

KENTUCKY UTILITIES COMPANY
FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 18(2)(a) and SEC. 12)

February 28, 2018

(1) Amount and kinds of stock authorized.

80,000,000 shares of Common Stock, without par value
5,300,000 shares of Cumulative Preferred Stock, without par value -- authorized, but unissued
2,000,000 shares of Preferred Stock, without par value -- authorized, but unissued

(2) Amount and kinds of stock issued and outstanding.

Common Stock:

37,817,878 shares issued and outstanding, without par value, recorded at \$307,818,689.

(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets otherwise.

None

(4) Brief description of each mortgage on property of applicant, giving date of execution name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of the indebtedness actually secured, together with any sinking fund provisions.

Date of Execution: As of October 1, 2010 (Supplemental Indentures were executed on October 15, 2010, November 1, 2010, November 1, 2013, September 1, 2015 and August 1, 2016.)

Mortgagor: Kentucky Utilities Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$2,350,779,405

Sinking Fund Provisions: None

Pledged Assets: Substantially all assets of Kentucky Utilities located in Kentucky

- (5) Amount of bonds authorized, and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with the amount of interest paid thereon during the last fiscal year.

Secured by first mortgage lien on substantially all assets in Kentucky.

Kentucky Utilities Company

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Authorized</u>	<u>Outstanding at December 31, 2017</u>	<u>Interest Expense Year Ended December 31, 2017</u>
Pollution Control Bonds					
05/19/00	05/01/23	Variable	\$ 12,900,000	\$ 12,900,000	\$ 115,603
05/23/02	02/01/32	Variable	20,930,000	20,930,000	197,308
05/23/02	02/01/32	Variable	2,400,000	2,400,000	22,641
05/23/02	02/01/32	Variable	7,400,000	7,400,000	68,404
05/23/02	02/01/32	Variable	7,200,000	2,400,000	22,509
08/25/16	09/01/42	1.05%	96,000,000	96,000,000	1,008,000
10/20/04	10/01/34	Variable	50,000,000	50,000,000	448,821
02/23/07	10/01/34	Variable	54,000,000	54,000,000	483,516
05/24/07	02/01/26	5.75%	17,875,000	17,875,000	1,027,813
05/24/07	03/01/37	6.00%	8,927,000	8,927,000	535,620
10/17/08	02/01/32	Variable	77,947,405	77,947,405	701,597
			<u>\$ 355,579,405</u>	<u>\$ 350,779,405</u>	<u>\$ 4,631,832</u>
First Mortgage Bonds					
11/16/10	11/01/20	3.250%	500,000,000	500,000,000	16,250,000
09/28/15	10/01/25	3.300%	250,000,000	250,000,000	9,655,380
11/16/10	11/01/40	5.125%	750,000,000	750,000,000	38,437,500
11/14/13	11/15/43	4.650%	250,000,000	250,000,000	10,191,296
09/28/15	10/01/45	4.375%	<u>250,000,000</u>	<u>250,000,000</u>	<u>11,923,556</u>
			<u>\$ 2,000,000,000</u>	<u>\$ 2,000,000,000</u>	<u>\$ 86,457,732</u>

Commercial Paper outstanding as of February 28, 2018 consists of the following:

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Average Interest Rate</u>
Various	Various	\$ 52,041,000	1.86%

There are no additional notes outstanding as of February 28, 2018.¹

- (7) Other indebtedness, giving same by classes and describing security, if any with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and amount of capital stock on which dividends were paid.

Dividends on Common Stock, without par value (not based on rate per share)

2013	\$124,000,000
2014	\$148,000,000
2015	\$153,000,000
2016	\$248,000,000
2017	\$226,000,000

The amount of total proprietary capital on which dividends were paid as of Dec. 31st

2013	\$2,437,295,661
2014	\$2,599,430,441
2015	\$2,679,352,744
2016	\$2,716,574,965
2017	\$2,749,496,925

- (9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending February 28, 2018.

¹ KU maintains a syndicated revolving credit facility of \$400 million. Although there isn't any outstanding balance on the revolver, KU has executed notes under the multiyear revolving credit program.

