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VIA UPS 2ND DAY DELIVERY

June 2, 2016

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

RECEIVED
JUN 03 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 financial statements for the end of April 2016, 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 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, 2016
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,056,693,060
Construction Work in Progress	45,445,737
Less: Accumulated Depreciation	(987,645,105)
Net Utility Plant	<u>1,114,493,692</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	1,215,213
Total Other Property & Investments	<u>1,218,919</u>
Cash	8,505,921
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	935,402
Other Accounts Receivable	4,708,738
Less: Provision for Uncollectibles	(145,257)
Notes Receivable from Assoc. Co.	26,867,583
Accounts Receivable from Assoc. Co.	(5,285)
Fuel Stock	22,876,138
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	20,180,661
Other Materials & Supplies	-
Stores Expense Undistributed	967,351
Prepayments	1,542,642
Emission Allowances	105,960
Derivative Instrument Assets	684,277
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	16,008,525
Rents Receivable	2,500
Total Current & Accrued Assets	<u>103,235,156</u>
Unamortized Debt Expense	1,926,180
Other Regulatory Assets	55,460,516
Preliminary Survey & Investigation	283,098
Clearing Accounts	4,555
Temporary Facilities	(2,760)
Miscellaneous Deferred Debits	29,019,356
Unamortized Loss on Reacquired Debt	1,632,555
Accumulated Deferred Income Taxes	41,109,746
Unrecovered Purchased Gas Costs	1,918,043
Total Deferred Debits	<u>131,351,289</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,350,299,056</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of April 30, 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	246,149,081
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>422,423,211</u>
<u>Liabilities</u>	
Bonds	336,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(370,995)
Total Long-Term Debt	<u>361,349,005</u>
Obligations Under Capital Leases - Noncurrent	1,925,581
Asset Retirement Obligation	103,219,565
Long-Term Portion of Derivative Instrument Liabilities	6,417,538
Accum. Misc. Operating Provisions	11,574,119
Total Other Noncurrent Liabilities	<u>123,136,803</u>
Accounts Payable	22,211,633
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	21,415,707
Customer Deposits	10,383,829
Taxes Accrued	7,818,340
Interest Accrued	2,247,037
Tax Collections Payable	1,273,864
Misc. Current & Accrued Liabilities	6,507,159
Obligations Under Capital Leases - Current	1,421,445
Derivative Instrument Liabilities	7,739,372
Less: Long-Term Portion of Derivative Instrument Liabilities	(6,417,538)
Total Current & Accrued Liabilities	<u>74,600,848</u>
Customer Advances for Construction	978,709
Accum. Deferred Investment Tax Credits	819,497
Other Deferred Credits	24,059,071
Other Regulatory Liabilities	478,381
Accumulated Deferred Income Taxes	342,453,531
Total Deferred Credits	<u>368,789,189</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,350,299,056</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended April 30, 2016
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	120,482,181	58,155,201	178,637,382
Commercial Sales	110,861,085	18,795,892	129,656,977
Industrial Sales	52,554,385	1,303,061	53,857,446
Sales to Public Authorities	21,365,608	1,938,737	23,304,345
Public Street & Highway Lighting	1,653,130	929	1,654,059
Inter-Departmental Sales	52,722	15,213	67,935
Misc. Service Revenues	4,085,176	672,576	4,757,752
Revenues from Transportation	-	5,988,099	5,988,099
Sales for Resale	27,977,628	-	27,977,628
Rents from Property	680,047	213	680,260
Other Revenues	7,060,445	1,368	7,061,813
Total Revenues	346,772,407	86,871,289	433,643,696
<u>Operating Expenses</u>			
Operation Expense	207,921,126	49,659,578	257,580,704
Maintenance Expense	34,523,691	1,967,339	36,491,030
Depreciation Expense	29,377,349	13,324,147	42,701,496
Amortization and Depletion	1,981,325	778,325	2,759,650
Taxes Other than Income Taxes	8,982,245	4,124,811	13,107,056
Income Taxes - Federal & Other	(13,755,530)	2,741,361	(11,014,169)
Provision for Deferred Income Taxes - Net	31,732,936	1,973,633	33,706,569
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	300,763,142	74,569,194	375,332,336
NET OPERATING INCOME	46,009,265	12,302,095	58,311,360
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	532,133	-	532,133
Less: Expense of Merchandising, Jobbing and Contract Work	(165,358)	4,480	(160,878)
Revenues from Nonutility Operations	(81,382)	(482)	(81,864)
Interest & Dividend Income	721,886	229,705	951,591
AFUDC	845,097	106,425	951,522
Gain on Disposition of Property	4,289	6,376	10,665
Loss on Disposition of Property	(6,021)	-	(6,021)
Misc. Income Deductions	(1,457,716)	(425,192)	(1,882,908)
Taxes Other than Income Taxes	(88,964)	(31,435)	(120,399)
Income Taxes - Federal & Other	(2,863,693)	1,513	(2,862,180)
Provision for Deferred Income Taxes - Net	3,567,995	(261,664)	3,306,331
Total Other Income & Deductions	1,008,266	(370,274)	637,992
<u>Interest Charges</u>			
Interest on Long Term Debt	(9,294,656)	(3,721,713)	(13,016,369)
Amortization of Debt Disc. And Expense	(444,598)	(147,290)	(591,888)
Amortization of Loss on Reacquired Debt	(190,129)	(76,345)	(266,474)
Interest on Debt to Assoc. Co.	(153,960)	(55,770)	(209,730)
Other Interest Expense	(1,618,018)	(82,795)	(1,700,813)
Less: Allowance for Borrowed Fund Used During Construction - Credit	300,284	41,903	342,187
Net interest Charges	(11,401,077)	(4,042,010)	(15,443,087)
Extraordinary Items after Taxes	-	-	-
NET INCOME	35,616,454	7,889,811	43,506,265

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
April 30, 2016
(Unaudited)

	Actual March 2016	Activity	Actual April 2016
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	285,023,355	14,747	285,038,102
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	1,982,385	(56,804)	1,925,581
Total Long-term debt	312,005,740	(42,057)	311,963,683
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	228,157,431	-	228,157,431
Unappropriated Retained Earnings - Current Year Net Income	18,737,601	(745,951)	17,991,650
Total Common Stock Equity	423,169,162	(745,951)	422,423,211
TOTAL CAPITALIZATION	735,174,902	(788,008)	734,386,894

NOTE:

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