

DUKE ENERGY KENTUCKY
CASE NO. 2018-00261
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(k)

807 KAR 5:001, SECTION 16(7)(k)

Description of Filing Requirement:

The most recent FERC Financial Report FERC Form No.1, FERC Financial Report FERC Form No. 2, or Public Service Commission Form T (telephone).

Response:

See attached.

Witness Responsible: Michael Covington

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____

Form 1 Approved
OMB No.1902-0021
(Expires 12/31/2019)
Form 1-F Approved
OMB No.1902-0029
(Expires 12/31/2019)
Form 3-Q Approved
OMB No.1902-0205
(Expires 12/31/2019)



FERC FINANCIAL REPORT FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company) Duke Energy Kentucky, Inc.	Year/Period of Report End of <u>2017/Q4</u>
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Deloitte & Touche LLP
550 South Tryon Street
Suite 2500
Charlotte, NC 28202
USA

Tel: +1 704 887 1500
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Duke Energy Kentucky, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Duke Energy Kentucky, Inc. (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2017, and the related statements of income — regulatory basis, retained earnings — regulatory basis, and cash flows — regulatory basis for the year then ended, included on pages 110 through 123 of the accompanying Federal Energy Regulatory Commission Form 1, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Duke Energy Kentucky, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis of Accounting

As discussed in the opening paragraph in the notes to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

April 12, 2018

**FERC FORM NO. 1/3-Q:
 REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

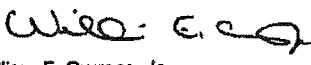
IDENTIFICATION

01 Exact Legal Name of Respondent Duke Energy Kentucky, Inc.		02 Year/Period of Report End of 2017/Q4	
03 Previous Name and Date of Change (if name changed during year) / /			
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 4580 Olympic Boulevard, Erlanger, KY 41018			
05 Name of Contact Person Charmain Barnes		06 Title of Contact Person Lead Accounting Analyst	
07 Address of Contact Person (Street, City, State, Zip Code) 550 South Tryon Street, Charlotte, NC 28202			
08 Telephone of Contact Person, including Area Code (980) 373-1369	09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		10 Date of Report (Mo, Da, Yr) 04/12/2018

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name William E. Currens, Jr.	03 Signature  William E. Currens, Jr.	04 Date Signed (Mo, Da, Yr) 04/12/2018
02 Title SVP Chief Accting Off & Controller		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
LIST OF SCHEDULES (Electric Utility)					
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".					
Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)		
1	General Information	101			
2	Control Over Respondent	102			
3	Corporations Controlled by Respondent	103	N/A		
4	Officers	104			
5	Directors	105			
6	Information on Formula Rates	106(a)(b)			
7	Important Changes During the Year	108-109			
8	Comparative Balance Sheet	110-113			
9	Statement of Income for the Year	114-117			
10	Statement of Retained Earnings for the Year	118-119			
11	Statement of Cash Flows	120-121			
12	Notes to Financial Statements	122-123			
13	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)			
14	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201			
15	Nuclear Fuel Materials	202-203	N/A		
16	Electric Plant in Service	204-207			
17	Electric Plant Leased to Others	213	N/A		
18	Electric Plant Held for Future Use	214			
19	Construction Work in Progress-Electric	216			
20	Accumulated Provision for Depreciation of Electric Utility Plant	219			
21	Investment of Subsidiary Companies	224-225	N/A		
22	Materials and Supplies	227			
23	Allowances	228(ab)-229(ab)			
24	Extraordinary Property Losses	230	N/A		
25	Unrecovered Plant and Regulatory Study Costs	230	N/A		
26	Transmission Service and Generation Interconnection Study Costs	231	N/A		
27	Other Regulatory Assets	232			
28	Miscellaneous Deferred Debits	233			
29	Accumulated Deferred Income Taxes	234			
30	Capital Stock	250-251			
31	Other Paid-in Capital	253			
32	Capital Stock Expense	254	N/A		
33	Long-Term Debt	256-257			
34	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261			
35	Taxes Accrued, Prepaid and Charged During the Year	262-263			
36	Accumulated Deferred Investment Tax Credits	266-267			

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LIST OF SCHEDULES (Electric Utility) (continued)				
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
37	Other Deferred Credits	269		
38	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273		
39	Accumulated Deferred Income Taxes-Other Property	274-275		
40	Accumulated Deferred Income Taxes-Other	276-277		
41	Other Regulatory Liabilities	278		
42	Electric Operating Revenues	300-301		
43	Regional Transmission Service Revenues (Account 457.1)	302		
44	Sales of Electricity by Rate Schedules	304		
45	Sales for Resale	310-311		
46	Electric Operation and Maintenance Expenses	320-323		
47	Purchased Power	326-327		
48	Transmission of Electricity for Others	328-330		
49	Transmission of Electricity by ISO/RTOs	331	N/A	
50	Transmission of Electricity by Others	332		
51	Miscellaneous General Expenses-Electric	335		
52	Depreciation and Amortization of Electric Plant	336-337		
53	Regulatory Commission Expenses	350-351		
54	Research, Development and Demonstration Activities	352-353		
55	Distribution of Salaries and Wages	354-355		
56	Common Utility Plant and Expenses	356		
57	Amounts included in ISO/RTO Settlement Statements	397		
58	Purchase and Sale of Ancillary Services	398		
59	Monthly Transmission System Peak Load	400	N/A	
60	Monthly ISO/RTO Transmission System Peak Load	400a	N/A	
61	Electric Energy Account	401		
62	Monthly Peaks and Output	401		
63	Steam Electric Generating Plant Statistics	402-403		
64	Hydroelectric Generating Plant Statistics	406-407	N/A	
65	Pumped Storage Generating Plant Statistics	408-409	N/A	
66	Generating Plant Statistics Pages	410-411	N/A	

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LIST OF SCHEDULES (Electric Utility) (continued)				
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
67	Transmission Line Statistics Pages	422-423		
68	Transmission Lines Added During the Year	424-425	N/A	
69	Substations	426-427		
70	Transactions with Associated (Affiliated) Companies	429		
71	Footnote Data	450		
	Stockholders' Reports Check appropriate box: <input type="checkbox"/> Two copies will be submitted <input type="checkbox"/> No annual report to stockholders is prepared			

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GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

William E. Currens, Jr.
 Senior Vice President, Chief Accounting Officer & Controller
 550 South Tryon Street
 Charlotte, NC 28202

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Commonwealth of Kentucky
 Date of Incorporation: March 20, 1901

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Kentucky - Gas and Electric

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1) Yes...Enter the date when such independent accountant was initially engaged:
 (2) No

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CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the respondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

Duke Energy Kentucky, Inc. is a wholly-owned subsidiary of Duke Energy Ohio, Inc. Duke Energy Ohio, Inc. is a wholly-owned subsidiary of Cinergy Corp., which is a wholly-owned subsidiary of Duke Energy Corporation.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
OFFICERS					
<p>1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.</p> <p>2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.</p>					
Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)		
1	Executive Vice President, Administration and	Melissa H. Anderson			
2	Chief Human Resources Officer				
3					
4	Senior Vice President, Chief Accounting Officer	William E. Currens, Jr.			
5	and Controller				
6					
7	Treasurer and Senior Vice President, Tax	Stephen Gerard De May			
8					
9	Executive Vice President, Energy Solutions and	Douglas F. Esamann			
10	President, Midwest and Florida Regions				
11					
12	Chief Executive Officer	Lynn J. Good			
13					
14	President	James P. Henning			
15					
16	Executive Vice President and Chief Operating Officer	Dhiaa M. Jamil			
17					
18	Executive Vice President, Chief Legal Officer and	Julia S. Janson			
19	Corporate Secretary through 04/30/2017;				
20	Executive Vice President, External Affairs,				
21	Chief Legal Officer and Corporate Secretary,				
22	effective 05/01/2017				
23					
24	Executive Vice President, Customer and Delivery	Lloyd M. Yates			
25	Operations and President, Carolinas Region				
26					
27	Executive Vice President and President,	Franklin H. Yoho			
28	Natural Gas Business				
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30	Executive Vice President and Chief Financial Officer	Steven Keith Young			
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DIRECTORS

- Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
- Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Douglas F. Esamann***	550 South Tryon Street, Charlotte, NC 28202
2	(EVP, Energy Solutions and President, Midwest and	
3	Florida Regions)	
4		
5	Lynn J. Good (Chief Executive Officer)**	550 South Tryon Street, Charlotte, NC 28202
6		
7	Dhiaa M. Jamil***	550 South Tryon Street, Charlotte, NC 28202
8	(EVP and Chief Operating Officer)	
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INFORMATION ON FORMULA RATES FERC Rate Schedule/Tariff Number FERC Proceeding			
Does the respondent have formula rates?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
1. Please list the Commission accepted formula rates including FERC Rate Schedule or Tariff Number and FERC proceeding (i.e. Docket No) accepting the rate(s) or changes in the accepted rate.			
Line No.	FERC Rate Schedule or Tariff Number	FERC Proceeding	
1	PJM Interconnection, L.L.C.	Docket No. ER12-91-000	
2	Open Access Transmission Tariff		
3	Attachment H-22		
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INFORMATION ON FORMULA RATES FERC Rate Schedule/Tariff Number FERC Proceeding					
Does the respondent file with the Commission annual (or more frequent) filings containing the inputs to the formula rate(s)?				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. If yes, provide a listing of such filings as contained on the Commission's eLibrary website					
Line No.	Accession No.	Document Date Filed Date	Docket No.	Description	Formula Rate FERC Rate Schedule Number or Tariff Number
1	20120515-5244	05/15/2012	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
2	20130129-5070	01/29/2013	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
3				Corrected	
4	20130515-5122	05/15/2013	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
5	20140515-5149	05/15/2014	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
6	20150515-5244	05/15/2015	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
7	20160513-5092	05/13/2016	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
8	20161130-5416	11/30/2016	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
9				Corrected	
10	20170509-5150	05/09/2017	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
11	20180129-5213	01/29/2018	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
12				Corrected	
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INFORMATION ON FORMULA RATES
 Formula Rate Variances

1. If a respondent does not submit such filings then indicate in a footnote to the applicable Form 1 schedule where formula rate inputs differ from amounts reported in the Form 1.
2. The footnote should provide a narrative description explaining how the "rate" (or billing) was derived if different from the reported amount in the Form 1.
3. The footnote should explain amounts excluded from the ratebase or where labor or other allocation factors, operating expenses, or other items impacting formula rate inputs differ from amounts reported in Form 1 schedule amounts.
4. Where the Commission has provided guidance on formula rate inputs, the specific proceeding should be noted in the footnote.

