



a PPL company

Mr. Jeff Cline
Annual Report Branch
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

February 14, 2017

Re: *Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities*
Case No. 2010-00204

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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Rick E. Lovekamp
Manager - Regulatory
Affairs/Tariffs
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Dear Mr. Cline:

Pursuant to the Commission's Order dated September 30, 2010 in the aforementioned case, Kentucky Utilities Company ("KU") submits the quarterly Twelve Months Ended Income Statement and Balance Sheet on a Kentucky Jurisdictional and Other Jurisdictional operations basis in compliance with the reporting requirements specified in Appendix C, Commitment No. 1.

Please confirm your receipt of this filing by placing the File Stamp of your Office with date received on the extra copy and returning it to me in the enclosed envelope.

Should you have any questions regarding the information filed herewith, please call me or Don Harris at (502)627-2021.

Sincerely,

A handwritten signature in blue ink that reads "Rick E. Lovekamp". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Rick E. Lovekamp

Enclosures

cc: KPSC Division of Financial Analysis

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KENTUCKY UTILITIES COMPANY
Balance Sheet on a Total Company and Jurisdictional Basis
At December 31, 2016

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Utility Plant				
Utility Plant	101-106	\$ 9,085,754,806	\$ 8,066,579,723	\$ 1,019,175,083
Plus: Construction Work in Progress	107	180,793,120	160,492,555	20,300,565
Total Utility Plant		<u>\$ 9,266,547,926</u>	<u>\$ 8,227,072,278</u>	<u>\$ 1,039,475,648</u>
Less: Accumulated Provision for Depreciation	108,111	3,051,197,812	2,695,220,824	355,976,988
Net Utility Plant		<u>\$ 6,215,350,114</u>	<u>\$ 5,531,851,454</u>	<u>\$ 683,498,660</u>
Other Property and Investments				
Nonutility Property-Less reserve	121-122	\$ 971,313	\$ -	\$ 971,313
Investment in Subsidiary Companies	123.1	-	-	-
Non-Current Portion of Allowances	158.1	-	-	-
Other Investments	124	250,000	-	250,000
Special Funds	125-128	-	-	-
Total Other Property and Investments		<u>\$ 1,221,313</u>	<u>\$ -</u>	<u>\$ 1,221,313</u>
Current and Accrued Assets				
Cash	131	\$ 7,282,580	\$ 6,494,357	\$ 788,223
Special Deposits	132-134	-	-	-
Working Funds	135	61,030	54,424	6,606
Temporary Cash Investments	136	142,502	127,079	15,423
Customer Accounts Receivable	142	127,242,471	110,274,077	16,968,394
Other Accounts Receivable	143	4,619,468	4,119,484	499,984
Less: Accum Prov for Uncollectable Accts-Credit	144	1,768,558	1,577,140	191,418
Notes Receivable from Associated Companies	145	-	-	-
Accounts Receivable from Associated Companies	146	(38,001)	(34,311)	(3,690)
Fuel	151	98,479,707	86,574,538	11,905,169
Plant Materials and Operating Supplies	154	44,941,734	39,765,334	5,176,400
Allowances	158.1	135,180	118,541	16,639
Less: Non-Current Portion of Allowances	158.1	-	-	-
Stores Expense Undistributed	163	10,876,430	9,623,681	1,252,749
Prepayments	165	16,185,363	15,193,141	992,222
Interest, Dividends, and Rents Receivable	171-172	641,876	572,404	69,472
Accrued Utility Revenues	173	94,937,816	80,234,000	14,703,816
Miscellaneous Current Assets	174-176	-	-	-
Total Current and Accrued Assets		<u>\$ 403,739,600</u>	<u>\$ 351,539,609</u>	<u>\$ 52,199,991</u>
Deferred Debits				
Unamortized Debt Expense	181	\$ 19,221,807	\$ 17,141,354	\$ 2,080,453
Deferred Regulatory Assets	182	443,231,695	389,005,128	54,226,566
Preliminary Survey and Inventory	183	6,153,879	5,487,820	666,059
Clearing Accounts	184	-	-	-
Miscellaneous Deferred Debits	186-188	47,661,866	41,830,326	5,831,540
Unamortized Loss on Bonds	189	9,436,063	8,414,760	1,021,303
Accumulated Deferred Income Taxes	190	319,366,234	284,501,438	34,864,796
Total Deferred Debits		<u>\$ 845,071,543</u>	<u>\$ 746,380,826</u>	<u>\$ 98,690,717</u>
Total Assets		<u>\$ 7,465,382,570</u>	<u>\$ 6,629,771,889</u>	<u>\$ 835,610,681</u>

