JUL 18 2013
PUBLIC SERVICE
COMMISSION

	Total Company
<u>Assets</u>	
Utility Plant in Service	1,695,118,199
Construction Work in Progress	19,110,282
Less Accum. Depreciation	(774,506,908)
Net Utility Plant	939,721,573
Nonutility Property	(71,940)
Other Investments	1,500
Other Special Funds	52,442
Total Other Property & Investments	(17,998)
Cash	10,858,444
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,249,795
Other Accounts Receivable	3,347,295
Less Provision for Uncollectibles	(224,763)
Notes Receivable from Assoc. Co.	45,900,075
Accounts Receivable from Assoc. Co.	(4,534,348)
Fuel Stock	21,149,544
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,545,415
Other Materials & Supplies	-
Stores Expense Undistributed	965,631
Prepayments	1,295,916
Emission Allowances	86,856
Derivative Instrument Assets	599,581
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	11,914,557
Rents Receivable	-
Total Current & Accrued Assets	112,153,998
Unamortized Debt Expense	2,344,815
Other Regulatory Assets	16,101,556
Preliminary Survey & Investigation	2,123,364
Clearing Accounts	49,560
Temporary Facilities	(5,050)
Miscellaneous Deferred Debits	39,152,285
Unamortized Loss on Reacquired Debt	2,412,537
Accumulated Deferred Income Taxes	5,197,700
Unrecovered Purchased Gas Costs	(1,521,701)
Total Deferred Debits	65,855,066
TOTAL ASSETS AND OTHER DEBITS	1,117,712,639

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 2

As of May 31, 2013

(Unaudited)

	<u>Total Company</u>
<u>Proprietary Capital</u>	
Common Stock Issued	8,779,995
Premium on Capital Stock	18,838,946
Other Paid-in Capital Stock	148,655,189
Retained Earnings	220,054,728
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>396,328,858</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less Unamortized Discount on Long-Term Debt	(582,157)
Total Long-Term Debt	<u>331,989,337</u>
Obligations Under Capital Leases - Noncurrent	6,447,899
Asset Retirement Obligation	6,188,739
Long-Term Portion of Derivative Instrument Liabilities	5,624,021
Accum. Misc. Operating Provisions	18,721,478
Total Other Noncurrent Liabilities	<u>36,982,137</u>
Accounts Payable	20,518,329
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	11,981,501
Customer Deposits	9,181,641
Taxes Accrued	10,514,554
Interest Accrued	3,877,953
Tax Collections Payable	1,830,338
Misc. Current & Accrued Liabilities	7,489,623
Obligations Under Capital Leases - Current	1,813,921
Derivative Instrument Liabilities	6,612,738
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,624,021)
Total Current & Accrued Liabilities	<u>68,196,577</u>
Customer Advances for Construction	683,719
Accum. Deferred Investment Tax Credits	1,427,137
Other Deferred Credits	27,490,984
Other Regulatory Liabilities	906,980
Accumulated Deferred Income Taxes	253,706,910
Total Deferred Credits	<u>284,215,730</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,117,712,639</u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	130,951,229	63,533,500	194,484,729
Commercial Sales	115,111,025	23,286,835	138,397,860
Industrial Sales	54,217,143	1,873,445	56,090,588
Sales to Public Authorities	22,707,923	2,575,857	25,283,780
Public Street & Highway Lighting	1,716,582	963	1,717,545
Inter-Departmental Sales	67,251	22,224	89,475
Misc. Service Revenues	(212,725)	554,920	342,195
Revenues from Transportation	-	6,388,920	6,388,920
Sales for Resale	14,031,704	-	14,031,704
Rents from Property	1,685,167	-	1,685,167
Other Revenues	2,611,622	4,339	2,615,961
Total Revenues	<u>342,886,921</u>	<u>98,241,003</u>	<u>441,127,924</u>
<u>Operating Expenses</u>			
Operation Expense	222,656,393	64,767,916	287,424,309
Maintenance Expense	27,431,022	1,744,767	29,175,789
Depreciation Expense	26,182,579	8,713,320	34,895,899
Amortization and Depletion	2,400,955	1,506,699	3,907,654
Taxes Other than Income Taxes	11,249,358	4,285,681	15,535,039
Income Taxes - Federal & Other	10,144,908	1,182,858	11,327,766
Provision for Deferred Income Taxes - Net	(6,152,993)	15,136,975	8,983,982
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>293,912,222</u>	<u>97,338,216</u>	<u>391,250,438</u>
NET OPERATING INCOME	<u>48,974,699</u>	<u>902,787</u>	<u>49,877,486</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	233,715	50	233,765
Less Expense of Merchandising, Jobbing and Contract Work	(91,260)	8,517	(82,743)
Revenues from Nonutility Operations	6,787	735	7,522
Interest & Dividend Income	1,082,650	45,420	1,128,070
AFUDC	310,747	(253,485)	57,262
Gain/(Loss) on Disposition of Property	5,220,709	-	5,220,709
Gain from Disposition of Allowances	(15,132)	(5,556)	(20,688)
Misc. Income Deductions	(1,092,130)	(666,767)	(1,758,897)
Taxes Other than Income Taxes	(102,877)	(35,200)	(138,077)
Income Taxes - Federal & Other	(6,204,220)	352,295	(5,851,925)
Provision for Deferred Income Taxes - Net	3,950,927	88,483	4,039,410
Total Other Income & Deductions	<u>3,299,916</u>	<u>(465,508)</u>	<u>2,834,408</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,138,103)	(4,044,721)	(14,182,824)
Amortization of Debt Disc. And Expense	(377,034)	(118,430)	(495,464)
Amortization of Loss on Reacquired Debt	(222,435)	(60,708)	(283,143)
Interest on Debt to Assoc Co	(1,218)	(490)	(1,708)
Other Interest Expense	(1,559,806)	(178,965)	(1,738,771)
Less Allowance for Borrowed Fund Used During Construction - Credit	156,014	(90,097)	65,917
Net interest Charges	<u>(12,142,582)</u>	<u>(4,493,411)</u>	<u>(16,635,993)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>40,132,033</u>	<u>(4,056,132)</u>	<u>36,075,901</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
May 31, 2013
(Unaudited)

	Actual April 2013	Activity	Actual May 2013
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	331,981,801	7,536	331,989,337
Obligations under Capital Lease-Noncurrent	6,561,536	(113,637)	6,447,899
Total Long-term debt	338,543,337	(106,101)	338,437,236
Common Stock Equity			
Common Stock	8,779,995	-	8,779,995
Premium On Capital Stock Common	18,838,946	-	18,838,946
Donations Received From Stockholders	143,211,362	-	143,211,362
Donations Received From Stockholders Tax	5,600,021	-	5,600,021
Other Miscellaneous PIC	(156,194)	-	(156,194)
Unappropriated Retained Earnings Balance	196,610,414	-	196,610,414
Unappropriated Retained Earnings - Current Year Net Income	17,696,364	5,747,950	23,444,314
Total Common Stock Equity	390,580,908	5,747,950	396,328,858
 TOTAL CAPITALIZATION	 729,124,245	 5,641,849	 734,766,094