Line No.	Page No(s).	Schedule	Column	Line No
1		Not Applicable		
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IMPORTANT CHANGES DURING THE QUARTER/YEAR			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.</p> <ol style="list-style-type: none"> 1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact. 2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization. 3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission. 4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization. 5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc. 6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee. 7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments. 8. State the estimated annual effect and nature of any important wage scale changes during the year. 9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year. 10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest. 11. (Reserved.) 12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page. 13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period. 14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio. 			
<p>PAGE 108 INTENTIONALLY LEFT BLANK SEE PAGE 109 FOR REQUIRED INFORMATION.</p>			

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IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. None
2. None
3. See Notes to Financial Statements, Note 2, "Regulatory Matters"
4. None
5. None
6. See Notes to Financial Statements, Note 4, "Debt and Credit Facilities"
7. None
8. No wage scale changes or pay changes during the fourth quarter 2017 to report.
 No wage scale changes or pay changes during the third quarter 2017 to report.
 During the second quarter 2017, employees bargained for by IBEW Local 1347, UWUA, IUU Local 600 and USW Local 12049 received pay changes (pay rate change/merit) that totaled \$259,896.00 in annualized costs or a monthly amount of approximately \$21,658.00
 During the first quarter 2017, non-union employees received pay changes (promotion, demotion, pay rate change/merit, job reclassification and adjustments) that totaled \$958,090 in annualized costs or a monthly amount of approximately \$79,840.80
9. See Notes to Financial Statements, Note 2, "Regulatory Matters" and Note 3, "Commitments and Contingencies"
10. None
11. (Reserved)
12. None
13. There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the fourth quarter of 2017.
 The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the fourth quarter of 2017 are as follows:
Appointments effective 10/01/17
 L. Stanford Sherrill, Jr. Vice President, Workforce Development, Employee and Labor Relations
Resignations effective 10/01/17
 L. Stanford Sherrill, Jr. Vice President, Employee Relations and Labor Relations
 There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the third quarter of 2017.
 The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the third quarter of 2017 are as follows:
Appointments effective 8/16/17
 Joni Y. Davis Vice President, Marketing and Customer Engagement
 Retha Hunsicker Vice President, Customer Connect Solutions

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

Appointments effective 8/14/17

Barbara A. Higgins Senior Vice President and Chief Customer Officer

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the second quarter of 2017.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the second quarter of 2017 are as follows:

Appointments effective 4/01/17

Swati V. Daji Senior Vice President, Chief Procurement Officer
 Eric S. Grant Vice President, Fuels and Systems Optimization

Appointments effective 5/01/17

Donna T. Council Vice President, Human Resources Business Partners
 Julia S. Janson Executive Vice President, External Affairs, Chief Legal Officer and Corporate Secretary
 Catherine B. Stancombe Vice President, Enterprise Operational Excellence
 Charles R. Whitlock Senior Vice President, Strategic Growth Initiatives

Resignations effective 4/01/17

Swati V. Daji Senior Vice President, Fuels and System Optimization

Resignations effective 5/01/17

Julia S. Janson Chief Legal Officer
 Julia S. Janson Corporate Secretary
 Julia S. Janson Executive Vice President
 Catherine B. Stancombe Vice President, Human Resources Business Partners
 Charles R. Whitlock Senior Vice President, Midwest Distribution Operations

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the first quarter of 2017.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the first quarter of 2017 are as follows:

Appointments effective 1/01/17

Robert F. Caldwell Senior Vice President and President, Duke Energy Renewables and Distributed Energy
 Paul Draovitch Senior Vice President, Environmental Health and Safety
 John B. Hayes Vice President, Midwest Generation

Appointments effective 2/01/17

Jeffrey A. Corbett Senior Vice President, Distribution Engineering and Technical Customer Relations
 David J. Maxon Senior Vice President, Distribution Construction and Maintenance
 John F. Smith III Senior Vice President, Distribution Grid Performance and Contractor Operations
 Benjamin C. Waldrep Senior Vice President and Chief Security Officer

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

Appointments effective 3/01/17

Gary J. Hebbeler Vice President, Gas Operations
 James R. Sochacki Vice President, Distribution Construction and Maintenance -
 Midwest

Resignations effective 1/01/17

Charles K. Beam Vice President, Customer Information Systems - IT
 Robert F. Caldwell President, Duke Energy Renewables and Distributed Energy
 Technology
 Paul Draovitch Senior Vice President, Fossil Hydro Operations
 Harry K. Sideris Senior Vice President, Environmental Health and Safety

Resignations effective 2/01/17

Jeffrey A. Corbett Senior Vice President, Chief Procurement Officer
 Terrell N. Garren Vice President and Chief Security Officer

14. N/A

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	2,190,743,460	2,052,384,114
3	Construction Work in Progress (107)	200-201	109,390,337	63,832,972
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		2,300,133,797	2,116,217,086
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,032,028,167	1,001,008,038
6	Net Utility Plant (Enter Total of line 4 less 5)		1,268,105,630	1,115,209,048
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		1,268,105,630	1,115,209,048
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		264,016	2,206
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		1,500	1,500
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		1,184,266	1,715,645
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		318,333	954,187
31	Long-Term Portion of Derivative Assets II Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		1,768,115	2,673,538
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		1,687,146	6,533,836
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		2,918,345	929,120
41	Other Accounts Receivable (143)		820,344	874,735
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		233,542	140,798
43	Notes Receivable from Associated Companies (145)		34,407,460	18,389,762
44	Accounts Receivable from Assoc. Companies (146)		3,811,739	4,382,007
45	Fuel Stock (151)	227	22,251,525	24,608,235
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	17,614,789	20,679,892
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	31,208	50,652

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	967,360	336,171
55	Gas Stored Underground - Current (164.1)		2,958,880	3,412,415
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		491,801	491,138
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		2,500	2,500
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		2,507,391	14,017,712
63	Derivative Instrument Assets (175)		1,443,720	4,916,554
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		318,333	954,187
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		91,362,333	98,529,744
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		2,078,548	1,736,629
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	127,608,194	100,178,941
73	Prelim. Survey and Investigation Charges (Electric) (183)		290,107	143,374
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		-86	-16
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	2,400,973	680,254
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reacquired Debt (189)		1,188,432	1,454,906
82	Accumulated Deferred Income Taxes (190)	234	58,361,447	32,002,628
83	Unrecovered Purchased Gas Costs (191)		-219,763	1,627,916
84	Total Deferred Debits (lines 69 through 83)		191,707,852	137,824,632
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		1,552,943,930	1,354,236,962

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 04/12/2018	Year/Period of Report end of 2017/Q4
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	8,779,995	8,779,995
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		18,838,946	18,838,946
7	Other Paid-In Capital (208-211)	253	163,655,189	148,655,189
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	320,140,297	260,741,367
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Required Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		511,414,427	437,015,497
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Required Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	25,000,000	25,000,000
21	Other Long-Term Debt (224)	256-257	426,720,000	336,720,000
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		288,378	337,948
24	Total Long-Term Debt (lines 18 through 23)		451,431,622	361,382,052
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		580,230	1,465,571
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		-68,721	-57,669
29	Accumulated Provision for Pensions and Benefits (228.3)		17,417,765	14,974,925
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		4,647,739	5,110,664
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		54,581,508	52,822,086
35	Total Other Noncurrent Liabilities (lines 26 through 34)		77,158,521	74,315,577
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		48,645,825	31,671,028
39	Notes Payable to Associated Companies (233)		0	19,656,000
40	Accounts Payable to Associated Companies (234)		15,768,299	12,575,250
41	Customer Deposits (235)		9,859,968	10,269,585
42	Taxes Accrued (236)	262-263	16,053,519	11,102,968
43	Interest Accrued (237)		5,383,681	4,227,363
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		1,691,919	1,769,826
48	Miscellaneous Current and Accrued Liabilities (242)		8,344,201	16,932,837
49	Obligations Under Capital Leases-Current (243)		885,342	686,310
50	Derivative Instrument Liabilities (244)		5,367,483	5,943,438
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		4,647,739	5,110,664
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		107,352,498	109,723,941
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		1,562,943	1,434,379
57	Accumulated Deferred Investment Tax Credits (255)	266-267	3,836,961	685,347
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	15,990,512	20,046,049
60	Other Regulatory Liabilities (254)	278	139,387,951	5,986,078
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	499,676	190,426
63	Accum. Deferred Income Taxes-Other Property (282)		218,658,876	318,877,109
64	Accum. Deferred Income Taxes-Other (283)		25,649,943	24,580,507
65	Total Deferred Credits (lines 56 through 64)		405,586,862	371,799,895
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		1,552,943,930	1,354,236,962

