



Mailing Address:
139 East Fourth Street
1303 Main / P.O. Box 960
Cincinnati, Ohio 45202
o: 513-287-4320
f: 513-287-4385

VIA OVERNIGHT DELIVERY

December 11, 2014

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

RECEIVED

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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. Kline:

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

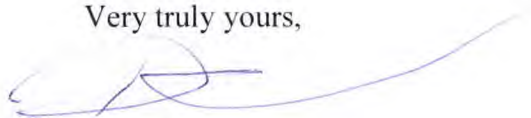
Joint Applicants commit that when Duke Energy Kentucky files its monthly reports with the Commission, it shall include with that filing a schedule of the current capital structure and a schedule of any capital contributions made to Duke Energy Kentucky in the applicable month. The monthly reports shall 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 Response:

Duke Energy Kentucky, Inc.'s monthly financial statement for October 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.

Very truly yours,

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

Rocco D' Ascenzo
Associate General Counsel
Amy B. Spiller
State Regulatory General Counsel

cc: Dennis G. Howard, II
Mai Xuan Zinchenko

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 1

As of October 31, 2014

(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,753,327,466
Construction Work in Progress	16,985,028
Less: Accumulated Depreciation	<u>(812,965,738)</u>
Net Utility Plant	<u>957,346,756</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	1,272,380
Total Other Property & Investments	<u>1,276,086</u>
Cash	13,050,315
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	4,877,254
Other Accounts Receivable	16,530,468
Less: Provision for Uncollectibles	(184,445)
Notes Receivable from Assoc. Co.	7,782,118
Accounts Receivable from Assoc. Co.	836,941
Fuel Stock	25,178,349
Gas Stored Underground Inventory	10,453,791
Plant Materials & Operating Supplies	17,961,379
Other Materials & Supplies	-
Stores Expense Undistributed	1,506,965
Prepayments	1,924,846
Emission Allowances	32,743
Derivative Instrument Assets	1,585,951
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	14,357,769
Rents Receivable	-
Total Current & Accrued Assets	<u>115,894,444</u>
Unamortized Debt Expense	1,967,411
Other Regulatory Assets	26,156,798
Preliminary Survey & Investigation	2,125,863
Clearing Accounts	72,214
Temporary Facilities	(1,900)
Miscellaneous Deferred Debits	22,877,916
Unamortized Loss on Reacquired Debt	2,032,266
Accumulated Deferred Income Taxes	(3,997,508)
Unrecovered Purchased Gas Costs	2,513,318
Total Deferred Debits	<u>53,746,378</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,128,263,664</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of October 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	227,819,946
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>404,094,076</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less: Unamortized Discount on Long-Term Debt	(454,052)
Total Long-Term Debt	<u>332,117,442</u>
Obligations Under Capital Leases - Noncurrent	4,288,424
Asset Retirement Obligation	6,482,055
Long-Term Portion of Derivative Instrument Liabilities	4,621,201
Accum. Misc. Operating Provisions	6,870,405
Total Other Noncurrent Liabilities	<u>22,262,085</u>
Accounts Payable	16,323,636
Notes Payable to Assoc. Co.	11,730,000
Accounts Payable to Assoc. Co.	16,559,032
Customer Deposits	9,838,827
Taxes Accrued	18,918,760
Interest Accrued	2,173,914
Tax Collections Payable	1,853,833
Misc. Current & Accrued Liabilities	10,266,901
Obligations Under Capital Leases - Current	1,583,820
Derivative Instrument Liabilities	5,608,483
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,621,201)
Total Current & Accrued Liabilities	<u>90,236,005</u>
Customer Advances for Construction	755,935
Accum. Deferred Investment Tax Credits	1,129,762
Other Deferred Credits	25,201,883
Other Regulatory Liabilities	568,231
Accumulated Deferred Income Taxes	251,898,245
Total Deferred Credits	<u>279,554,056</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,128,263,664</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	132,816,538	77,064,013	209,880,551
Commercial Sales	119,090,370	28,624,866	147,715,236
Industrial Sales	58,821,381	2,303,806	61,125,187
Sales to Public Authorities	23,293,318	3,227,983	26,521,301
Public Street & Highway Lighting	1,769,955	1,022	1,770,977
Inter-Departmental Sales	74,038	33,217	107,255
Misc. Service Revenues	1,953,248	553,770	2,507,018
Revenues from Transportation	-	6,087,477	6,087,477
Sales for Resale	19,305,354	-	19,305,354
Rents from Property	761,859	52	761,911
Other Revenues	4,774,033	2,633	4,776,666
Total Revenues	<u>362,660,094</u>	<u>117,898,839</u>	<u>480,558,933</u>
<u>Operating Expenses</u>			
Operation Expense	246,081,321	78,571,818	324,653,139
Maintenance Expense	35,312,716	2,052,110	37,364,826
Depreciation Expense	27,496,943	7,024,872	34,521,815
Amortization and Depletion	2,177,244	1,041,873	3,219,117
Taxes Other than Income Taxes	8,471,561	4,132,515	12,604,076
Income Taxes - Federal & Other	7,064,563	3,807,869	10,872,432
Provision for Deferred Income Taxes - Net	4,075,478	4,321,734	8,397,212
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>330,679,826</u>	<u>100,952,791</u>	<u>431,632,617</u>
NET OPERATING INCOME	<u>31,980,268</u>	<u>16,946,048</u>	<u>48,926,316</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	278,532	-	278,532
Less: Expense of Merchandising, Jobbing and Contract Work	(160,261)	1,592	(158,669)
Revenues from Nonutility Operations	162,320	(1,854)	160,466
Interest & Dividend Income	856,927	247,100	1,104,027
AFUDC	560,806	21,718	582,524
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(697,156)	(347,046)	(1,044,202)
Taxes Other than Income Taxes	(108,408)	(32,995)	(141,403)
Income Taxes - Federal & Other	(742,345)	(128,046)	(870,391)
Provision for Deferred Income Taxes - Net	920,182	244,328	1,164,510
Total Other Income & Deductions	<u>1,070,597</u>	<u>4,797</u>	<u>1,075,394</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,180,794)	(3,968,603)	(14,149,397)
Amortization of Debt Disc. And Expense	(340,319)	(103,860)	(444,179)
Amortization of Loss on Reacquired Debt	(197,695)	(68,774)	(266,469)
Interest on Debt to Assoc. Co.	(6,434)	(2,521)	(8,955)
Other Interest Expense	(1,549,749)	(116,801)	(1,666,550)
Less: Allowance for Borrowed Fund Used During Construction - Credit	267,690	8,572	276,262
Net interest Charges	<u>(12,007,301)</u>	<u>(4,251,987)</u>	<u>(16,259,288)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>21,043,564</u>	<u>12,698,858</u>	<u>33,742,422</u>

Duke Energy Kentucky, Inc.

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

	Actual September 2014	Activity	Actual October 2014
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	292,117,688	4,381	292,122,069
Obligations under Capital Lease-Noncurrent	4,390,637	(102,213)	4,288,424
Total Long-term debt	296,508,325	(97,832)	296,410,493
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	201,679,985	-	201,679,985
Unappropriated Retained Earnings - Current Year Net Income	24,305,258	1,834,703	26,139,961
Total Common Stock Equity	402,259,373	1,834,703	404,094,076
TOTAL CAPITALIZATION	698,767,698	1,736,871	700,504,569