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Rocco O. D'Ascenzo  
Associate General Counsel

**VIA OVERNIGHT DELIVERY**

June 16, 2014

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

Re: 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. *Case No. 2011-124*

Dear Mr. Cline:

In the Stipulation in the above-referenced case, Duke Energy Kentucky, Inc. (Duke Energy Kentucky) 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 Kentucky Response:**

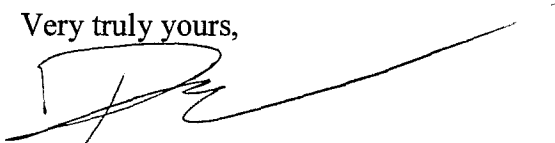
Duke Energy Kentucky, Inc.'s monthly financial statement for April 2014 is enclosed.

Mr. Jeff Cline  
June 16, 2014  
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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 to me in the envelope provided for that purpose.

Very truly yours,

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

Rocco D'Ascenzo

cc: Charmain Barnes (via email w/o enclosures)

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Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 1

As of April 30, 2014

(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,721,303,970
Construction Work in Progress	37,355,629
Less: Accumulated Depreciation	(810,210,278)
Net Utility Plant	<u>948,449,321</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	1,157,336
Total Other Property & Investments	<u>1,161,042</u>
Cash	16,437,520
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	10,227,810
Other Accounts Receivable	11,815,042
Less: Provision for Uncollectibles	(246,428)
Notes Receivable from Assoc. Co.	23,071,005
Accounts Receivable from Assoc. Co.	10,483
Fuel Stock	19,372,708
Gas Stored Underground Inventory	2,097,951
Plant Materials & Operating Supplies	17,913,505
Other Materials & Supplies	-
Stores Expense Undistributed	1,044,006
Prepayments	2,505,537
Emission Allowances	55,044
Derivative Instrument Assets	101,484
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	14,479,485
Rents Receivable	-
Total Current & Accrued Assets	<u>118,885,152</u>
Unamortized Debt Expense	2,113,292
Other Regulatory Assets	23,289,113
Preliminary Survey & Investigation	2,123,120
Clearing Accounts	64,310
Temporary Facilities	(5,070)
Miscellaneous Deferred Debits	23,993,385
Unamortized Loss on Reacquired Debt	2,165,503
Accumulated Deferred Income Taxes	(2,792,390)
Unrecovered Purchased Gas Costs	732,690
Total Deferred Debits	<u>51,683,953</u>
TOTAL ASSETS AND OTHER DEBITS	1,120,179,468

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 2

As of April 30, 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	214,429,556
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>390,703,686</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less: Unamortized Discount on Long-Term Debt	(499,266)
Total Long-Term Debt	<u>332,072,228</u>
Obligations Under Capital Leases - Noncurrent	4,893,068
Asset Retirement Obligation	6,343,201
Long-Term Portion of Derivative Instrument Liabilities	4,080,354
Accum. Misc. Operating Provisions	7,456,553
Total Other Noncurrent Liabilities	<u>22,773,176</u>
Accounts Payable	28,391,729
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	22,028,782
Customer Deposits	9,405,723
Taxes Accrued	10,103,252
Interest Accrued	2,296,848
Tax Collections Payable	2,258,934
Misc. Current & Accrued Liabilities	10,774,242
Obligations Under Capital Leases - Current	1,668,470
Derivative Instrument Liabilities	5,071,429
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,080,354)
Total Current & Accrued Liabilities	<u>87,919,055</u>
Customer Advances for Construction	737,794
Accum. Deferred Investment Tax Credits	1,234,442
Other Deferred Credits	25,551,427
Other Regulatory Liabilities	598,961
Accumulated Deferred Income Taxes	258,588,699
Total Deferred Credits	<u>286,711,323</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	1,120,179,468

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended April 30, 2014  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	131,565,530	75,805,688	207,371,218
Commercial Sales	117,431,527	28,728,910	146,160,437
Industrial Sales	57,343,354	2,227,869	59,571,223
Sales to Public Authorities	22,991,110	3,204,265	26,195,375
Public Street & Highway Lighting	1,717,550	1,004	1,718,554
Inter-Departmental Sales	113,696	32,473	146,169
Misc. Service Revenues	(2,103,130)	551,997	(1,551,133)
Revenues from Transportation	-	5,672,875	5,672,875
Sales for Resale	20,888,933	-	20,888,933
Rents from Property	901,105	57	901,162
Other Revenues	3,998,923	1,531	4,000,454
Total Revenues	<u>354,848,598</u>	<u>116,226,669</u>	<u>471,075,267</u>
<u>Operating Expenses</u>			
Operation Expense	234,312,391	77,464,156	311,776,547
Maintenance Expense	31,692,487	1,996,691	33,689,178
Depreciation Expense	29,582,057	4,879,675	34,461,732
Amortization and Depletion	1,995,249	1,172,059	3,167,308
Taxes Other than Income Taxes	8,612,991	4,034,495	12,647,486
Income Taxes - Federal & Other	5,887,659	6,482,686	12,370,345
Provision for Deferred Income Taxes - Net	8,024,635	2,148,015	10,172,650
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>320,107,469</u>	<u>98,177,777</u>	<u>418,285,246</u>
NET OPERATING INCOME	<u>34,741,129</u>	<u>18,048,892</u>	<u>52,790,021</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	245,030	50	245,080
Less: Expense of Merchandising, Jobbing and Contract Work	(78,326)	2,203	(76,123)
Revenues from Nonutility Operations	218,850	136	218,986
Interest & Dividend Income	1,100,660	56,951	1,157,611
AFUDC	585,600	24,181	609,781
Gain on Disposition of Property	3,398,073	41,563	3,439,636
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(707,978)	(322,043)	(1,030,021)
Taxes Other than Income Taxes	(317,885)	(34,168)	(352,053)
Income Taxes - Federal & Other	173,435	649,953	823,388
Provision for Deferred Income Taxes - Net	(1,911,980)	6,949	(1,905,031)
Total Other Income & Deductions	<u>2,705,479</u>	<u>425,775</u>	<u>3,131,254</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,211,086)	(3,968,075)	(14,179,161)
Amortization of Debt Disc. And Expense	(363,878)	(112,316)	(476,194)
Amortization of Loss on Reacquired Debt	(206,993)	(63,635)	(270,628)
Interest on Debt to Assoc. Co.	(423)	(165)	(588)
Other Interest Expense	(1,015,975)	(134,051)	(1,150,026)
Less: Allowance for Borrowed Fund Used During Construction - Credit	268,937	9,410	278,347
Net interest Charges	<u>(11,529,418)</u>	<u>(4,268,832)</u>	<u>(15,798,250)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>25,917,190</u>	<u>14,205,835</u>	<u>40,123,025</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
April 30, 2014  
(Unaudited)

	Actual March 2014	Activity	Actual April 2014
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
Long-term debt	292,091,403	4,381	292,095,784
Obligations under Capital Lease-Noncurrent	4,992,228	(99,160)	4,893,068
<b>Total Long-term debt</b>	<b>297,083,631</b>	<b>(94,779)</b>	<b>296,988,852</b>
<b>Common Stock Equity</b>			
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	201,679,985	-	201,679,985
Unappropriated Retained Earnings - Current Year Net Income	14,343,024	(1,593,453)	12,749,571
<b>Total Common Stock Equity</b>	<b>392,297,139</b>	<b>(1,593,453)</b>	<b>390,703,686</b>
<b>TOTAL CAPITALIZATION</b>	<b>689,380,770</b>	<b>(1,688,232)</b>	<b>687,692,538</b>