KENTUCKY UTILITIES COMPANY
Balance Sheet on a Total Company and Jurisdictional Basis
At December 31, 2016

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Proprietary Capital				
Common Stock Issued	201	\$ 308,139,978	\$ 274,788,758	\$ 33,351,220
Preferred Stock Issued	204	-	-	-
Premium on Capital Stock	207	-	-	-
Paid in Capital	208-211	583,858,083	520,664,792	63,193,291
Other Comprehensive Income	219	(1,813,204)	(1,616,953)	(196,251)
(Less) Common Stock Expense	214	321,289	286,514	34,775
Retained Earnings	215-216	1,826,711,397	1,628,999,132	197,712,265
Unappropriated Undistributed Subsidiary Earnings	216.1	-	-	-
Total Proprietary Capital		\$ 2,716,574,965	\$ 2,422,549,215	\$ 294,025,750
Long-Term Debt				
Bonds	221-222	\$ 2,350,779,405	\$ 2,096,345,168	\$ 254,434,237
Long-Term Debt Marked to Market	221.200	-	-	-
Long-Term Debt To Associated Companies	223	-	-	-
Other Long-Term Debt	224	-	-	-
Unamortized Discount on Long-Term Debt	226	(9,105,388)	(8,119,875)	(985,513)
Total Long-Term		\$ 2,341,674,017	\$ 2,088,225,293	\$ 253,448,724
Other Non-Current Liabilities				
Accumulated Provision for Property Insurance	228.1	-	-	-
Accumulated Provision for Injuries and Damages	228.2	1,989,404	1,796,217	193,187
Accumulated Provision for Pensions and Benefits	228.3	107,519,754	97,078,722	10,441,032
Accumulated Miscellaneous Operating Provision	228.4	-	-	-
Total Other Non-Current Liabilities		\$ 109,509,159	\$ 98,874,939	\$ 10,634,220
Current and Accrued Liabilities				
Notes Payable	231	\$ 15,999,230	\$ 14,267,569	\$ 1,731,661
Accounts Payable	232	90,647,550	81,844,944	8,802,606
Notes Payable to Associated Companies	233	-	-	-
Accounts Payable to Associated Companies	234	56,193,623	-	56,193,623
Customer Deposits	235	28,877,638	27,033,357	1,844,281
Taxes Accrued	236	45,124,110	40,240,147	4,883,963
Interest Accrued	237	16,021,675	14,287,586	1,734,089
Dividends Declared	238	-	-	-
Matured Long-Term Bonds	239	-	-	-
Tax Collections Payable	241	4,427,194	3,834,288	592,906
Miscellaneous Current and Accrued Liabilities	242-245	18,017,570	16,819,826	1,197,743
Total Current and Accrued Liabilities		\$ 275,308,589	\$ 198,327,717	\$ 76,980,872
Deferred Credits				
Customer Advances for Construction	252	\$ 1,521,114	\$ 1,495,930	\$ 25,185
Accumulated Deferred Investment Tax Credits	255	95,774,040	83,354,364	12,419,676
Other Deferred Credits	253	1,542,817	1,355,895	186,922
Regulatory Liabilities	254	145,201,851	129,406,362	15,795,489
Asset Retirement Obligation	230	288,674,252	253,142,033	35,532,219
Miscellaneous Long-Term Liabilities	244	-	-	-
Accumulated Deferred Income Taxes	281-283	1,489,601,767	1,326,983,882	162,617,885
Total Deferred Credits		\$ 2,022,315,840	\$ 1,795,738,466	\$ 226,577,375
Total Liabilities and Stockholders Equity		\$ 7,465,382,570	\$ 6,603,715,630	\$ 861,666,940
Adjustment to Balance		-	\$ (26,056,259)	\$ 26,056,259

KENTUCKY UTILITIES COMPANY
Income Statement on a Total Company and Jurisdictional Basis
Twelve Months Ended December 31, 2016

