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PUBLIC SERVICE  
COMMISSION

January 15, 2016

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

**Re: Case No. 2008-503**

**In the Matter of the Application of Duke Energy Kentucky, Inc. for an Order Authorizing the Issuance of Unsecured Debt and Long-Term Notes, Execution and Delivery of Long-Term Loan Agreements, and Use of Interest Rate Management Instruments.**

Dear Mr. Derouen:

On November 20, 2014, the Commission approved the Company's Application for financing authority in the above-referenced case. In granting the requested refinancing authority, the Commission required that the Company, "within 30 days from the date of issuance, file with this Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution of any such securities."

Recently, Duke Energy Kentucky issued \$45 million 10-year senior unsecured debentures and \$50 million 30-year unsecured debentures. The proceeds from the offering will be used to refinance existing debt (including money pool borrowings), for capital expenditures and for general corporate purposes. The 10-year and 30-year securities are at an all-in cost with estimated fees of 3.48% and 4.48%, respectively. Compensation paid to the placement agents in connection with the issuance of the notes is \$380,000 and the other costs of issuance are estimated at \$110,000 (legal and other related expenses).

A summary of the Transaction Specifics is as follows:

<b>Tranche</b>	<b>10-Year Senior Unsecured Debentures</b>	<b>30-Year Senior Unsecured Debentures</b>
Issuer	Duke Energy Kentucky	Duke Energy Kentucky
Principal	\$45 Million	\$50 Million
Maturity	January 15, 2026	January 15, 2046
Coupon	3.42%	4.45%
Treasury Yield	2.07%	2.90%
Credit Spread	135 bps	155 bps
All in Cost (with fees)	3.48%	4.48%
Co-leads	KeyBanc Capital Markets Inc. and Wells Fargo Securities	KeyBanc Capital Markets Inc. and Wells Fargo Securities

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,



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