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JAN 14 2014

**PUBLIC SERVICE
COMMISSION**

Rocco O D'Ascenzo@duke-energy.com
Rocco O D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

January 13, 2014

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 November 2013 is enclosed.

Mr. Jeff Derouen
January 13, 2014
Page 2 of 2

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.

Very truly yours,



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

cc: Dennis G. Howard, II
Jay Baucom
Mark Outten

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PUBLIC SERVICE
COMMISSIONDuke Energy Kentucky, Inc.Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of November 30, 2013
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,711,213,466
Construction Work in Progress	22,756,911
Less: Accumulated Depreciation	(797,002,447)
Net Utility Plant	<u>936,967,930</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	52,442
Total Other Property & Investments	<u>56,148</u>
Cash	8,707,813
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	1,101,184
Other Accounts Receivable	5,955,217
Less: Provision for Uncollectibles	(254,761)
Notes Receivable from Assoc. Co.	29,513,887
Accounts Receivable from Assoc. Co.	(1,340,432)
Fuel Stock	19,378,972
Gas Stored Underground Inventory	4,988,768
Plant Materials & Operating Supplies	18,103,974
Other Materials & Supplies	-
Stores Expense Undistributed	1,162,712
Prepayments	1,740,378
Emission Allowances	66,885
Derivative Instrument Assets	475,288
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	9,343,385
Rents Receivable	-
Total Current & Accrued Assets	<u>98,943,270</u>
Unamortized Debt Expense	2,142,699
Other Regulatory Assets	19,332,882
Preliminary Survey & Investigation	2,124,893
Clearing Accounts	56,345
Temporary Facilities	(6,935)
Miscellaneous Deferred Debits	36,518,128
Unamortized Loss on Reacquired Debt	2,276,531
Accumulated Deferred Income Taxes	4,098,264
Unrecovered Purchased Gas Costs	547,579
Total Deferred Debits	<u>67,090,386</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,103,057,734</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of November 30, 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	197,877,383
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>374,151,513</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less: Unamortized Discount on Long-Term Debt	(536,943)
Total Long-Term Debt	<u>332,034,551</u>
Obligations Under Capital Leases - Noncurrent	5,755,601
Asset Retirement Obligation	6,324,987
Long-Term Portion of Derivative Instrument Liabilities	4,160,729
Accum. Misc. Operating Provisions	18,419,147
Total Other Noncurrent Liabilities	<u>34,660,464</u>
Accounts Payable	25,859,380
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	11,166,657
Customer Deposits	9,191,951
Taxes Accrued	15,047,267
Interest Accrued	3,215,081
Tax Collections Payable	2,040,912
Misc. Current & Accrued Liabilities	9,049,710
Obligations Under Capital Leases - Current	1,366,765
Derivative Instrument Liabilities	5,158,280
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,160,729)
Total Current & Accrued Liabilities	<u>77,935,274</u>
Customer Advances for Construction	696,421
Accum. Deferred Investment Tax Credits	1,310,257
Other Deferred Credits	25,589,167
Other Regulatory Liabilities	617,367
Accumulated Deferred Income Taxes	256,062,720
Total Deferred Credits	<u>284,275,932</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	1,103,057,734

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended November 30, 2013
(Unaudited)

	<u>Electric</u>	<u>Gas</u>	<u>Total Company</u>
<u>Revenues</u>			
Residential Sales	128,399,228	64,636,159	193,035,385
Commercial Sales	116,111,628	23,599,177	139,711,005
Industrial Sales	56,153,734	1,885,755	58,039,489
Sales to Public Authorities	22,649,810	2,558,059	25,207,869
Public Street & Highway Lighting	1,710,219	979	1,711,198
Inter-Departmental Sales	64,544	22,964	87,508
Misc. Service Revenues	154,064	554,552	708,616
Revenues from Transportation	-	6,006,341	6,006,341
Sales for Resale	15,098,500	-	15,098,500
Rents from Property	1,318,729	36	1,316,765
Other Revenues	1,648,379	(428)	1,647,951
Total Revenues	343,307,033	99,263,594	442,570,627
<u>Operating Expenses</u>			
Operation Expense	223,428,527	65,294,804	288,723,331
Maintenance Expense	26,407,672	1,838,445	28,246,117
Depreciation Expense	27,958,152	6,111,339	34,087,491
Amortization and Depletion	2,140,618	1,376,633	3,517,251
Taxes Other than Income Taxes	8,833,297	4,154,373	12,987,670
Income Taxes - Federal & Other	4,749,606	4,131,837	8,881,443
Provision for Deferred Income Taxes - Net	10,477,908	2,052,773	12,530,681
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	303,993,780	64,960,204	388,953,984
NET OPERATING INCOME	39,313,253	14,303,390	53,816,643
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	283,601	50	283,651
Less: Expense of Merchandising, Jobbing and Contract Work	(77,745)	9,281	(68,464)
Revenues from Nonutility Operations	4,213	376	4,589
Interest & Dividend Income	1,043,019	46,449	1,069,468
AFUDC	421,725	11,333	433,058
Gain on Disposition of Property	3,398,073	41,563	3,439,636
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(715,366)	(345,189)	(1,060,575)
Taxes Other than Income Taxes	(104,647)	(32,899)	(137,546)
Income Taxes - Federal & Other	(6,765,959)	571,236	(6,194,723)
Provision for Deferred Income Taxes - Net	4,215,315	42,423	4,257,738
Total Other Income & Deductions	1,702,209	344,623	2,046,832
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,207,643)	(3,979,864)	(14,187,527)
Amortization of Debt Disc. And Expense	(372,121)	(115,315)	(487,436)
Amortization of Loss on Reacquired Debt	(219,057)	(58,520)	(277,577)
Interest on Debt to Assoc. Co.	(597)	(233)	(830)
Other Interest Expense	(1,231,477)	(152,338)	(1,383,815)
Less: Allowance for Borrowed Fund Used During Construction - Credit	195,385	4,165	199,550
Net Interest Charges	(11,835,510)	(4,302,125)	(18,137,635)
Extraordinary Items after Taxes	-	-	-
NET INCOME	29,179,952	10,345,888	39,525,840

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
November 30, 2013
(Unaudited)

	<u>Actual</u> <u>October 2013</u>	<u>Activity</u>	<u>Actual</u> <u>November 2013</u>
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	332,027,015	7,536	332,034,551
Obligations under Capital Lease-Noncurrent	5,872,243	(116,842)	5,755,601
Total Long-term debt	<u>337,899,258</u>	<u>(109,106)</u>	<u>337,790,152</u>
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	156,610,414	-	156,610,414
Unappropriated Retained Earnings - Current Year Net Income	37,468,187	3,798,782	41,266,969
Total Common Stock Equity	<u>370,352,731</u>	<u>3,798,782</u>	<u>374,151,513</u>
TOTAL CAPITALIZATION	708,251,989	3,889,878	711,941,665