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**VIA OVERNIGHT DELIVERY**

August 31, 2016

RECEIVED

SEP 1 2016

PUBLIC SERVICE  
COMMISSION

Ms. Talina Rose Matthews  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

**Re: Case No. 2012-00575  
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 Ms. Matthews:

Pursuant to the February 12, 2013, Order in the above-referenced case, Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company) hereby reports the following Statement of Long-term Debt Issuance:

In August 2016, Duke Energy Corporation priced a total of \$3.75 billion aggregate principal amount of Senior Notes in three separate series comprised of \$750 million aggregate principal amount of 1.800% Senior Notes due 2021, \$1.5 billion aggregate principal amount of 2.650% Senior Notes due 2026, and \$1.5 billion aggregate principal amount of 3.750% Senior Notes due 2046. The aggregate net proceeds from the sale of the Notes, after deducting the respective underwriting discounts and related offering expenses and giving effect to the underwriters' payment to us, will be approximately \$3.7 billion. We intend to use the aggregate net proceeds to finance a portion of our costs in connection with the acquisition of Piedmont Natural Gas Company, Inc.'s issued and outstanding stock, making it our wholly-owned subsidiary. In addition, the commitments under the Bridge Facility provided to use by affiliates of certain of the underwriters in connection with the

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Acquisition will be reduced by an amount equal to 100% of the net proceeds from the sales of the Notes.

	<b>2021 Senior Notes</b>	<b>2026 Senior Notes</b>	<b>2046 Senior Notes</b>
Principal	\$750 Million	\$1.5 Billion	\$1.5 Billion
Ratings	Baa1/BBB+/BBB+ (Moody's/S&P/Fitch)	Baa1/BBB+/BBB+ (Moody's/S&P/Fitch)	Baa2/BBB/BBB+ (Moody's/S&P/Fitch)
Maturity	September 1, 2021	September 1, 2026	September 1, 2046
Coupon	1.800% Fixed	2.650% Fixed	3.750% Fixed
U.S. Treasury Yield	1.102%	1.535%	2.253%
Credit Spread	70 bps	115 bps	150 bps
Fees	35 bps	45 bps	75 bps
Lead Managers	Barclays, Credit Suisse, Mizuho Securities, MUFG, UBS Investment Bank	Barclays, Credit Suisse, Mizuho Securities, MUFG, UBS Investment Bank	Barclays, Credit Suisse, Mizuho Securities, MUFG, UBS Investment Bank
Co-Managers	BNP PARIBAS, BofA Merrill Lynch, Citigroup, J.P. Morgan, Loop Capital Markets, RBC Capital Markets, Scotiabank, SunTrust Robinson Humphrey, TD Securities, US Bancorp, Wells Fargo Securities	BNP PARIBAS, BofA Merrill Lynch, Citigroup, J.P. Morgan, Loop Capital Markets, RBC Capital Markets, Scotiabank, SunTrust Robinson Humphrey, TD Securities, US Bancorp, Wells Fargo Securities	BNP PARIBAS, BofA Merrill Lynch, Citigroup, J.P. Morgan, Loop Capital Markets, RBC Capital Markets, Scotiabank, SunTrust Robinson Humphrey, TD Securities, US Bancorp, Wells Fargo Securities

Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Duke Energy Kentucky will continue to provide ongoing reporting as required under the Order. Thank you for your consideration in this matter.

Very truly yours,

  
Rocco D'Ascenzo  
Associate General Counsel

cc: Rebecca W. Goodman