



139 East Fourth Street
PO Box 960
1303-Main
Cincinnati, Ohio 45201-0960
o: 513-287-4320
f: 513-287-4385

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

VIA OVERNIGHT DELIVERY

March 14, 2014

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

RECEIVED

MAR 17 2014

PUBLIC SERVICE
COMMISSION

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. Cline:

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

Commitment # 23

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

Duke Energy Response:

Duke Energy Kentucky, Inc.'s monthly financial statement for January 2014 is enclosed.

Mr. Jeff Derouen
March 14, 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,

A handwritten signature in black ink, appearing to be 'Rocco D'Ascenzo', with a long horizontal flourish extending to the right.

Rocco D'Ascenzo

cc: Mark Outten (w/o enclosures)

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of January 31, 2014
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,716,828,043
Construction Work in Progress	25,889,769
Less: Accumulated Depreciation	<u>(801,739,711)</u>
Net Utility Plant	<u>940,978,101</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	<u>1,582,486</u>
Total Other Property & Investments	<u>1,586,192</u>
Cash	12,377,830
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	6,417,526
Other Accounts Receivable	10,161,543
Less: Provision for Uncollectibles	(246,269)
Notes Receivable from Assoc. Co.	33,839,766
Accounts Receivable from Assoc. Co.	5,050,087
Fuel Stock	18,149,487
Gas Stored Underground Inventory	2,522,095
Plant Materials & Operating Supplies	18,084,950
Other Materials & Supplies	-
Stores Expense Undistributed	867,051
Prepayments	1,419,141
Emission Allowances	60,342
Derivative Instrument Assets	349,957
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	9,123,650
Rents Receivable	-
Total Current & Accrued Assets	<u>118,177,156</u>
Unamortized Debt Expense	2,109,387
Other Regulatory Assets	20,922,779
Preliminary Survey & Investigation	2,124,986
Clearing Accounts	58,989
Temporary Facilities	(1,800)
Miscellaneous Deferred Debits	24,385,331
Unamortized Loss on Reacquired Debt	2,232,122
Accumulated Deferred Income Taxes	(2,086,005)
Unrecovered Purchased Gas Costs	<u>1,694,702</u>
Total Deferred Debits	<u>51,440,491</u>
TOTAL ASSETS AND OTHER DEBITS	1,112,181,940

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of January 31, 2014
(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	210,548,195
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>386,822,325</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less: Unamortized Discount on Long-Term Debt	(521,872)
Total Long-Term Debt	<u>332,049,622</u>
Obligations Under Capital Leases - Noncurrent	5,189,238
Asset Retirement Obligation	6,275,192
Long-Term Portion of Derivative Instrument Liabilities	3,739,694
Accum. Misc. Operating Provisions	7,873,374
Total Other Noncurrent Liabilities	<u>23,077,498</u>
Accounts Payable	41,554,755
Notes Payable to Assoc. Co.	1,018,000
Accounts Payable to Assoc. Co.	9,522,495
Customer Deposits	9,359,827
Taxes Accrued	8,647,569
Interest Accrued	4,678,716
Tax Collections Payable	2,795,724
Misc. Current & Accrued Liabilities	8,233,990
Obligations Under Capital Leases - Current	1,710,257
Derivative Instrument Liabilities	4,731,216
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,739,694)
Total Current & Accrued Liabilities	<u>88,512,855</u>
Customer Advances for Construction	748,534
Accum. Deferred Investment Tax Credits	1,304,230
Other Deferred Credits	25,894,437
Other Regulatory Liabilities	619,446
Accumulated Deferred Income Taxes	253,152,993
Total Deferred Credits	<u>281,719,640</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	1,112,181,940

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended January 31, 2014
(Unaudited)

	Electric	Gas	Total Company
Revenues			
Residential Sales	128,756,456	71,620,350	200,376,806
Commercial Sales	115,828,184	25,725,755	141,553,939
Industrial Sales	56,043,017	2,113,710	58,156,727
Sales to Public Authorities	22,371,932	2,875,461	25,247,393
Public Street & Highway Lighting	1,692,845	988	1,693,833
Inter-Departmental Sales	72,586	25,696	98,282
Misc. Service Revenues	279,979	553,932	833,911
Revenues from Transportation	-	6,126,552	6,126,552
Sales for Resale	17,052,875	-	17,052,875
Rents from Property	1,147,385	45	1,147,430
Other Revenues	3,382,171	1,895	3,384,066
Total Revenues	346,627,430	109,044,384	455,671,814
Operating Expenses			
Operation Expense	225,036,641	71,410,241	296,446,882
Maintenance Expense	25,071,506	1,850,547	26,922,053
Depreciation Expense	28,538,062	5,202,616	33,740,678
Amortization and Depletion	2,042,082	1,270,252	3,312,334
Taxes Other than Income Taxes	9,001,853	4,151,428	13,153,281
Income Taxes - Federal & Other	12,071,064	4,138,689	16,209,753
Provision for Deferred Income Taxes - Net	5,330,305	3,064,604	8,394,909
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	307,091,513	91,088,377	398,179,890
NET OPERATING INCOME	39,535,917	17,956,007	57,491,924
Other Income & Deductions			
Revenues from Merchandising, Jobbing and Contract Work	251,319	50	251,369
Less: Expense of Merchandising, Jobbing and Contract Work	(79,436)	3,217	(76,219)
Revenues from Nonutility Operations	223,716	346	224,062
Interest & Dividend Income	1,057,749	34,900	1,092,649
AFUDC	511,140	19,889	531,029
Gain on Disposition of Property	3,398,073	41,563	3,439,636
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(699,910)	(331,415)	(1,031,325)
Taxes Other than Income Taxes	(109,738)	(34,755)	(144,493)
Income Taxes - Federal & Other	(990,830)	669,911	(320,919)
Provision for Deferred Income Taxes - Net	(1,380,965)	34,746	(1,346,219)
Total Other Income & Deductions	2,181,118	438,452	2,619,570
Interest Charges			
Interest on Long Term Debt	(10,199,819)	(3,968,772)	(14,168,591)
Amortization of Debt Disc. And Expense	(374,715)	(116,177)	(490,892)
Amortization of Loss on Reacquired Debt	(216,655)	(58,141)	(274,796)
Interest on Debt to Assoc. Co.	(544)	(212)	(756)
Other Interest Expense	(1,056,569)	(144,671)	(1,201,240)
Less: Allowance for Borrowed Fund Used During Construction - Credit	231,794	7,672	239,466
Net interest Charges	(11,616,508)	(4,280,301)	(15,896,809)
Extraordinary Items after Taxes	-	-	-
NET INCOME	30,100,527	14,114,158	44,214,685

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
January 31, 2014
(Unaudited)

	Actual December 2013	Activity	Actual January 2014
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	292,078,260	4,382	292,082,642
Obligations under Capital Lease-Noncurrent	5,287,094	(97,856)	5,189,238
Total Long-term debt	<u>297,365,354</u>	<u>(93,474)</u>	<u>297,271,880</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	45,069,571	201,679,985
Unappropriated Retained Earnings - Current Year Net Income	45,069,572	(36,201,362)	8,868,210
Total Common Stock Equity	<u>377,954,116</u>	<u>8,868,209</u>	<u>386,822,325</u>
TOTAL CAPITALIZATION	675,319,470	8,774,735	684,094,205