

**FINANCIAL EXHIBIT**

(1) **Section 12(2)(a) Amount and kinds of stock authorized.**

1,000,000 shares of Capital Stock \$15 par value amounting to \$15,000,000 par value.

(2) **Section 12(2)(b) Amount and kinds of stock issued and outstanding.**

585,333 shares of Capital Stock \$15 par value amounting to \$8,779,995 total par value. Total Capital Stock and Additional Paid-in Capital as of April 30, 2018:

Capital Stock and Additional Paid-in Capital  
As of April 30, 2018  
(\$ per 1,000)

Capital Stock	\$8,780
Premiums thereon	18,839
Total Capital Contributions from Parent (since 2006)	23,594
Contribution from Parent Company for Purchase of Generation Assets	<u>140,061</u>
Total Capital Stock and Additional Paid-in-Capital	<u>\$191,274</u>

(3) **Section 12(2)(c) Terms of preference or preferred stock, cumulative or participating, or on dividends or assets or otherwise.**

There is no preferred stock authorized, issued or outstanding.

(4) **Section 12(2)(d) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name or mortgagee, or trustee, amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with any sinking fund provision.**

Duke Energy Kentucky does not have any liabilities secured by a mortgage.

(5) **Section 12(2)(e) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving the 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.**

The Company has seven outstanding issues of unsecured senior debentures issued under an Indenture dated December 1, 2004, between itself and Deutsche Bank Trust Company Americas, as Trustee, as supplemented by four Supplemental Indentures. The Indenture allows the Company to issue debt securities in an unlimited amount from time to time. The Debentures issued and outstanding under the Indenture are the following:

Supplemental Indenture	Date of Issue	Principal Amount Authorized and Issued	Principal Amount Outstanding	Rate of Interest	Date of Maturity	Interest Paid Year 2017
1 <sup>st</sup> Supplemental	3/7/2006	65,000,000	65,000,000	6.200%	3/10/2036	4,030,000
2 <sup>nd</sup> Supplemental	9/22/2009	100,000,000	100,000,000	4.650%	10/1/2019	4,650,000
3 <sup>rd</sup> Supplemental	1/5/2016	45,000,000	45,000,000	3.420%	1/15/2026	1,539,000
3 <sup>rd</sup> Supplemental	1/5/2016	50,000,000	50,000,000	4.450%	1/15/2046	2,225,000
4 <sup>th</sup> Supplemental	9/7/2017	30,000,000	30,000,000	3.350%	9/15/2029	0
4 <sup>th</sup> Supplemental	9/7/2017	30,000,000	30,000,000	4.110%	9/15/2047	0
4 <sup>th</sup> Supplemental	9/7/2017	30,000,000	30,000,000	4.260%	9/15/2057	0
			350,000,000			12,444,000

(6) **Section 12(2)(f) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.**

Not applicable.

(7) **Section 12(2)(g) 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.**

The Company has two series of Pollution Control Revenue Refunding Bonds issued under a Trust Indenture dated as of August 1, 2006 and a Trust Indenture dated as of December 1, 2008, between the County of Boone, Kentucky and Deutsche Bank National Trust Company as Trustee. The Company's obligation to make payments equal to debt service on the Bonds is evidenced by a Loan Agreement dated as of August 1, 2006 and December 1, 2008 between the County of Boone, Kentucky and Duke Energy Kentucky. The Bonds issued under the Indentures are as follows:

Indenture	Date of Issue	Principal Amount Authorized and Issued	Principal Amount Outstanding	Rate of Interest	Date of Maturity	Interest Paid Year 2017
Series 2010	11/24/2010	26,720,000	26,720,000	0.80% <sup>(1)</sup>	8/1/2027	212,753
Series 2008A	12/01/2011	50,000,000	<u>50,000,000</u>	1.50% <sup>(2)</sup>	8/1/2027	<u>748,652</u>
			<u>76,720,000</u>			<u>961,405</u>

<sup>(1)</sup> The interest rate represents the average floating-rate of interest on the bonds for 2017. The interest rate on the bonds resets every 7 days through an auction process. The variable-rate debt was swapped to a fixed rate of 3.86% for the life of the debt.

<sup>(2)</sup> The interest rate represents the average floating-rate of interest on the bonds for 2017. The interest rate on the bonds resets on the first day of every month based on 75% of the sum of one month and spread of 1.25%.

The Company has issued and has outstanding as of April 30, 2018 the following capital leases:

Series	Date of Issue	Principal Amount Authorized and Issued	Principal Amount Outstanding	Rate of Interest	Date of Maturity
Erlanger	12/30/2006	2,100,000	552,801	8.634	09/30/2020
2010	06/18/2010	<u>955,061</u>	<u>238,664</u>	3.330	06/18/2019
		3,055,061	791,465		

The Company also has \$84,967,000 of money pool borrowings outstanding as of April 30, 2018, \$25,000,000 of which is classified as Long-Term Debt payable to affiliated companies. This obligation, which is short-term by nature, is classified as long-term due to Duke Energy Kentucky's intent and ability to utilize such borrowings as long-term financing.

