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Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

March 13, 2015

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. (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 January 2015 is enclosed.

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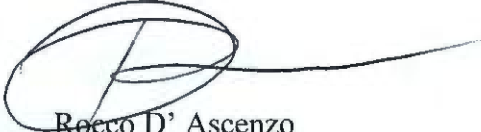
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PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
March 13, 2015
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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 in the enclosed return-addressed envelope.

Very truly yours,

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line extending to the right.

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

cc: Mai Xuan Zinchenko

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of January 31, 2015
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,777,482,352
Construction Work in Progress	15,116,524
Less: Accumulated Depreciation	<u>(817,348,007)</u>
Net Utility Plant	<u>975,250,869</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	<u>356,278</u>
Total Other Property & Investments	<u>359,984</u>
Cash	10,653,326
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,513,282
Other Accounts Receivable	9,593,459
Less: Provision for Uncollectibles	(209,419)
Notes Receivable from Assoc. Co.	29,103,808
Accounts Receivable from Assoc. Co.	(2,642)
Fuel Stock	30,588,043
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	21,078,327
Other Materials & Supplies	-
Stores Expense Undistributed	1,655,379
Prepayments	2,209,755
Emission Allowances	25,056
Derivative Instrument Assets	1,033,047
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	18,713,686
Rents Receivable	-
Total Current & Accrued Assets	<u>126,955,107</u>
Unamortized Debt Expense	2,017,545
Other Regulatory Assets	28,657,014
Preliminary Survey & Investigation	2,129,777
Clearing Accounts	6,488
Temporary Facilities	(1,300)
Miscellaneous Deferred Debits	25,560,623
Unamortized Loss on Reacquired Debt	1,965,648
Accumulated Deferred Income Taxes	(5,170,986)
Unrecovered Purchased Gas Costs	<u>846,985</u>
Total Deferred Debits	<u>56,011,794</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,158,577,754</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of January 31, 2015
(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	249,282,750
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>425,556,880</u>
<u>Liabilities</u>	
Bonds	292,571,494
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(436,283)
Total Long-Term Debt	<u>317,135,211</u>
Obligations Under Capital Leases - Noncurrent	3,591,029
Asset Retirement Obligation	8,166,166
Long-Term Portion of Derivative Instrument Liabilities	5,690,225
Accum. Misc. Operating Provisions	9,565,849
Total Other Noncurrent Liabilities	<u>27,013,269</u>
Accounts Payable	21,973,234
Notes Payable to Assoc. Co.	33,364,000
Accounts Payable to Assoc. Co.	13,295,853
Customer Deposits	9,986,559
Taxes Accrued	3,552,179
Interest Accrued	4,310,014
Tax Collections Payable	2,721,739
Misc. Current & Accrued Liabilities	8,482,040
Obligations Under Capital Leases - Current	1,598,210
Derivative Instrument Liabilities	6,677,507
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,690,225)
Total Current & Accrued Liabilities	<u>100,271,110</u>
Customer Advances for Construction	750,751
Accum. Deferred Investment Tax Credits	1,094,869
Other Deferred Credits	22,857,914
Other Regulatory Liabilities	557,988
Accumulated Deferred Income Taxes	263,339,762
Total Deferred Credits	<u>288,601,284</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,158,577,754</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended January 31, 2015
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	132,749,232	80,045,991	212,795,223
Commercial Sales	119,503,504	29,585,799	149,089,303
Industrial Sales	59,396,016	2,186,425	61,582,441
Sales to Public Authorities	23,487,887	3,246,044	26,733,931
Public Street & Highway Lighting	1,774,808	1,030	1,775,838
Inter-Departmental Sales	62,046	33,439	95,485
Misc. Service Revenues	(139,215)	554,871	415,656
Revenues from Transportation	-	6,187,999	6,187,999
Sales for Resale	20,262,043	-	20,262,043
Rents from Property	753,175	61	753,236
Other Revenues	3,987,523	820	3,988,343
Total Revenues	<u>361,837,019</u>	<u>121,842,479</u>	<u>483,679,498</u>
<u>Operating Expenses</u>			
Operation Expense	236,757,848	79,541,532	316,299,380
Maintenance Expense	36,040,637	2,110,482	38,151,119
Depreciation Expense	26,928,072	9,913,311	36,841,383
Amortization and Depletion	2,273,436	987,331	3,260,767
Taxes Other than Income Taxes	9,074,818	4,383,310	13,458,128
Income Taxes - Federal & Other	212,642	1,099,280	1,311,922
Provision for Deferred Income Taxes - Net	12,940,951	6,941,090	19,882,041
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>324,228,404</u>	<u>104,976,336</u>	<u>429,204,740</u>
NET OPERATING INCOME	<u>37,608,615</u>	<u>16,866,143</u>	<u>54,474,758</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	287,874	-	287,874
Less: Expense of Merchandising, Jobbing and Contract Work	(240,261)	1,953	(238,308)
Revenues from Nonutility Operations	(94,559)	(3,037)	(97,596)
Interest & Dividend Income	842,817	311,243	1,154,060
AFUDC	420,945	39,933	460,878
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(732,070)	(370,801)	(1,102,871)
Taxes Other than Income Taxes	(95,814)	(29,399)	(125,213)
Income Taxes - Federal & Other	(5,374,942)	(227,583)	(5,602,525)
Provision for Deferred Income Taxes - Net	5,434,080	244,328	5,678,408
Total Other Income & Deductions	<u>448,070</u>	<u>(33,363)</u>	<u>414,707</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,010,136)	(3,895,567)	(13,905,703)
Amortization of Debt Disc. And Expense	(322,494)	(96,969)	(419,463)
Amortization of Loss on Reacquired Debt	(191,475)	(74,999)	(266,474)
Interest on Debt to Assoc. Co.	(22,908)	(8,941)	(31,849)
Other Interest Expense	(1,631,777)	(109,909)	(1,741,686)
Less: Allowance for Borrowed Fund Used During Construction - Credit	195,217	15,048	210,265
Net interest Charges	<u>(11,983,573)</u>	<u>(4,171,337)</u>	<u>(16,154,910)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>26,073,112</u>	<u>12,661,443</u>	<u>38,734,555</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
January 31, 2015
(Unaudited)

	Actual December 2014	Activity	Actual January 2015
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	292,130,831	4,381	292,135,212
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	3,671,631	(80,602)	3,591,029
Total Long-term debt	320,802,462	(76,221)	320,726,241
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	35,301,815	236,981,800
Unappropriated Retained Earnings - Current Year Net Income	35,301,814	(23,000,864)	12,300,950
Total Common Stock Equity	413,255,929	12,300,951	425,556,880
TOTAL CAPITALIZATION	734,058,391	12,224,730	746,283,121