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	429,072,243	440,779,989		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	261,647,225	270,158,902		
5	Maintenance Expenses (402)	320-323	34,864,014	33,479,990		
6	Depreciation Expense (403)	336-337	43,842,295	41,052,844		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	3,824,519	2,615,436		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		544,974	5,017,219		
13	(Less) Regulatory Credits (407.4)		2,772,810	1,064,723		
14	Taxes Other Than Income Taxes (408.1)	262-263	14,222,244	14,536,730		
15	Income Taxes - Federal (409.1)	262-263	-15,290,192	-3,732,567		
16	- Other (409.1)	262-263	-376,169	-872,454		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	92,675,520	90,755,536		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	56,685,655	69,127,951		
19	Investment Tax Credit Adj. - Net (411.4)	266	-78,441	-90,146		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)		23			
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		376,417,501	382,728,816		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		52,654,742	58,051,173		

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4	
STATEMENT OF INCOME FOR THE YEAR (Continued)						
<p>9. Use page 122 for important notes regarding the statement of income for any account thereof.</p> <p>10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.</p> <p>11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.</p> <p>12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.</p> <p>13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.</p> <p>14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.</p> <p>15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.</p>						
ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
334,908,029	347,770,121	94,164,214	93,009,868			2
						3
202,614,152	216,207,681	59,033,073	53,951,221			4
32,788,535	31,608,037	2,075,479	1,871,953			5
32,250,753	30,121,128	11,591,542	10,931,716			6
						7
2,401,945	1,784,095	1,422,574	831,341			8
						9
						10
						11
	2,223,229	544,974	2,793,990			12
2,772,810	1,064,723					13
10,857,356	9,677,833	3,364,888	4,858,897			14
-7,634,080	-10,640,581	-7,656,112	6,908,014			15
520,667	-1,978,199	-896,836	1,105,745			16
67,639,786	84,050,726	25,035,734	6,704,810			17
44,367,134	58,832,752	12,318,521	10,295,199			18
-11,090	-21,438	-67,351	-68,708			19
						20
						21
						22
23						23
						24
294,288,057	303,135,036	82,129,444	79,593,780			25
40,619,972	44,635,085	12,034,770	13,416,088			26

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4	
STATEMENT OF INCOME FOR THE YEAR (continued)						
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		52,654,742	58,051,173		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		1,180,457	660,081		
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		429,647	239,363		
33	Revenues From Nonutility Operations (417)		2,441	1,059		
34	(Less) Expenses of Nonutility Operations (417.1)		48,782	34,201		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		1,235,748	990,145		
38	Allowance for Other Funds Used During Construction (419.1)		3,358,208	1,332,221		
39	Miscellaneous Nonoperating Income (421)		4,136	-1,405		
40	Gain on Disposition of Property (421.1)		17,045	38,549		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		5,319,606	2,747,086		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		115,629	10,853		
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		450,291	418,773		
46	Life Insurance (426.2)					
47	Penalties (426.3)		25,003	8,087		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		642,878	502,347		
49	Other Deductions (426.5)		2,905,838	1,107,036		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		4,139,639	2,047,096		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	117,175	100,069		
53	Income Taxes-Federal (409.2)	262-263	1,848,320	3,152,242		
54	Income Taxes-Other (409.2)	262-263	289,565	511,744		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	1,456,786	227,382		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	24,991,931	3,734,569		
57	Investment Tax Credit Adj.-Net (411.5)		-8,911	-42,057		
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-21,288,996	214,811		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		22,468,963	485,179		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		14,618,543	13,759,989		
63	Amort. of Debt Disc. and Expense (428)		301,742	748,311		
64	Amortization of Loss on Reaquired Debt (428.1)		266,474	266,474		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		453,674	229,106		
68	Other Interest Expense (431)		1,384,300	1,485,968		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		1,299,958	537,434		
70	Net Interest Charges (Total of lines 62 thru 69)		15,724,775	15,952,414		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		59,398,930	42,583,938		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		59,398,930	42,583,938		

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4	
STATEMENT OF RETAINED EARNINGS				
1. Do not report Lines 49-53 on the quarterly version. 2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year. 3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b) 4. State the purpose and amount of each reservation or appropriation of retained earnings. 5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order. 6. Show dividends for each class and series of capital stock. 7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings. 8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated. 9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.				
Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		260,741,367	228,157,429
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		59,398,930	42,583,938
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31	October 2016 Common Stock Dividend declared			(10,000,000)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			(10,000,000)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		320,140,297	260,741,367
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

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STATEMENT OF RETAINED EARNINGS

- Do not report Lines 49-53 on the quarterly version.
- Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
- Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
- State the purpose and amount of each reservation or appropriation of retained earnings.
- List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
- Show dividends for each class and series of capital stock.
- Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
- Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
- If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		320,140,297	260,741,367
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 118 Line No.: 31 Column: d	
October 2016 Common Stock Dividend	\$10,000,000

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
STATEMENT OF CASH FLOWS				
<p>(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.</p> <p>(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.</p> <p>(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.</p>				
Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)	
1	Net Cash Flow from Operating Activities:			
2	Net Income (Line 78(c) on page 117)	59,398,930	42,583,938	
3	Noncash Charges (Credits) to Income:			
4	Depreciation and Depletion	43,842,295	41,052,844	
5	Amortization of			
6	Plant Items	3,824,519	2,615,436	
7	Debt Discount, Premium Expense and Loss on Reacquired Debt	568,216	1,014,785	
8	Deferred Income Taxes (Net)	12,454,720	18,120,398	
9	Investment Tax Credit Adjustment (Net)	-87,352	-132,203	
10	Net (Increase) Decrease in Receivables	-3,150,383	-3,410,701	
11	Net (Increase) Decrease in Inventory	5,244,159	-4,895,644	
12	Net (Increase) Decrease in Allowances Inventory	19,444	22,579	
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,557,700	28,166,317	
14	Net (Increase) Decrease in Other Regulatory Assets	-17,777,573	-21,070,168	
15	Net Increase (Decrease) in Other Regulatory Liabilities	-96,367	-1,685,767	
16	(Less) Allowance for Other Funds Used During Construction	3,358,208	1,332,221	
17	(Less) Undistributed Earnings from Subsidiary Companies			
18	Other (provide details in footnote):	7,562,304	5,976,948	
19				
20				
21				
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	111,002,404	107,026,541	
23				
24	Cash Flows from Investment Activities:			
25	Construction and Acquisition of Plant (including land):			
26	Gross Additions to Utility Plant (less nuclear fuel)	-185,906,815	-109,720,103	
27	Gross Additions to Nuclear Fuel			
28	Gross Additions to Common Utility Plant	-3,588,413	456,540	
29	Gross Additions to Nonutility Plant			
30	(Less) Allowance for Other Funds Used During Construction	-3,358,208	-1,332,221	
31	Other (provide details in footnote):			
32				
33				
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-186,137,020	-107,931,342	
35				
36	Acquisition of Other Noncurrent Assets (d)			
37	Proceeds from Disposal of Noncurrent Assets (d)			
38				
39	Investments in and Advances to Assoc. and Subsidiary Companies	-14,671,000		
40	Contributions and Advances from Assoc. and Subsidiary Companies			
41	Disposition of Investments in (and Advances to)			
42	Associated and Subsidiary Companies			
43				
44	Purchase of Investment Securities (a)			
45	Proceeds from Sales of Investment Securities (a)			

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
STATEMENT OF CASH FLOWS				
(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc. (2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet. (3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid. (4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.				
Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)	
46	Loans Made or Purchased			
47	Collections on Loans			
48				
49	Net (Increase) Decrease in Receivables			
50	Net (Increase) Decrease in Inventory			
51	Net (Increase) Decrease in Allowances Held for Speculation			
52	Net Increase (Decrease) in Payables and Accrued Expenses			
53	Other (provide details in footnote):			
54				
55				
56	Net Cash Provided by (Used in) Investing Activities			
57	Total of lines 34 thru 55)	-200,808,020	-107,931,342	
58				
59	Cash Flows from Financing Activities:			
60	Proceeds from Issuance of:			
61	Long-Term Debt (b)	90,000,000	95,000,000	
62	Preferred Stock			
63	Common Stock			
64	Other (provide details in footnote):			
65	Capital Investment Infusion	15,000,000		
66	Net Increase in Short-Term Debt (c)			
67	Other (provide details in footnote):			
68				
69				
70	Cash Provided by Outside Sources (Total 61 thru 69)	105,000,000	95,000,000	
71				
72	Payments for Retirement of:			
73	Long-term Debt (b)		-50,000,000	
74	Preferred Stock			
75	Common Stock			
76	Other (provide details in footnote):	-19,656,000	-36,087,000	
77	Premium Payments and Fees on Deferred Debt	-385,074	-615,173	
78	Net Decrease in Short-Term Debt (c)			
79	Distribution to Parent		-10,000,000	
80	Dividends on Preferred Stock			
81	Dividends on Common Stock			
82	Net Cash Provided by (Used in) Financing Activities			
83	(Total of lines 70 thru 81)	84,958,926	-1,702,173	
84				
85	Net Increase (Decrease) in Cash and Cash Equivalents			
86	(Total of lines 22,57 and 83)	-4,846,690	-2,606,974	
87				
88	Cash and Cash Equivalents at Beginning of Period	6,533,836	9,140,810	
89				
90	Cash and Cash Equivalents at End of period	1,687,146	6,533,836	

