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VIA OVERNIGHT DELIVERY

March 28, 2016

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

RECEIVED

MAR 29 2016

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 corrected financial statements for the end of January 2016, per order by the Commission in the above-referenced case. The original financial statements were submitted on March 14, and this statement should replace that filing.

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 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 January 31, 2016
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,038,519,450
Construction Work in Progress	44,212,252
Less: Accumulated Depreciation	(981,704,913)
Net Utility Plant	<u>1,101,026,789</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	1,024,477
Total Other Property & Investments	<u>1,028,183</u>
Cash	5,757,163
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,022,458
Other Accounts Receivable	4,722,203
Less: Provision for Uncollectibles	(182,008)
Notes Receivable from Assoc. Co.	54,054,401
Accounts Receivable from Assoc. Co.	4,606,204
Fuel Stock	20,248,747
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	20,352,451
Other Materials & Supplies	-
Stores Expense Undistributed	1,165,873
Prepayments	1,857,448
Emission Allowances	73,231
Derivative Instrument Assets	2,912,924
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	17,806,786
Rents Receivable	2,500
Total Current & Accrued Assets	<u>136,400,381</u>
Unamortized Debt Expense	1,672,026
Other Regulatory Assets	48,647,866
Preliminary Survey & Investigation	1,223,485
Clearing Accounts	321
Temporary Facilities	(1,575)
Miscellaneous Deferred Debits	29,743,549
Unamortized Loss on Reacquired Debt	1,699,174
Accumulated Deferred Income Taxes	40,297,566
Unrecovered Purchased Gas Costs	1,141,130
Total Deferred Debits	<u>124,423,542</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,362,878,895</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of January 31, 2016
(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	240,615,317
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>416,889,447</u>
<u>Liabilities</u>	
Bonds	386,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(383,713)
Total Long-Term Debt	<u>411,336,287</u>
Obligations Under Capital Leases - Noncurrent	2,095,534
Asset Retirement Obligation	103,168,026
Long-Term Portion of Derivative Instrument Liabilities	5,735,787
Accum. Misc. Operating Provisions	11,576,288
Total Other Noncurrent Liabilities	<u>122,575,635</u>
Accounts Payable	23,356,709
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	5,823,421
Customer Deposits	10,202,525
Taxes Accrued	(5,628,761)
Interest Accrued	4,584,543
Tax Collections Payable	1,812,658
Misc. Current & Accrued Liabilities	9,066,185
Obligations Under Capital Leases - Current	1,495,497
Derivative Instrument Liabilities	6,677,553
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,735,787)
Total Current & Accrued Liabilities	<u>51,654,543</u>
Customer Advances for Construction	979,982
Accum. Deferred Investment Tax Credits	886,573
Other Deferred Credits	24,815,443
Other Regulatory Liabilities	3,791,681
Accumulated Deferred Income Taxes	329,949,304
Total Deferred Credits	<u>360,422,983</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,362,878,895</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended January 31, 2016
(Unaudited)

	<u>Electric</u>	<u>Gas</u>	<u>Total Company</u>
<u>Revenues</u>			
Residential Sales	123,510,922	65,930,462	189,441,384
Commercial Sales	111,181,384	22,626,016	133,807,400
Industrial Sales	52,699,582	1,787,223	54,486,805
Sales to Public Authorities	21,424,729	2,374,516	23,799,245
Public Street & Highway Lighting	1,658,191	945	1,659,136
Inter-Departmental Sales	62,387	29,752	92,139
Misc. Service Revenues	1,261,698	654,881	1,916,579
Revenues from Transportation	-	6,235,756	6,235,756
Sales for Resale	34,994,237	-	34,994,237
Rents from Property	660,408	215	660,623
Other Revenues	9,022,384	668	9,023,052
Total Revenues	356,475,922	99,640,434	456,116,356
<u>Operating Expenses</u>			
Operation Expense	217,374,640	58,710,242	276,084,882
Maintenance Expense	29,584,242	1,989,778	31,574,020
Depreciation Expense	30,742,504	12,904,963	43,647,467
Amortization and Depletion	1,983,789	803,006	2,786,795
Taxes Other than Income Taxes	8,921,675	4,093,319	13,014,994
Income Taxes - Federal & Other	(8,115,507)	8,876,706	761,199
Provision for Deferred Income Taxes - Net	28,297,808	(1,288,346)	27,009,462
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	308,789,151	86,089,668	394,878,819
NET OPERATING INCOME	47,686,771	13,550,766	61,237,537
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	621,898	-	621,898
Less: Expense of Merchandising, Jobbing and Contract Work	(160,611)	3,985	(156,626)
Revenues from Nonutility Operations	(104,462)	(485)	(104,947)
Interest & Dividend Income	762,397	244,283	1,006,680
AFUDC	621,722	48,408	670,130
Gain on Disposition of Property	4,289	241,021	245,310
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(1,423,667)	(435,352)	(1,859,019)
Taxes Other than Income Taxes	(87,735)	(31,890)	(119,625)
Income Taxes - Federal & Other	(3,651,394)	(111,281)	(3,762,675)
Provision for Deferred Income Taxes - Net	3,724,490	(252,039)	3,472,451
Total Other Income & Deductions	306,927	(293,350)	13,577
<u>Interest Charges</u>			
Interest on Long Term Debt	(8,957,602)	(3,490,554)	(12,448,156)
Amortization of Debt Disc. And Expense	(383,625)	(117,191)	(500,816)
Amortization of Loss on Reacquired Debt	(191,468)	(75,006)	(266,474)
Interest on Debt to Assoc. Co.	(145,169)	(50,746)	(195,915)
Other Interest Expense	(1,671,541)	(83,665)	(1,755,206)
Less: Allowance for Borrowed Fund Used During Construction - Credit	226,783	21,237	248,020
Net interest Charges	(11,122,622)	(3,795,925)	(14,918,547)
Extraordinary Items after Taxes	-	-	-
NET INCOME	36,871,076	9,461,491	46,332,567

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
January 31, 2016
(Unaudited)

	Actual December 2015	Activity	Actual January 2016
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	190,356,430	94,631,444	284,987,874
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	2,151,880	(56,346)	2,095,534
Total Long-term debt	217,508,310	94,575,098	312,083,408
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)
Miscellaneous PIC	-	-	-
Unappropriated Retained Earnings Balance	181,981,799	46,175,632	228,157,431
Unappropriated Retained Earnings - Current Year Net Income	46,175,630	(33,717,744)	12,457,886
Total Common Stock Equity	404,431,559	12,457,888	416,889,447
TOTAL CAPITALIZATION	621,939,869	107,032,986	728,972,855

NOTE:

* "Long-Term Debt" under Non-Current Liabilities does not include current portion of Long-Term Debt, Unamortized Discount, nor Unamortized Debt Expense.