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Rocco O. D'Ascenzo  
Associate General Counsel

**VIA OVERNIGHT DELIVERY**

December 10, 2013

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
21 1 Sower Boulevard  
Frankfort, Kentucky 40602-0615

**RECEIVED**  
DEC 11 2013  
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. 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.

Mr. Jeff Derouen  
December 10, 2013  
Page 2 of 2

**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,



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

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

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of October 31, 2013  
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,709,803,859
Construction Work in Progress	20,721,464
Less: Accumulated Depreciation	(793,755,958)
Net Utility Plant	<u>936,769,365</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	26,221
Total Other Property & Investments	<u>29,927</u>
Cash	11,815,975
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,958,769
Other Accounts Receivable	6,541,099
Less: Provision for Uncollectibles	(240,968)
Notes Receivable from Assoc. Co.	20,207,017
Accounts Receivable from Assoc. Co.	60,794
Fuel Stock	18,705,491
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,850,779
Other Materials & Supplies	-
Stores Expense Undistributed	1,217,078
Prepayments	1,886,171
Emission Allowances	70,737
Derivative Instrument Assets	475,288
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	14,944,134
Rents Receivable	-
Total Current & Accrued Assets	<u>96,492,364</u>
Unamortized Debt Expense	2,176,385
Other Regulatory Assets	17,101,687
Preliminary Survey & Investigation	2,124,893
Clearing Accounts	55,180
Temporary Facilities	(3,610)
Miscellaneous Deferred Debits	36,801,154
Unamortized Loss on Reacquired Debt	2,298,735
Accumulated Deferred Income Taxes	3,633,435
Unrecovered Purchased Gas Costs	6,028
Total Deferred Debits	<u>64,193,887</u>
TOTAL ASSETS AND OTHER DEBITS	1,097,485,543

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of October 31, 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	194,078,601
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>370,352,731</u>
<u>Liabilities</u>	
Bonds	332,571,494
Less: Unamortized Discount on Long-Term Debt	(544,479)
Total Long-Term Debt	<u>332,027,015</u>
Obligations Under Capital Leases - Noncurrent	5,872,243
Asset Retirement Obligation	6,302,016
Long-Term Portion of Derivative Instrument Liabilities	4,418,901
Accum. Misc. Operating Provisions	18,347,872
Total Other Noncurrent Liabilities	<u>34,941,032</u>
Accounts Payable	19,678,188
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	13,860,977
Customer Deposits	9,146,533
Taxes Accrued	20,811,770
Interest Accrued	2,084,822
Tax Collections Payable	1,684,505
Misc. Current & Accrued Liabilities	9,471,375
Obligations Under Capital Leases - Current	1,360,834
Derivative Instrument Liabilities	5,409,339
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,418,901)
Total Current & Accrued Liabilities	<u>79,089,442</u>
Customer Advances for Construction	683,719
Accum. Deferred Investment Tax Credits	1,329,738
Other Deferred Credits	26,562,596
Other Regulatory Liabilities	(1,171,508)
Accumulated Deferred Income Taxes	253,670,778
Total Deferred Credits	<u>281,075,323</u>
<b>TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS</b>	<b>1,097,485,543</b>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended October 31, 2013  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	127,967,310	64,371,687	192,338,997
Commercial Sales	116,240,731	23,633,717	139,874,448
Industrial Sales	56,023,364	1,874,378	57,897,742
Sales to Public Authorities	22,590,790	2,566,211	25,157,001
Public Street & Highway Lighting	1,708,745	977	1,709,722
Inter-Departmental Sales	65,323	22,408	87,731
Misc. Service Revenues	89,900	554,630	644,530
Revenues from Transportation	-	5,977,347	5,977,347
Sales for Resale	15,810,953	-	15,810,953
Rents from Property	1,398,690	30	1,398,720
Other Revenues	1,669,920	158	1,670,078
<b>Total Revenues</b>	<b>343,565,726</b>	<b>99,001,543</b>	<b>442,567,269</b>
<u>Operating Expenses</u>			
Operation Expense	225,763,758	65,184,487	290,948,245
Maintenance Expense	26,622,643	1,753,632	28,376,275
Depreciation Expense	27,630,854	6,350,467	33,981,321
Amortization and Depletion	2,188,222	1,428,280	3,616,502
Taxes Other than Income Taxes	11,263,374	4,150,021	15,413,395
Income Taxes - Federal & Other	8,460,463	4,363,591	12,824,054
Provision for Deferred Income Taxes - Net	4,896,104	1,673,281	6,569,385
Investment Tax Credit Adjustment	-	-	-
<b>Total Operating Expenses</b>	<b>306,825,418</b>	<b>84,903,759</b>	<b>391,729,177</b>
<b>NET OPERATING INCOME</b>	<b>36,740,308</b>	<b>14,097,784</b>	<b>50,838,092</b>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	252,740	50	252,790
Less: Expense of Merchandising, Jobbing and Contract Work	(77,104)	9,322	(67,782)
Revenues from Nonutility Operations	4,417	427	4,844
Interest & Dividend Income	1,036,424	46,366	1,082,790
AFUDC	404,461	8,056	412,517
Gain on Disposition of Property	3,398,073	41,563	3,439,636
Loss on Disposition of Property	1,322,218	(1,322,218)	-
Misc. Income Deductions	(715,500)	(345,474)	(1,060,974)
Taxes Other than Income Taxes	(104,430)	(33,283)	(137,713)
Income Taxes - Federal & Other	(6,533,173)	580,519	(5,952,654)
Provision for Deferred Income Taxes - Net	4,029,453	50,099	4,079,552
<b>Total Other Income &amp; Deductions</b>	<b>3,017,579</b>	<b>(964,573)</b>	<b>2,053,006</b>
<u>Interest Charges</u>			
Interest on Long Term Debt	(10,200,397)	(3,991,158)	(14,191,555)
Amortization of Debt Disc. And Expense	(370,113)	(114,916)	(485,029)
Amortization of Loss on Reacquired Debt	(219,854)	(59,114)	(278,968)
Interest on Debt to Assoc. Co.	(646)	(254)	(900)
Other Interest Expense	(1,594,761)	(155,571)	(1,750,332)
Less: Allowance for Borrowed Fund Used During Construction - Credit	188,943	2,624	191,567
<b>Net interest Charges</b>	<b>(12,196,828)</b>	<b>(4,318,389)</b>	<b>(16,515,217)</b>
Extraordinary Items after Taxes	-	-	-
<b>NET INCOME</b>	<b>27,561,059</b>	<b>8,814,822</b>	<b>36,375,881</b>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
October 31, 2013  
(Unaudited)

	<u>Actual</u> <u>September 2013</u>	<u>Activity</u>	<u>Actual</u> <u>October 2013</u>
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
Long-term debt	332,019,479	7,536	332,027,015
Obligations under Capital Lease-Noncurrent	5,988,379	(116,136)	5,872,243
<b>Total Long-term debt</b>	<u>338,007,858</u>	<u>(108,600)</u>	<u>337,899,258</u>
<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	156,610,414	-	156,610,414
Unappropriated Retained Earnings - Current Year Net Income	34,986,723	2,481,464	37,468,187
<b>Total Common Stock Equity</b>	<u>367,871,267</u>	<u>2,481,464</u>	<u>370,352,731</u>
<b>TOTAL CAPITALIZATION</b>	<b>705,879,125</b>	<b>2,372,864</b>	<b>708,251,989</b>