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 18 Column: b

Unrecovered Purchased Gas Costs	\$ 1,011,058
Prepayments	8,579,740
Clearing Accounts	70
Miscellaneous Current and Accrued Assets	3,498,226
Miscellaneous Deferred Debits	(2,162,806)
Obligations under Capital Leases - Non current	(885,341)
Accumulated Provisions	155,165
Customer Advances for Construction	128,564
Other Deferred Credits	(3,119,637)
Contribution to Company Sponsored Pension Plan	(1,323,820)
Net Utility Plant and Nonutility Property	3,337,676
Deferred Income Taxes	(1,136,317)
Derivative Instrument Liabilities	(113,030)
Preliminary Survey and Investigation Charges	152,487
Debt Expenses	(209,019)
Other Investments	(350,712)
Total	<u>\$ 7,562,304</u>

Schedule Page: 120 Line No.: 18 Column: c

Unrecovered Purchased Gas Costs	\$ (1,257,488)
Prepayments	2,224,062
Clearing Accounts	40
Miscellaneous Current and Accrued Assets	6,267,632
Derivative Instrument Assets	(8,765)
Miscellaneous Deferred Debits	2,635,555
Obligations Under Capital Leases - Non current	(686,309)
Accumulated Provisions	(1,107,723)
Customer Advances for Construction	452,965
Other Deferred Credits	(891,996)
Contribution to Company Sponsored Pension Plan	(1,443,420)
Net Utility Plant and Nonutility Property	(4,346,667)
Deferred Income Taxes	3,804,255
Derivative Instruments Liabilities	(82,132)
Preliminary Survey and Investigative Charges	1,212,512
Debt Expenses	(513,525)
Other Investments	(282,048)
Total	<u>\$ 5,976,948</u>

Schedule Page: 120 Line No.: 76 Column: b

Intercompany Moneypool Payable \$ (19,656,000)

Schedule Page: 120 Line No.: 76 Column: c

Intercompany Moneypool Payable \$ (36,087,000)

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 90 Column: b

<u>Supplemental Disclosures (in thousands)</u>	YTD December 2017	YTD December 2016
Cash paid for interest, net of amount capitalized	\$12,352	\$12,986
Cash paid / (refunded) for income taxes	(\$15,767)	(\$18,335)

<u>Significant non-cash transactions (in -thousands)</u>	YTD December 2017	YTD December 2016
AFUDC - equity component	\$ 3,358	\$ 1,332
Accrued capital expenditures	\$32,369	\$12,594

Cash and Cash Equivalent at End of period:

Cash (131)	\$1,687,146	\$ 6,533,836
Working Funds (135)	0	0
Temporary Cash Investments (136)	0	0
	<u>\$1,687,146</u>	<u>\$ 6,533,836</u>

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/12/2018	2017/Q4
Notes to Financial Statements			

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

This Federal Energy Regulatory Commission (FERC) Form 1 has been prepared in conformity with the requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles in the United States of America (GAAP). The following areas represent the significant differences between the Uniform System of Accounts and GAAP:

- GAAP requires that public business enterprises report certain information about operating segments in complete sets of financial statements of the enterprise and certain information about their products and services, which are not required for FERC reporting purposes.
- GAAP requires that majority-owned subsidiaries be consolidated for financial reporting purposes. FERC requires that majority-owned subsidiaries be separately reported as Investment in Subsidiary Companies, unless

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Notes to Financial Statements			

an appropriate waiver has been granted by the FERC.

- FERC requires that income or losses of an unusual nature and infrequent occurrence, which would significantly distort the current year's income, be recorded as extraordinary income or deductions, respectively.
- GAAP requires that removal and nuclear decommissioning costs for property that does not have an associated legal retirement obligation be presented as a regulatory liability on the Balance Sheet. These costs are presented as accumulated depreciation on the Balance Sheet for FERC reporting purposes.
- GAAP requires the regulatory assets and liabilities resulting from the implementation of ASC 740-10 (formerly SFAS No. 109) be presented as a net amount on the balance sheet. For FERC reporting purposes, these assets and liabilities are presented separately and are included in the Other Regulatory Asset and Other Regulatory Liability line items.
- GAAP requires that the current portion of regulatory assets and regulatory liabilities be reported as current assets and current liabilities, respectively, on the Balance Sheet. FERC requires that the current portion of regulatory assets and liabilities be reported as Regulatory Assets within Deferred Debits and Regulatory Liabilities within Deferred Credits, respectively.
- GAAP requires that any deferred costs associated with a specific debt issuance be presented as a reduction to debt on the Balance Sheet. FERC requires any Unamortized Debt Expense to be separately stated as a Deferred Debit on the Balance Sheet.
- GAAP requires that certain account balances within financial statement line items which are not in the natural position for that line item (e.g. an account within Accounts Receivable with a credit balance) be reclassified to the appropriate side of the Balance Sheet. FERC does not require certain accounts which are not in a natural position for their respective line item to be reclassified, as long as the line item in total is in its natural position.
- GAAP requires that regulated assets that are abandoned or retired early, including the cost of the asset and its associated depreciation, be reclassified to a separate regulatory asset on the Balance Sheet. For FERC reporting purposes, those assets which have been abandoned but are still operating are maintained in their original balance sheet accounts.
- GAAP requires that the current portion of Asset Retirement Obligations be reported as current liabilities on the Balance Sheet. For FERC reporting purposes, these liabilities are not reported separately and are reflected as Asset Retirement Obligations within the Other Noncurrent Liabilities section of the Balance Sheet.
- With the adoption of Accounting Standards Update (ASU) No. 2017-17 January 1, 2018, GAAP requires that the service cost related to pensions and PBOP be reported with other compensation costs arising from services rendered by employees during the period be included in a subtotal of income from operations on the income statement, while non-service cost components are to be presented in the income statement separately outside a subtotal of income from operations. Only the service cost component may be eligible for capitalization if all other capitalization criteria are met. For FERC reporting purposes, costs related to pensions and PBOP will be included in the Net Utility Operating Income of the income statement. Duke has made a non-revocable election to capitalize only the service cost component of pension and PBOP costs, upon implementing ASU No. 2017-07. This change is not expected to have a material impact on the financial statements.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
Notes to Financial Statements			

Duke Energy Kentucky's notes to the financial statements have been prepared in conformity with GAAP. Accordingly, certain footnotes are not reflective of Duke Energy Kentucky's financial statements contained herein.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Notes to Financial Statements			

1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Duke Energy Kentucky, Inc. (Duke Energy Kentucky) is a combination electric and natural gas public utility company that provides service in northern Kentucky. Duke Energy Kentucky's principal lines of business include generation, transmission, distribution and sale of electricity, as well as the transportation and sale of natural gas. Duke Energy Kentucky is subject to the regulatory provisions of the Kentucky Public Service Commission (KPSC) and the Federal Energy Regulatory Commission (FERC). Duke Energy Kentucky's common stock is wholly owned by Duke Energy Ohio, Inc. (Duke Energy Ohio), an indirect wholly owned subsidiary of Duke Energy Corporation (Duke Energy).

Certain prior year amounts have been reclassified to conform to the current year presentation.

Other Current Liabilities

The following table provides detail of certain amounts included in Other within Current Liabilities.

(in thousands)	Location	December 31,	
		2017	2016
Customer Deposits	Current Liabilities	9,860	10,270

SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In preparing financial statements that conform to generally accepted accounting principles in the United States (U.S.) (GAAP), Duke Energy Kentucky must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Regulatory Accounting

The majority of Duke Energy Kentucky's operations are subject to price regulation for the sale of electricity and natural gas by the KPSC or FERC. When prices are set on the basis of specific costs of the regulated operations and an effective franchise is in place such that sufficient natural gas or electric services can be sold to recover those costs, Duke Energy Kentucky applies regulatory accounting. Regulatory accounting changes the timing of the recognition of costs or revenues relative to a company that does not apply regulatory accounting. As a result, regulatory assets and regulatory liabilities are recognized on the Balance Sheets. Regulatory assets and liabilities are amortized consistent with the treatment of the related cost in the ratemaking process. See Note 2 for further information.

Regulated Fuel and Purchased Gas Adjustment Clauses

Duke Energy Kentucky utilizes cost-tracking mechanisms, commonly referred to as fuel adjustment clauses. These clauses allow for the recovery of fuel and fuel-related costs and portions of purchased power costs through surcharges on customer rates. The difference between the costs incurred and the surcharge revenues is recorded as an adjustment to Operating Expenses - Fuel used in electric generation and purchased power or Operating Expenses - Cost of natural gas on the Statements of Operations with an off-setting impact on regulatory assets or liabilities.

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Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of acquisition are considered cash equivalents.

Inventory

Inventory is used for operations and is recorded primarily using the average cost method. Inventory related to regulated operations is valued at historical cost. Materials and supplies are recorded as inventory when purchased and subsequently charged to expense or capitalized to property, plant and equipment when installed. Inventory, including excess or obsolete inventory, is written-down to the lower of cost or market value. Once inventory has been written-down, it creates a new cost basis for the inventory that is not subsequently written-up. Provisions for inventory write-offs were not material at December 31, 2017, and 2016. The components of inventory are presented in the table below.