(8) **Section 12(2)(h) Rate and amount of dividends paid during the last five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year.**

**DIVIDENDS PER SHARE**

<u>Year Ending</u>	<u>Per Share</u>	<u>Total</u>	<u>No. of Shares</u>	<u>Par Value of Stock</u>
December 31, 2013	68.34	40,001,000	585,333	8,779,995
December 31, 2014	0.00	0	585,333	8,779,995
December 31, 2015	93.96	55,000,000	585,333	8,779,995
December 31, 2016	17.08	10,000,000	585,333	8,779,995
December 31, 2017	0.00	0	585,333	8,779,995

(9) **Section 12(2)(i) Detailed Income Statement and Balance Sheet**

See the attached pages for the detailed Income Statement for the twelve months ended April 30, 2018 and the detailed Balance Sheet as of April 30, 2018.

DUKE ENERGY KENTUCKY, INC.  
CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)  
(In thousands)

Twelve Months Ended  
April 30  
2018

<b>Operating Revenues</b>		
Electric	340,888	
Gas	101,203	
<b>Total operating revenues</b>	442,091	-
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power	126,400	
Natural gas purchased	39,574	
Operation, maintenance and other	151,598	
Depreciation and amortization	50,910	
Property and other taxes	14,760	
Goodwill and other impairment charges	1,190	
<b>Total operating expenses</b>	384,432	-
<b>Gains on Sales of Other Assets and Other, net</b>	(100)	
<b>Operating Income</b>	57,559	-
<b>Other Income and Expenses, net</b>	7,938	
<b>Interest Expense</b>	14,972	
<b>Income Before Income Taxes</b>	50,525	-
<b>Income Tax Expense</b>	(7,284)	
<b>Income From Continuing Operations</b>	57,809	-
<b>Income From Discontinued Operations, net of tax</b>	-	
<b>Net Income</b>	57,809	-

**DUKE ENERGY KENTUCKY, INC.**  
**Condensed Balance Sheets**  
**(Unaudited)**

<b>(in thousands, except share amounts)</b>	April 30, 2017	December 31, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	6,682	1,687
Receivables (net of allowance for doubtful accounts of \$139 at March 31, 2017 and \$141 at December 31, 2016)	3,025	3,537
Receivables from affiliated companies	12,420	22,286
Notes Receivables from affiliated companies	-	14,671
Inventory	33,979	43,793
Regulatory Assets	4,862	4,356
Other	8,917	4,888
<b>Total Current Assets</b>	<b>69,885</b>	<b>95,218</b>
<b>Property, Plant and Equipment</b>		
Cost	2,386,958	2,292,085
Less Accumulated Depreciation and Amortization	(990,605)	(977,244)
<b>Net Property Plant and Equipment</b>	<b>1,396,353</b>	<b>1,314,841</b>
<b>Other Noncurrent Assets</b>		
Regulatory Assets	123,711	118,738
Other	8,734	2,175
<b>Total Other Noncurrent Assets</b>	<b>132,445</b>	<b>120,913</b>
<b>Total Assets</b>	<b>1,598,683</b>	<b>1,530,972</b>
<b>LIABILITIES AND COMMON STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	47,212	48,797
Accounts payable to affiliated companies	18,262	15,774
Notes payable to affiliated companies	59,967	-
Taxes Accrued	12,928	17,602
Interest Accrued	2,738	5,387
Current Maturities of Long-Term Debt	323	885
Asset Retirement Obligations	4,155	3,378
Regulatory Liabilities	2,072	6,892
Other	15,600	17,335
<b>Total Current Liabilities</b>	<b>163,257</b>	<b>116,050</b>
<b>Long-Term Debt</b>	<b>425,210</b>	<b>425,295</b>
<b>Notes payable to affiliated companies</b>	<b>25,000</b>	<b>25,000</b>
<b>Other Noncurrent Liabilities</b>		
Deferred Income Taxes	191,250	186,437
Asset Retirement Obligations	49,702	51,204
Regulatory Liabilities	170,108	171,617
Accrued Pension and Other Post-Retirement Benefit Costs	23,699	17,418
Investment Tax Credit	3,817	3,837
Other	21,674	22,700
<b>Total Other Noncurrent Liabilities</b>	<b>460,250</b>	<b>453,213</b>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common Stock, \$15.00 par value, 1,000,000 shares authorized and 585,333 shares outstanding at March 31, 2017 and December 31, 2016	8,780	8,780
Additional Paid in Capital	182,494	182,494
Retained Earnings	333,692	320,140
<b>Total Duke Energy Corporation Stockholders' Equity</b>	<b>524,966</b>	<b>511,414</b>
Noncontrolling Interests	-	-
<b>Total Liabilities and Equity</b>	<b>1,598,683</b>	<b>1,530,972</b>