Kentucky Utilities Company
Statement of Income
February 28, 2018

	Year Ended 2/28/2018
Electric Operating Revenues.....	\$ 1,777,924,385.09
Rate Refunds.....	-
Total Operating Revenues.....	<u>1,777,924,385.09</u>
Fuel for Electric Generation.....	495,554,365.80
Power Purchased.....	41,755,450.25
Other Operation Expenses.....	289,677,092.81
Maintenance.....	122,992,131.60
Depreciation.....	242,667,921.62
Amortization Expense.....	16,510,042.89
Regulatory Debits.....	1,257,586.33
Regulatory Credits.....	-
Taxes	
Federal Income.....	(13,928,670.14)
State Income.....	7,438,411.36
Deferred Federal Income - Net.....	144,326,205.16
Deferred State Income - Net.....	16,400,564.20
Property and Other.....	42,188,162.64
Investment Tax Credit.....	10,450.00
Loss (Gain) from Disposition of Allowances.....	<u>(62,981.72)</u>
Total Operating Expenses.....	<u>1,406,786,732.80</u>
Net Operating Income.....	371,137,652.29
Other Income Less Deductions	
Amortization of Investment Tax Credit.....	1,991,238.00
Other Income Less Deductions.....	(1,399,016.38)
AFUDC - Equity.....	<u>344,949.06</u>
Total Other Income Less Deductions.....	<u>937,170.68</u>
Income Before Interest Charges.....	<u>372,074,822.97</u>
Interest on Long-Term Debt.....	91,287,066.89
Amortization of Debt Expense - Net.....	3,246,211.70
Other Interest Expenses.....	2,596,727.80
AFUDC - Borrowed Funds.....	<u>(154,659.39)</u>
Total Interest Charges.....	<u>96,975,347.00</u>
Net Income.....	<u>\$ 275,099,475.97</u>

Kentucky Utilities Company
Balance Sheet as of February 28, 2018

Assets		Liabilities and Proprietary Capital	
Utility Plant		Proprietary Capital	
Utility Plant at Original Cost.....	\$ 9,644,594,324.11	Common Stock.....	\$ 308,139,977.56
Less: Reserves for Depreciation and Amortization....	<u>3,263,497,377.16</u>	Less: Common Stock Expense.....	321,288.87
Total.....	<u>6,381,096,946.95</u>	Paid-In Capital.....	583,858,083.00
		Other Comprehensive Income.....	0.01
Investments		Retained Earnings.....	<u>1,922,625,546.60</u>
Electric Energy, Inc.....	-	Total Proprietary Capital.....	<u>2,814,302,318.30</u>
Ohio Valley Electric Company.....	250,000.00	Other Long-Term Debt.....	<u>2,342,299,731.01</u>
Nonutility Property-Less Reserve.....	178,713.89	Total Long-Term Debt.....	<u>2,342,299,731.01</u>
Special Fund.....	<u>9,758,663.12</u>	Total Capitalization.....	<u>5,156,602,049.31</u>
Total.....	<u>10,187,377.01</u>		
Current and Accrued Assets		Current and Accrued Liabilities	
Cash.....	11,702,222.38	Notes Payable.....	52,033,278.82
Special Deposits.....	-	Accounts Payable.....	118,648,869.17
Temporary Cash Investments.....	182,538.56	Accounts Payable to Associated Companies.....	37,825,110.22
Accounts Receivable-Less Reserve.....	279,597,901.80	Customer Deposits.....	30,856,914.06
Accounts Receivable from Associated Companies.....	33,595.87	Taxes Accrued.....	29,330,548.37
Materials and Supplies-At Average Cost		Interest Accrued.....	30,859,620.86
Fuel.....	48,241,274.72	Dividends Declared.....	-
Plant Materials and Operating Supplies.....	49,443,959.06	Miscellaneous Current and Accrued Liabilities.....	<u>23,175,118.84</u>
Stores Expense.....	11,728,554.88	Total.....	<u>322,729,460.34</u>
Emission Allowances.....	130,773.06		
Prepayments.....	18,918,286.97	Deferred Credits and Other	
Miscellaneous Current and Accrued Assets.....	-	Accumulated Deferred Income Taxes.....	1,053,661,822.46
Total.....	<u>419,979,107.30</u>	Investment Tax Credit.....	93,485,551.57
Deferred Debits and Other		Regulatory Liabilities.....	762,389,798.57
Unamortized Debt Expense.....	18,004,137.94	Customer Advances for Construction.....	1,006,731.64
Unamortized Loss on Bonds.....	8,740,282.11	Asset Retirement Obligations.....	234,279,594.20
Accumulated Deferred Income Taxes.....	362,371,175.48	Other Deferred Credits.....	4,798,890.21
Deferred Regulatory Assets.....	417,509,660.31	Miscellaneous Long-Term Liabilities.....	3,421,396.66
Other Deferred Debits.....	<u>52,059,042.74</u>	Accum Provision for Pension & Postretirement Benefits..	<u>37,572,434.88</u>
Total.....	<u>858,684,298.58</u>	Total.....	<u>2,190,616,220.19</u>
Total Assets.....	<u>\$ 7,669,947,729.84</u>	Total Liabilities and Stockholders Equity.....	<u>\$ 7,669,947,729.84</u>

Kentucky Utilities Company
Analysis of Retained Earnings
February 28, 2018

	<u>Year Ended 2/28/18</u>
Balance at Beginning of Period.....	\$ 1,803,526,070.63
Add:	
Net Income for Period.....	275,099,475.97
Deduct:	
Common Dividends	
Common Stock Without Par Value.....	156,000,000.00
Balance at End of Period.....	<u><u>\$ 1,922,625,546.60</u></u>