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VIA OVERNIGHT DELIVERY

June 9, 2015

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

RECEIVED

JUN 10 2015

**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. Cline:

Enclosed please find Duke Energy Kentucky's financial statements for the end of April 2015, per order by the Commission in the above-referenced case.

Please file-stamp the extra copy of this letter and return to me in the enclosed return-addressed envelope.

If you have any questions regarding the financial statements, please contact me Mai Xuan Zinchenko at 980-373-2167.

Sincerely,

Rocco D'Ascenzo
Associate General Counsel

Enclosures

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of April 30, 2015
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	1,898,038,016
Construction Work in Progress	27,065,558
Less: Accumulated Depreciation	(827,883,011)
Net Utility Plant	<u>1,097,220,563</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	609,440
Total Other Property & Investments	<u>613,146</u>
Cash	15,109,080
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,508,058
Other Accounts Receivable	5,218,642
Less: Provision for Uncollectibles	(205,705)
Notes Receivable from Assoc. Co.	12,297,268
Accounts Receivable from Assoc. Co.	608,271
Fuel Stock	25,069,138
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	21,361,572
Other Materials & Supplies	-
Stores Expense Undistributed	1,413,589
Prepayments	1,127,142
Emission Allowances	20,569
Derivative Instrument Assets	431,837
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	16,426,635
Rents Receivable	-
Total Current & Accrued Assets	<u>102,386,096</u>
Unamortized Debt Expense	1,881,951
Other Regulatory Assets	32,427,904
Preliminary Survey & Investigation	2,137,620
Clearing Accounts	4,514
Temporary Facilities	(2,600)
Miscellaneous Deferred Debits	29,116,655
Unamortized Loss on Reacquired Debt	1,899,029
Accumulated Deferred Income Taxes	41,039,529
Unrecovered Purchased Gas Costs	(1,738,424)
Total Deferred Debits	<u>106,766,178</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,306,985,983</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of April 30, 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	257,642,817
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>433,916,947</u>
<u>Liabilities</u>	
Bonds	291,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(423,140)
Total Long-Term Debt	<u>316,296,860</u>
Obligations Under Capital Leases - Noncurrent	3,347,024
Asset Retirement Obligation	123,917,777
Long-Term Portion of Derivative Instrument Liabilities	5,999,744
Accum. Misc. Operating Provisions	8,449,143
Total Other Noncurrent Liabilities	<u>141,713,688</u>
Accounts Payable	23,432,500
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	12,630,314
Customer Deposits	10,054,291
Taxes Accrued	17,006,133
Interest Accrued	1,424,429
Tax Collections Payable	1,808,444
Misc. Current & Accrued Liabilities	10,129,039
Obligations Under Capital Leases - Current	1,546,045
Derivative Instrument Liabilities	6,969,721
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,999,744)
Total Current & Accrued Liabilities	<u>79,001,172</u>
Customer Advances for Construction	803,013
Accum. Deferred Investment Tax Credits	1,025,436
Other Deferred Credits	22,666,968
Other Regulatory Liabilities	537,724
Accumulated Deferred Income Taxes	311,024,175
Total Deferred Credits	<u>336,057,316</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,306,985,983</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended April 30, 2015
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	131,341,152	79,684,058	211,025,210
Commercial Sales	119,143,967	27,916,025	147,059,992
Industrial Sales	58,657,382	2,296,222	60,953,604
Sales to Public Authorities	22,993,121	3,008,407	26,001,528
Public Street & Highway Lighting	1,747,279	1,017	1,748,296
Inter-Departmental Sales	30,567	33,223	63,790
Misc. Service Revenues	(1,174,986)	569,200	(605,786)
Revenues from Transportation	-	6,365,083	6,365,083
Sales for Resale	24,026,092	-	24,026,092
Rents from Property	737,235	99	737,334
Other Revenues	5,955,106	1,974	5,957,080
Total Revenues	<u>363,456,915</u>	<u>119,875,308</u>	<u>483,332,223</u>
<u>Operating Expenses</u>			
Operation Expense	234,931,497	75,290,152	310,221,649
Maintenance Expense	30,227,319	2,014,299	32,241,618
Depreciation Expense	28,417,522	12,335,075	40,752,597
Amortization and Depletion	2,274,745	929,665	3,204,410
Taxes Other than Income Taxes	9,296,998	4,346,283	13,643,281
Income Taxes - Federal & Other	4,670,897	4,684,666	9,355,563
Provision for Deferred Income Taxes - Net	12,071,211	3,423,673	15,494,884
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>321,890,189</u>	<u>103,023,813</u>	<u>424,914,002</u>
NET OPERATING INCOME	<u>41,566,726</u>	<u>16,851,495</u>	<u>58,418,221</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	362,958	-	362,958
Less: Expense of Merchandising, Jobbing and Contract Work	(263,925)	2,801	(261,124)
Revenues from Nonutility Operations	(113,227)	(3,384)	(116,611)
Interest & Dividend Income	749,682	367,514	1,117,196
AFUDC	263,804	27,197	291,001
Gain on Disposition of Property	-	234,645	234,645
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(760,334)	(394,990)	(1,155,324)
Taxes Other than Income Taxes	117,553	(29,341)	88,212
Income Taxes - Federal & Other	(5,271,854)	(347,573)	(5,619,427)
Provision for Deferred Income Taxes - Net	5,380,435	244,328	5,624,763
Total Other Income & Deductions	<u>465,092</u>	<u>101,197</u>	<u>566,289</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(9,656,003)	(3,749,218)	(13,405,221)
Amortization of Debt Disc. And Expense	(310,782)	(91,606)	(402,388)
Amortization of Loss on Reacquired Debt	(191,595)	(74,879)	(266,474)
Interest on Debt to Assoc. Co.	(54,302)	(21,136)	(75,438)
Other Interest Expense	(1,650,043)	(102,907)	(1,752,950)
Less: Allowance for Borrowed Fund Used During Construction - Credit	119,909	11,313	131,222
Net Interest Charges	<u>(11,742,816)</u>	<u>(4,028,433)</u>	<u>(15,771,249)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>30,289,002</u>	<u>12,924,259</u>	<u>43,213,261</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
April 30, 2015
(Unaudited)

	<u>Actual</u> <u>March 2015</u>	<u>Activity</u>	<u>Actual</u> <u>April 2015</u>
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	241,289,654	9,781	241,299,435
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	3,428,728	(81,704)	3,347,024
Total Long-term debt	<u>269,718,382</u>	<u>(71,923)</u>	<u>269,646,459</u>
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	236,981,800	-	236,981,800
Unappropriated Retained Earnings - Current Year Net Income	17,898,214	2,762,803	20,661,017
Total Common Stock Equity	<u>431,154,144</u>	<u>2,762,803</u>	<u>433,916,947</u>
 TOTAL CAPITALIZATION	 700,872,526	 2,690,880	 703,563,406