(in thousands)	December 31,	
	2017	2016
Materials and supplies	\$ 19,300	\$ 21,964
Coal	17,354	19,499
Natural gas, oil and other	7,139	7,574
Total inventory	\$ 43,793	\$ 49,037

Long-Lived Asset Impairments

Duke Energy Kentucky evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. An impairment exists when a long-lived asset's carrying value exceeds the estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. The estimated cash flows may be based on alternative expected outcomes that are probability weighted. If the carrying value of the long-lived asset is not recoverable based on these estimated future undiscounted cash flows, the carrying value of the asset is written-down to its then-current estimated fair value and an impairment charge is recognized.

Duke Energy Kentucky assesses the fair value of long-lived assets using various methods, including recent comparable third-party sales, internally developed discounted cash flow analysis and analysis from outside advisors. Triggering events to reassess cash flows may include, but are not limited to, significant changes in commodity prices, the condition of an asset or management's interest in selling the asset.

Property, Plant and Equipment

Property, plant and equipment are stated at the lower of depreciated historical cost net of any disallowances or fair value, if impaired. Duke Energy Kentucky capitalizes all construction-related direct labor and material costs, as well as indirect construction costs such as general engineering, taxes and financing costs. See "Allowance for Funds Used During Construction (AFUDC)" and "Asset Retirement Obligations (ARO)" below for further information on capitalized financing costs and legal obligations associated with the retirement of property, plant and equipment. Costs of renewals and betterments that extend the useful life of property, plant and equipment are also capitalized. The cost of repairs, replacements and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, is expensed as incurred. Depreciation is generally computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update composite rates and are approved by the KPSC and/or the FERC when required. The composite weighted average depreciation rate was 2.2 percent for the years ended December 31, 2017 and 2016.

In general, when Duke Energy Kentucky retires its regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or will be abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the net amount is classified as Generation facilities to be retired, net on the Balance Sheets. If the asset is no longer operating, the net amount is classified in Regulatory assets on the Balance Sheets. When it becomes probable that regulated mass utility assets, such as meters, will be abandoned, the cost of the assets and accumulated depreciation is reclassified to regulatory assets for the amounts recoverable in rates. The carrying value of the asset is based on historical cost if Duke Energy Kentucky is allowed to recover the remaining net book value and a return equal to at least the incremental borrowing rate. If not, an impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

When Duke Energy Kentucky sells entire regulated operating units, the original cost and accumulated depreciation and amortization balances are removed from Property, Plant and Equipment on the Balance Sheets. Any gain or loss is recorded in earnings, unless otherwise required by the applicable regulatory body.

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See Note 6 for further information.

Allowance for Funds Used During Construction (AFUDC)

For regulated operations, the debt and equity costs of financing the construction of property, plant and equipment are reflected as AFUDC and capitalized as a component of the cost of property, plant and equipment. AFUDC equity is reported on the Statements of Operations as non-cash income in Other Income and Expenses, net. AFUDC debt is reported as a non-cash offset to Interest Expense. After construction is completed, Duke Energy Kentucky is permitted to recover these costs through their inclusion in rate base and the corresponding subsequent depreciation or amortization of those regulated assets.

AFUDC equity, a permanent difference for income taxes, reduces the effective tax rate when capitalized and increases the effective tax rate when depreciated or amortized.

Asset Retirement Obligations (ARO)

AROs are recognized for legal obligations associated with the retirement of property, plant and equipment. When recording an ARO the present value of the projected liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made, and the liability is accreted over time. For operating plants, the present value of the liability is added to the cost of the associated asset and depreciated over the remaining life of the asset. For retired plants, the present value of the liability is recorded as a regulatory asset unless determined not to be recoverable.

The present value of the initial obligation and subsequent updates are based on discounted cash flows, which include estimates regarding timing of future cash flows, selection of discount rates and cost escalation rates, among other factors. These estimates are subject to change. Depreciation expense is adjusted prospectively for any changes to the carrying amount of the associated asset. Duke Energy Kentucky receives amounts to fund the cost of the ARO from regulated revenues. As a result, the net of amounts recovered in regulated revenues, accretion expense and depreciation of the associated asset is deferred as a regulatory asset or liability.

Obligations for closure of ash basins are based upon discounted cash flows of estimated costs for site-specific plans, if known, or probability weightings of the potential closure methods if the closure plans are under development and multiple closure options are being considered and evaluated on a site-by-site basis.

See Note 5 for further information.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income is the same as net income for all periods presented. Therefore, a separate statement of comprehensive income is not included in the accompanying financial statements.

Revenue Recognition and Unbilled Revenue

Revenues on sales of electricity and natural gas are recognized when service is provided or the product is delivered. Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms.

Duke Energy Kentucky sells, on a revolving basis, nearly all of its retail accounts receivable, including receivables for unbilled revenues, to an affiliate, Cinergy Receivables Company, LLC (CRC). As discussed further in Note 11, Duke Energy Kentucky accounts for the transfers of receivables to CRC as sales. Accordingly, the receivables sold are not reflected on the Balance Sheets. Receivables for unbilled revenues related to retail accounts receivable included in the sales of accounts receivable to CRC at December 31, 2017 and 2016, were \$25 million and \$23 million, respectively.

Unbilled revenues, which are recorded as Receivables on the Balance Sheets and exclude receivables sold to CRC, primarily include wholesale related revenues and totaled \$516 thousand and \$79 thousand at December 31, 2017 and 2016, respectively.

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Derivatives and Hedging

Derivative and non-derivative instruments may be used in connection with commodity price and interest rate activities, including swaps, futures, forwards and options. All derivative instruments, except those that qualify for the normal purchase/normal sale exception, are recorded on the Balance Sheets at fair value. For activity subject to regulatory accounting, gains and losses on derivative contracts are reflected as regulatory assets or liabilities and not as other comprehensive income or current period income. As a result, changes in fair value of these derivatives have no immediate earnings impact.

See Note 9 for further information.

Unamortized Debt Premium, Discount and Expense

Premiums, discounts and expenses incurred with the issuance of outstanding long-term debt are amortized over the term of the debt issue. The gain or loss on extinguishment associated with refinancing higher-cost debt obligations used to finance regulated assets is amortized. Amortization expense is recorded as Interest Expense in the Statements of Operations and is reflected as Depreciation and amortization within Net cash provided by operating activities on the Statements of Cash Flows.

Premiums, discounts and expenses are presented as an adjustment to the carrying value of the debt amount and included in Long-Term Debt on the Balance Sheets presented.

Loss Contingencies and Environmental Liabilities

Contingent losses are recorded when it is probable a loss has occurred and can be reasonably estimated. When a range of the probable loss exists and no amount within the range is a better estimate than any other amount, the minimum amount in the range is recorded. Unless otherwise required by GAAP, legal fees are expensed as incurred.

Environmental liabilities are recorded on an undiscounted basis when environmental remediation or other liabilities become probable and can be reasonably estimated. Environmental expenditures related to past operations that do not generate current or future revenues are expensed. Environmental expenditures related to operations that generate current or future revenues are expensed or capitalized, respectively. Certain environmental expenditures receive regulatory accounting treatment and are recorded as regulatory assets.

See Notes 2 and 3 for further information.

Pension and Other Post-Retirement Benefit Plans

Duke Energy maintains qualified, non-qualified and other post-retirement benefit plans. Eligible employees of Duke Energy Kentucky participate in the respective qualified, non-qualified and other post-retirement benefit plans and Duke Energy Kentucky is allocated its proportionate share of benefit costs. See Note 12 for further information.

Income Taxes

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and foreign jurisdictional returns. Duke Energy Kentucky entered into a tax-sharing agreement with Duke Energy, and income taxes recorded represent amounts Duke Energy Kentucky would incur as a separate C-Corporation. Deferred income taxes have been provided for temporary differences between GAAP and tax bases of assets and liabilities because the differences create taxable or tax-deductible amounts for future periods. Investment tax credits associated with regulated operations are deferred and amortized as a reduction of income tax expense over the estimated useful lives of the related properties.

Accumulated deferred income taxes (ADIT) are valued using the enacted tax rate expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized. In the event of a change in tax rates, deferred tax assets and liabilities are remeasured as of the enactment date of the new rate. To the extent that the change in the value of the deferred tax represents an obligation to customers, the impact of the remeasurement is deferred to a regulatory liability. Remaining impacts are recorded in income from continuing operations. Other impacts of the Tax Cuts and Jobs Act (Tax Act) have been recorded on a provisional basis, see Note 13, "Income Taxes," for additional information. If Duke Energy's estimate of the tax effect of reversing temporary differences is not reflective of actual outcomes, is modified to reflect new developments or interpretations of the tax law, revised to incorporate new accounting principles, or changes in the expected timing or manner of the reversal then Duke Energy's results of operations could be impacted.

Tax-related interest and penalties are recorded in Interest Expense and Other Income and Expenses, net, in the Statements of Operations.

See Note 13 for further information.

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NEW ACCOUNTING STANDARDS

The new accounting standards adopted for 2017 and 2016 had no material impact on the presentation or results of operations, cash flows or financial position of Duke Energy Kentucky. The following new Accounting Standards Updates have been issued, but have not yet been adopted by Duke Energy Kentucky, as of December 31, 2017.

