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October 4, 2017

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PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT DELIVERY

Mr. John Lyons
Interim Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2016-00379

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. Lyons:

Pursuant to the December 16, 2016, 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:

Duke Energy Kentucky recently issued unsecured debentures of \$90M split between 12 year, 30 year and 40 year tenors. Proceeds will be used for capital expenditures, to refinance short-term debt, and for general corporate purposes. Compensation paid to the placement agents in connection with the issuance of the notes is \$270,000 and the other costs of issuance are estimated at \$120,000 (legal and other related expenses).


A summary of transaction specifics is as follows:

<u>Tranche</u>	<u>12-Year Fixed-Rate Debentures</u>	<u>30-Year Fixed-Rate Debentures</u>	<u>40-Year Fixed-Rate Debentures</u>
Issuer	Duke Energy Kentucky, Inc.		
Principal	\$30 Million	\$30 Million	\$30 Million
Maturity	September 15, 2029	September 15, 2047	September 15, 2057
Coupon	3.350% Fixed	4.110% Fixed	4.260% Fixed
Treasury Yield	2.200%	2.860%	2.860%
Credit Spread	+115 bps	+125 bps	+140 bps
All in Cost (with fees)	3.394%	4.135%	4.283%
Placement Agent	KeyBanc Capital Markets Inc.	KeyBanc Capital Markets Inc.	KeyBanc Capital Markets Inc.

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