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<u>Utility Operating Income</u>				
Operating Revenues:				
Residential Sales	440	\$ 633,811,482	\$ 596,749,897	\$ 37,061,585
Commercial and Industrial Sales:	442			
Small (or Comm) - Rural Comm & Comm L&P		391,730,927	373,689,159	18,041,768
Large (or Ind) - Industrial & Mine Power		415,695,729	406,473,382	9,222,347
Public Street and Highway Lighting	444	12,980,249	12,576,099	404,151
Other Sales to Public Authorities	445	131,374,630	124,634,708	6,739,922
Total Sales to Ultimate Consumers		<u>\$ 1,585,593,019</u>	<u>\$ 1,514,123,245</u>	<u>\$ 71,469,773</u>
Sales for Resale	447	134,026,711	16,083,836	117,942,875
Total Sales of Electricity		<u>\$ 1,719,619,729</u>	<u>\$ 1,530,207,081</u>	<u>\$ 189,412,648</u>
Less: Provision for Refund	449.1	-	-	-
Total Revenues Net of Provision for Refund		<u>\$ 1,719,619,729</u>	<u>\$ 1,530,207,081</u>	<u>\$ 189,412,648</u>
Other Operating Revenues:				
Late Payment Charges	450	3,920,889	3,776,086	144,803
Miscellaneous Service Revenues	451	2,162,363	2,046,299	116,064
Rent from Electric Property	454	3,275,385	2,964,722	310,664
Other Electric Revenues	456	20,357,732	19,311,522	1,046,209
Total Other Operating Revenues		<u>\$ 29,716,370</u>	<u>\$ 28,098,630</u>	<u>\$ 1,617,740</u>
Total Operating Revenue		<u>\$ 1,749,336,099</u>	<u>\$ 1,558,305,711</u>	<u>\$ 191,030,388</u>
Operating Expenses:				
Operation Expenses	401	\$ 823,387,655	\$ 732,254,641	\$ 91,133,014
Maintenance Expenses	402	124,991,908	111,523,323	13,468,585
Depreciation Expense	403	222,140,274	197,344,877	24,795,397
Amortization of Limited-Term Electric Plant	404	11,964,819	10,623,862	1,340,957
Regulatory Debits	407	151,221	151,221	-
Taxes Other than Income Taxes	408.1	39,970,768	36,054,574	3,916,194
Income Taxes - Federal	409.1	32,872,921	Total Income Taxes	17,706,706
Income Taxes - State	409.1	5,845,668		
Deferred Federal Income Taxes - Net	410-1.1	105,006,723		
Deferred State Income Taxes - Net	410-1.1	18,554,860		
Accretion Expense	411.1	-	-	-
Investment Tax Credit Adjustment - Net	411.4	4,601,305	4,099,248	502,057
Losses/(Gains) from Disposition of Allowances	411.8	(92)	(81)	(11)
Total Utility Operating Expenses		<u>\$ 1,389,488,029</u>	<u>\$ 1,236,625,132</u>	<u>\$ 152,862,899</u>
Net Utility Operating Income		<u>\$ 359,848,070</u>	<u>\$ 321,680,579</u>	<u>\$ 38,167,489</u>

KENTUCKY UTILITIES COMPANY
Income Statement on a Total Company and Jurisdictional Basis
Twelve Months Ended December 31, 2016

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Other Income and Deductions are not separated on a jurisdictional basis.				
<u>Other Income and Deductions</u>				
Total Other Income		\$ 1,278,634		
Total Other Income Deductions		3,634,256		
Total Taxes on Other income and Deductions		(3,591,165)		
Net Other Income and Deductions		\$ 1,235,543		
<u>Interest Charges</u>				
Interest on Long Term Debt	427	\$ 90,014,554		
Amortization of Debt Discount and Expense	428	2,551,475		
Amortization of Loss on Re-Acquired Debt	428.1	659,866		
Amortization of Premium on Debt - Credit	429	-		
Amortization of Gain on Re-Acquired Debt - Credit	429.1	-		
Interest on Debt to Associated Companies	430	2,024		
Other Interest Expense	431	2,595,049		
Allowance for Borrowed Funds Used During Construction	432	(147,565)		
Net Interest Charges		\$ 95,675,403	\$ 84,999,970	\$ 10,675,433
Cumulative Effect of Accounting Change, Net of Tax		\$ -		
Net Income		\$ 265,408,210		