Revenue from Contracts with Customers. In May 2014, the Financial Accounting Standards Board (FASB) issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Duke Energy Kentucky has identified material revenue streams, which served as the basis for accounting analysis and documentation of the impact of this guidance on revenue recognition. The accounting analysis included reviewing representative contracts and tariffs for each material revenue stream. Most of Duke Energy Kentucky's revenue will be in scope of the new guidance. The majority of our sales, including energy provided to residential customers, are from tariff offerings that provide natural gas or electricity without a defined contractual term ("at-will"). For such arrangements, revenue from contracts with customers will be equivalent to the electricity or natural gas supplied and billed in that period (including estimated billings). As such, there will not be a significant shift in the timing or pattern of revenue recognition for such sales.

Duke Energy Kentucky has monitored the activities of the power and utilities industry revenue recognition task force including draft accounting positions released in October 2017 and the impact, if any, on Duke Energy Kentucky's specific contracts and conclusions. Potential revisions to processes, policies and controls, primarily related to evaluating supplemental disclosures required as a result of adopting this guidance, will be evaluated and implemented as necessary. Some revenue arrangements, such as alternative revenue programs and leases, are excluded from the scope of the new revenue recognition guidance and, therefore, will be accounted for and evaluated for separate presentation and disclosure under other relevant accounting guidance.

Duke Energy Kentucky intends to use the modified retrospective method of adoption effective January 1, 2018. Under the modified retrospective method of adoption, prior year reported results are not restated and a cumulative-effect adjustment, if applicable, is recorded to retained earnings at January 1, 2018, as if the standard had always been in effect. In addition, disclosures, if applicable, include a comparison to what would have been reported for 2018 under the previous revenue recognition rules to assist financial statement users in understanding how revenue recognition has changed as a result of this standard and to facilitate comparability with prior year reported results, which are not restated under the modified retrospective approach as described above. Duke Energy Kentucky will utilize certain practical expedients including applying this guidance to open contracts at the date of adoption and recognizing revenues for certain contracts under the invoice practical expedient, which allows revenue recognition to be consistent with invoiced amounts (including estimated billings) provided certain criteria are met, including consideration of whether the invoiced amounts reasonably represent the value provided to customers. While the adoption of this guidance is not expected to have a material impact on either the timing or amount of revenues recognized in Duke Energy Kentucky's financial statements, Duke Energy Kentucky anticipates additional disclosures around the nature, amount, timing and uncertainty of our revenues and cash flows arising from contracts with customers. Duke Energy Kentucky continues to evaluate what information will be most useful for users of the financial statements, including information already provided in disclosures outside of the financial statement footnotes. These additional disclosures are expected to include the disaggregation of revenues by customer class.

Financial Instruments Classification and Measurement. In January 2016, the FASB issued revised accounting guidance for the classification and measurement of financial instruments. Changes in the fair value of all equity securities will be required to be recorded in net income. Current GAAP allows some changes in fair value for available-for-sale equity securities to be recorded in accumulated other comprehensive income. Additional disclosures will be required to present separately the financial assets and financial liabilities by measurement category and form of financial asset. An entity's equity investments that are accounted for under the equity method of accounting are not included within the scope of the new guidance.

For Duke Energy Kentucky, the revised accounting guidance is effective for interim and annual periods beginning January 1, 2018, by recording a cumulative effect adjustment to retained earnings as of January 1, 2018. This guidance is expected to have minimal impact on the Statements of Operations as changes in the fair value of most of the Duke Energy Kentucky's available-for-sale equity securities are deferred as regulatory assets or liabilities pursuant to accounting guidance for regulated operations.

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Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet.

For Duke Energy Kentucky, this guidance is effective for interim and annual periods beginning January 1, 2019. The guidance is applied using a modified retrospective approach. Upon adoption, Duke Energy Kentucky expects to elect the practical expedients, which would require no reassessment of whether existing contracts are or contain leases as well as no reassessment of lease classification for existing leases. Additionally, we expect to adopt the optional transition practical expedient allowing the entity not to reassess the accounting for land easements that currently exist at the adoption of the lease standard on January 1, 2019. Duke Energy Kentucky is currently evaluating the financial statement impact of adopting this standard and is continuing to monitor industry implementation issues, including easements, pole attachments and renewable Power Purchase Agreements. Other than an expected increase in assets and liabilities, the ultimate impact of the new standard has not yet been determined. Significant system enhancements, including additional processes and controls, will be required to facilitate the identification, tracking and reporting of potential leases based upon requirements of the new lease standard. Duke Energy Kentucky has begun the implementation of a third-party software tool to help with the adoption and ongoing accounting under the new standard.

Retirement Benefits. In March 2017, the FASB issued revised accounting guidance for the presentation of net periodic costs related to benefit plans. Current GAAP permits the aggregation of all the components of net periodic costs on the Consolidated Statement of Operations and does not require the disclosure of the location of net periodic costs on the Consolidated Statement of Operations. Under the amended guidance, the service cost component of net periodic costs must be included within Operating Income within the same line as other compensation expenses. All other components of net periodic costs must be outside of Operating Income. In addition, the updated guidance permits only the service cost component of net periodic costs to be capitalized to Inventory or Property, Plant and Equipment. This represents a change from current GAAP, which permits all components of net periodic costs to be capitalized. These amendments should be applied retrospectively for the presentation of the various components of net periodic costs and prospectively for the change in eligible costs to be capitalized. The guidance allows for a practical expedient that permits a company to use amounts disclosed in prior-period financial statements as the estimation basis for applying the retrospective presentation requirements.

For Duke Energy Kentucky, this guidance is effective for interim and annual periods beginning January 1, 2018. Duke Energy Kentucky currently presents the total non-capitalized net periodic costs within Operation, maintenance and other on the Consolidated Statement of Operations. The adoption of this guidance will result in a retrospective change to reclassify the presentation of the non-service cost (benefit) components of net periodic costs to Other income and expenses. Duke Energy Kentucky intends to utilize the practical expedient for retrospective presentation. The change in net periodic costs eligible for capitalization is applicable prospectively. Since Duke Energy Kentucky's service cost component is expected to be greater than the total net periodic costs, the change will result in increased capitalization of net periodic costs, higher Operation, maintenance and other and higher Other income and expenses. The resulting impact to Duke Energy Kentucky is expected to be an immaterial increase in Net Income resulting from the limitation of eligible capitalization of net periodic costs to the service cost component, which is larger than the total net periodic costs.

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2. REGULATORY MATTERS

REGULATORY ASSETS AND LIABILITIES

Duke Energy Kentucky records assets and liabilities that result from the ratemaking process. See Note 1 for further information.

The following table represents the regulatory assets and liabilities on the Balance Sheets.

(in thousands)	December 31,		Recovery/Refund Period Ends
	2017	2016	
Regulatory Assets(a):			
Accrued pension and other post-retirement benefits	\$ 34,682	\$ 31,620	(b)
East Bend deferrals	45,485	32,267	(c)
Demand side management/Energy efficiency costs	2,226	1,661	(c)(d)
Hedge costs and other deferrals	4,938	5,521	(e)
Storm cost deferrals	4,913	4,913	(c)
AROs – coal ash	16,721	11,412	(c)(g)
Vacation accrual	1,394	1,348	2018
Deferred debt expense	1,188	1,455	2036
Deferred fuel and purchased gas costs	179	3,937	2018
Carbon management research grant	1,800	1,600	(c)
Deferred gas integrity costs	2,887	2,173	(c)
Net regulatory asset related to income taxes	—	2,178	(g)
AMI	6,087	—	(c)
Other	594	—	
Total regulatory assets	123,094	100,085	
Less: current portion	4,356	7,623	
Total noncurrent regulatory assets	\$ 118,738	\$ 92,462	
Regulatory Liabilities(a):			
Costs of removal	\$ 39,707	\$ 45,878	(f)
Net regulatory liability related to income taxes	132,721	—	(c)
Accrued pension and other post-retirement benefits	4,833	5,550	(b)
Hedge costs and other deferrals	33	2,502	(e)
Deferred fuel and purchased gas costs	(204)	8,456	2018
Profit sharing mechanism	1,405	1,215	2018
Other	14	450	(c)
Total regulatory liabilities	178,509	64,051	
Less: current portion	6,892	12,173	
Total noncurrent regulatory liabilities	\$ 171,617	\$ 51,878	

(a) Regulatory assets and liabilities are excluded from rate base unless otherwise noted.

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- (b) Recovered primarily over the average remaining service periods or life expectancies of employees covered by the benefit plans, which is approximately thirteen years. See Note 12 for further information.
- (c) The expected recovery or refund period varies for these amounts or has not been determined.
- (d) Deferred costs are recovered through a rider mechanism.
- (e) Recovery varies over the life of the associated instrument.
- (f) Represents funds received from customers to cover future removal of property, plant and equipment from retired or abandoned sites as property is retired. Included in rate base and recovered over the life of associated assets.
- (g) Certain amounts are recovered through rates.

RATE RELATED INFORMATION

The KPSC approves rates for retail electric and natural gas services within the Commonwealth of Kentucky. The FERC approves rates for electric sales to wholesale customers served under cost-based rates, as well as sales of transmission service.

Tax Act Impacts

On December 22, 2017, President Trump signed the Tax Act into law, which, among other provisions, reduces the maximum federal corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. As a result of the Tax Act, Duke Energy Kentucky revalued its deferred tax assets and deferred tax liabilities, as of December 31, 2017, to account for the future impact of lower corporate tax rates on these deferred tax amounts. For the Duke Energy Kentucky regulated operations, where the reduction is expected to be accounted for and applied to customers' rates in future commission proceedings, including rate proceedings, the net remeasurement has been deferred as a regulatory liability. KPSC is reviewing the Tax Act to determine the potential impacts on customer rates. Beginning in January 2018, Duke Energy Kentucky will defer the estimated ongoing impacts of the Tax Act that are expected to be returned to customers. See Note 13 for additional information.

Duke Energy Kentucky Rate Case

On September 1, 2017, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$49 million, which represents an approximate 15 percent increase on the average customer bill. The rate increase is driven by increased investment in utility plant, increased operations and maintenance expenses and recovery of regulatory assets. The application also includes implementation of the Environmental Surcharge Mechanism to recover environmental costs not included in base rates, requests to establish a Distribution Capital Investment Rider to recover incremental costs of specific programs, requests to establish a FERC Transmission Cost Reconciliation Rider to recover escalating transmission costs and modification to the Profit Sharing Mechanism to increase customers' share of proceeds from the benefits of owning generation and to mitigate shareholder risks associated with that generation. An evidentiary hearing ended March 8, 2018. Duke Energy Kentucky anticipates that rates will go into effect in mid-April 2018. Duke Energy Kentucky cannot predict the outcome of this matter.

Woodsdale Station Fuel System Filing

On June 9, 2015, the FERC ruled in favor of PJM Interconnection, LLC (PJM) on a revised Tariff and Reliability Assurance Agreement including implementation of a Capacity Performance (CP) proposal and to amend sections of the Operating Agreement related to generation non-performance. The CP proposal includes performance-based penalties for non-compliance. Duke Energy Kentucky is a Fixed Resource Requirement (FRR) entity, and therefore is subject to the compliance standards through its FRR plans. A partial CP obligation will apply to Duke Energy Kentucky in the delivery year beginning June 1, 2019, with full compliance beginning June 1, 2020. Duke Energy Kentucky has developed strategies for CP compliance investments. On December 21, 2017, the KPSC issued an order approving Duke Energy Kentucky's request for a certificate of public convenience and necessity (CPCN) to construct an ultra-low sulfur diesel backup fuel system for the Woodsdale Station. The backup fuel system is projected to cost approximately \$55 million and is anticipated to be in service prior to the CP compliance deadline of April 2019.

East Bend Coal Ash Basin Filings

On December 2, 2016, Duke Energy Kentucky filed with the KPSC a request for a CPCN for construction projects necessary to close and repurpose an ash basin at the East Bend Station as a result of current and proposed U.S. Environmental Protection Agency (EPA) regulations. Duke Energy Kentucky estimated a total cost of approximately \$93 million in the filing and expects in-service date by the first quarter of 2021. On June 6, 2017, the KPSC approved the CPCN request.

Dry Bottom Ash Conversion

On July 28, 2016, Duke Energy Kentucky filed with the KPSC a request for approval of a CPCN to convert to dry bottom ash at the East Bend station. The project is necessary to comply with various environmental law requirements. The project is estimated to cost approximately \$25 million. On February 23, 2017, the KPSC granted a CPCN for the project.

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Advanced Metering Infrastructure (AMI)

On April 25, 2016, Duke Energy Kentucky filed with the KPSC an application for approval of a CPCN for the construction of AMI. Duke Energy Kentucky estimates the \$49 million project will take two years to complete. Duke Energy Kentucky also requested approval to establish a regulatory asset for the remaining book value of existing meter equipment and inventory to be replaced. Duke Energy Kentucky and the Kentucky attorney general entered into a stipulation to settle matters related to the application. On May 25, 2017, the KPSC issued an order to approve the stipulation with certain modifications. On June 1, 2017, Duke Energy Kentucky filed its acceptance of the modifications. The deployment of AMI meters began in third quarter 2017 and is expected to be completed in early 2019. Duke Energy Kentucky has approximately \$6 million included in Regulatory assets on its Consolidated Balance Sheets at December 31, 2017, for the book value of existing meter equipment.

Regional Transmission Organization (RTO) Realignment

Duke Energy Ohio and Duke Energy Kentucky transferred control of their transmission assets to effect a RTO realignment from Midcontinent Independent System Operator, Inc. (MISO) to PJM, effective December 31, 2011.

On December 22, 2010, the KPSC approved Duke Energy Kentucky's request to effect the RTO realignment, subject to a commitment not to seek double-recovery in a future rate case of the transmission expansion fees that may be charged by MISO and PJM in the same period or overlapping periods. Duke Energy Kentucky is not currently recovering PJM or MISO transmission expansion fees through current base rates.

Upon its exit from MISO on December 31, 2011, Duke Energy Kentucky recorded a liability and expense for its exit obligation and share of MISO Transmission Expansion Planning costs, excluding Multi Value Projects (MVP). This liability was recorded within Other in Current Liabilities and Other in Noncurrent Liabilities on the Balance Sheets.

The following table provides a reconciliation of the beginning and ending balance of recorded obligations related to the withdrawal from MISO.

(in thousands)	December 31, 2016	Provision / Adjustments	Cash Reductions	December 31, 2017
MISO withdrawal liability	\$ 19,452	\$ (2,111)	\$ (975)	\$ 16,366

MVP

MISO approved 17 MVP proposals prior to Duke Energy Ohio and Duke Energy Kentucky's exit from MISO on December 31, 2011. Construction of these projects is expected to continue through 2020. Costs of these projects, including operating and maintenance costs, property and income taxes, depreciation and an allowed return, are allocated and billed to MISO transmission owners.

On December 29, 2011, MISO filed a tariff with the FERC providing for the allocation of MVP costs to a withdrawing owner based on monthly energy usage. The FERC set for hearing (i) whether MISO's proposed cost allocation methodology to transmission owners who withdrew from MISO prior to January 1, 2012 is consistent with the tariff at the time of their withdrawal from MISO and, (ii) if not, what the amount of and methodology for calculating any MVP cost responsibility should be. In 2012, MISO estimated Duke Energy Kentucky's MVP obligation over the period from 2012 to 2071 at \$450 million, on an undiscounted basis. On July 16, 2013, a FERC Administrative Law Judge (ALJ) issued an initial decision. Under this initial decision, Duke Energy Ohio and Duke Energy Kentucky would be liable for MVP costs. Duke Energy Ohio and Duke Energy Kentucky filed exceptions to the initial decision, requesting the FERC overturn the ALJ's decision.

On October 29, 2015, the FERC issued an order reversing the ALJ's decision. The FERC ruled the cost allocation methodology is not consistent with the MISO tariff and that Duke Energy Ohio and Duke Energy Kentucky have no liability for MVP costs after withdrawal from MISO. On May 19, 2016, the FERC denied the request for rehearing filed by MISO and the MISO Transmission Owners. On July 15, 2016, the MISO Transmission Owners filed a petition for review with the U.S. Court of Appeals for the Sixth Circuit. On June 21, 2017, a three-judge panel affirmed FERC's 2015 decision holding that Duke Energy Kentucky has no liability for the cost of the MVP projects constructed after Duke Energy Kentucky's withdrawal from MISO. MISO did not file further petitions for review and this matter is now final.

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3. COMMITMENTS AND CONTINGENCIES

GENERAL INSURANCE

Duke Energy Kentucky has insurance and/or reinsurance coverage either directly or through indemnification from Duke Energy's captive insurance company, Bison Insurance Company Limited, and its affiliates, consistent with companies engaged in similar commercial operations with similar type properties. Duke Energy Kentucky's coverage includes (i) commercial general liability coverage for liabilities arising to third parties for bodily injury and property damage; (ii) workers' compensation; (iii) automobile liability coverage; and (iv) property coverage for all real and personal property damage. Real and personal property damage coverage excludes electric transmission and distribution lines, but includes damages arising from boiler and machinery breakdowns, earthquakes, flood damage and extra expense, but not outage or replacement power coverage. All coverage is subject to certain deductibles or retentions, sublimits, exclusions, terms and conditions that are common for companies with similar types of operations. Duke Energy Kentucky self-insures its electric transmission and distribution lines against loss due to storm damage and other natural disasters.

The cost of Duke Energy Kentucky's coverage can fluctuate year to year reflecting claims history and conditions of the insurance and reinsurance markets.

In the event of a loss, terms and amounts of insurance and reinsurance available might not be adequate to cover claims and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered by other sources, could have a material effect on Duke Energy Kentucky's results of operations, cash flows or financial position. Duke Energy Kentucky is responsible to the extent losses may exceed limits of the coverage available.

ENVIRONMENTAL

Duke Energy Kentucky is subject to federal, state, and local regulations regarding air and water quality, hazardous and solid waste disposal, and other environmental matters. These regulations can be changed from time to time, imposing new obligations on Duke Energy Kentucky.

Remediation Activities

In addition to the AROs discussed in Note 5, Duke Energy Kentucky is responsible for environmental remediation at various sites. These include some properties that are part of ongoing operations and sites formerly owned or used by Duke Energy Kentucky. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site condition and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, Duke Energy Kentucky could potentially be held responsible for environmental impacts caused by other potentially responsible parties, and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other in the Statements of Operations unless regulatory recovery of the costs is deemed probable.

Duke Energy Kentucky has accrued approximately \$670 thousand of probable and estimable costs related to its various environmental sites in Other within Other Noncurrent Liabilities on the Balance Sheets as of December 31, 2017 and 2016. Additional losses in excess of recorded reserves are expected to be immaterial for the stages of investigation, remediation and monitoring for the environmental sites that have been evaluated. The maximum amount of the range for all stages of Duke Energy Kentucky's environmental sites cannot be determined at this time.

Clean Power Plan (CPP)

On October 23, 2015, the EPA published in the Federal Register the CPP rule for regulating carbon dioxide (CO₂) emissions from existing fossil fuel-fired electric generating units. The CPP establishes CO₂ emission rates and mass cap goals that apply to fossil fuel-fired generation. Petitions challenging the CPP have been filed by several groups and on February 9, 2016, the Supreme Court issued a stay of the final CPP rule, halting implementation of the CPP until legal challenges are resolved. Kentucky has suspended work on the CPP in response to the stay. Oral arguments before 10 of the 11 judges on the D.C. Circuit Court were heard on September 27, 2016. The court has not issued its opinion in the case.

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On March 28, 2017, President Trump signed an executive order directing EPA to review the CPP and determine whether to suspend, revise or rescind the rule. On the same day, the Department of Justice filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. On April 28, 2017, the court issued an order to suspend the litigation for 60 days. On August 8, 2017, the court, on its own motion, extended the suspension of the litigation for an additional 60 days. On October 16, 2017, EPA issued a Notice of Proposed Rulemaking (NPR) to repeal the CPP based on a change to EPA's legal interpretation of the section of the Clean Air Act on which the CPP was based. In the proposal, EPA indicates that it has not determined whether it will issue a rule to replace the CPP, and if it will do so, when and what form that rule will take. The comment period on EPA's NPR ends April 26, 2018. On December 28, 2017, EPA issued an Advance Notice of Proposed Rulemaking (ANPRM) in which it seeks public comment on various aspects of a potential CPP replacement rule. The comment period on the ANPRM ended February 26, 2018. If EPA decides to move forward with a CPP replacement rule, it will need to issue a formal proposal for public comment. Litigation of the CPP remains on hold in the D.C. Circuit Court and the February 2016 U.S. Supreme Court stay of the CPP remains in effect. Duke Energy Kentucky cannot predict the outcome of these matters.

LITIGATION

Duke Energy Kentucky is involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. Duke Energy Kentucky believes the final disposition of these proceedings will not have a material effect on its results of operations, cash flows or financial position. Duke Energy Kentucky expenses legal costs related to the defense of loss contingencies as incurred.

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of its normal business, Duke Energy Kentucky is party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various third parties. These guarantees involve elements of performance and credit risk which are not included on the Balance Sheets. The possibility of Duke Energy Kentucky having to honor its contingencies is largely dependent upon future operations of various third parties or the occurrence of certain future events.

Operating and Capital Lease Commitments

Duke Energy Kentucky leases vehicles, computer equipment and other property and equipment with various terms and expiration dates. Capitalized lease obligations are classified as Long-Term Debt on the Balance Sheets. Amortization of assets recorded under capital leases is included in Depreciation and amortization on the Statements of Operations.

Rental expense for operating leases, which is included in Operation, maintenance and other on the Statements of Operations, was \$2 million and \$3 million for the years ended December 31, 2017 and 2016, respectively.

The following table presents future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, and capital leases as of December 31, 2017.

(in thousands)	Operating Leases	Capital Leases
2018	\$ 2,649	\$ 975
2019	1,332	461
2020	1,118	236
2021	929	—
2022	676	—
Thereafter	587	—
Minimum annual payments	7,291	1,672
Less: amount representing interest	—	(206)
Total	\$ 7,291	\$ 1,466

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4. DEBT AND CREDIT FACILITIES

SUMMARY OF DEBT AND RELATED TERMS

The following table summarizes outstanding debt.

(In thousands)	Weighted Average Interest Rate	Year Due	December 31,	
			2017	2016
Unsecured debt	4.56%	2019 - 2057	\$ 350,000	\$ 260,000
Capital leases	6.16%	2018 - 2020	1,466	2,152
Tax-exempt bonds(a)(b)	1.74%	2027	76,720	76,720
Money pool borrowings(b)(c)	1.66%		25,000	44,656
Unamortized debt discount and premium, net			(288)	(338)
Unamortized debt issuance costs			(1,718)	(1,488)
Total debt	3.93%		\$ 451,180	\$ 381,702
Short-term money pool borrowings			—	(19,656)
Current maturities of long-term debt			(885)	(686)
Total long-term debt			\$ 450,295	\$ 361,360

- (a) Includes \$27 million that is secured by a bilateral letter of credit agreement.
(b) Floating-rate debt. At December 31, 2016, the weighted average interest rate was 1.05% for tax-exempt bonds.
(c) Includes \$25 million classified as Long-Term Debt Payable to Affiliated Companies on the Balance Sheets.

MATURITIES AND CALL OPTIONS

The following table shows the annual maturities of long-term debt for the next five years and thereafter.

(In thousands)	December 31, 2017
2018	\$ 885
2019	100,210
2020	55
2021	49,873
2022	24,873
Thereafter	275,284
Total long-term debt, including current maturities	\$ 451,180

Duke Energy Kentucky has the ability under certain debt facilities to call and repay the obligation prior to its scheduled maturity. Therefore, the actual timing of future cash repayments could be materially different than as presented above.

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SHORT-TERM OBLIGATIONS CLASSIFIED AS LONG-TERM DEBT

Tax-exempt bonds that may be put to Duke Energy Kentucky at the option of the holder and money pool borrowings, which are short-term obligations by nature, are classified as long-term due to Duke Energy Kentucky's intent and ability to utilize such borrowings as long-term financing. As Duke Energy's Master Credit Facility and Duke Energy Kentucky's other bilateral letter of credit agreements have non-cancelable terms in excess of one year as of the balance sheet date, Duke Energy Kentucky has the ability to refinance these short-term obligations on a long-term basis. See "Available Credit Facilities" below for additional information.

At December 31, 2017 and 2016, \$27 million of tax-exempt bonds and \$25 million of money pool borrowings were classified as Long-Term Debt and Long-Term Debt Payable to Affiliated Companies, respectively, on the Balance Sheets.

SIGNIFICANT DEBT ISSUANCES

In September 2017, Duke Energy Kentucky issued \$90 million of unsecured debentures, of which \$30 million carry a fixed interest rate of 3.35 percent and mature September 2029, \$30 million carry a fixed interest rate of 4.11 percent and mature September 2047 and \$30 million carry a fixed interest rate of 4.26 percent and mature September 2057. The debt was issued for capital expenditures, to refinance short-term debt and for general corporate purposes.

In January 2016, Duke Energy Kentucky issued \$95 million of unsecured debentures, of which \$45 million carry a fixed interest rate of 3.42 percent and mature January 15, 2026, and \$50 million carry a fixed interest rate of 4.45 percent and mature January 15, 2046. Proceeds were used to refinance existing debt, including money pool borrowings, capital expenditures and for general corporate purposes.

AVAILABLE CREDIT FACILITIES

In March 2017, Duke Energy amended its Master Credit Facility to increase its capacity from \$7.5 billion to \$8 billion, and to extend the termination date of the facility from January 30, 2020, to March 16, 2022. In January 2018, Duke Energy further amended its Master Credit Facility with consenting lenders to extend \$7.65 billion of the existing \$8 billion Master Credit Facility by one year to March 16, 2023. Duke Energy Kentucky has borrowing capacity under the Master Credit Facility up to a specified sublimit. Duke Energy has the unilateral ability at any time to increase or decrease Duke Energy Kentucky's borrowing sublimit, subject to a maximum sublimit. The amount available to Duke Energy Kentucky under the Master Credit Facility may be reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to Duke Energy Kentucky at the option of the holder. At December 31, 2017, Duke Energy Kentucky had a borrowing sublimit of \$150 million and available capacity of \$125 million under the Master Credit Facility.

Duke Energy Kentucky and Duke Energy Indiana, LLC (Duke Energy Indiana), a wholly owned subsidiary of Duke Energy, collectively have a \$156 million bilateral letter of credit agreement. In February 2018, Duke Energy Kentucky and Duke Energy Indiana amended the bilateral letter of credit agreement to extend the termination date from February 2019 to February 2023. Duke Energy Kentucky and Duke Energy Indiana may request the issuance of letters of credit up to \$27 million and \$129 million, respectively, on their behalf to support various series of tax-exempt bonds. This credit facility may not be used for any purpose other than to support the tax-exempt bonds.

OTHER DEBT MATTERS

Money Pool

Duke Energy Kentucky receives support for its short-term borrowing needs through participation with Duke Energy and certain of its subsidiaries in a money pool arrangement. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. The money pool is structured such that Duke Energy Kentucky separately manages its cash needs and working capital requirements. Accordingly, there is no net settlement of receivables and payables related to the money pool between the money pool participants.

Money pool receivable balances are reflected within Notes receivable from affiliated companies in the Balance Sheets. The change in receivables is reflected within Investing Activities on the Statements of Cash Flows. Money pool payable balances are reflected within either Notes payable to affiliated companies or Long-Term Debt Payable to Affiliated Companies on the Balance Sheets. The change in payables are reflected within Financing Activities on the Statements of Cash Flows.

Restrictive Debt Covenants

Duke Energy Kentucky's debt and credit agreements contain various financial and other covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements. As of December 31, 2017, Duke Energy Kentucky was in compliance with all covenants related to its debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment, or the acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the debt or credit agreements contain material adverse change clauses.

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5. ASSET RETIREMENT OBLIGATIONS

Duke Energy Kentucky records an ARO when it has a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Certain assets have an indeterminate life, and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these AROs will be recorded when a fair value is determinable.

Duke Energy Kentucky's regulated electric and regulated natural gas operations accrue costs of removal for property that does not have an associated legal retirement obligation based on regulatory orders from the KPSC. These costs of removal are recorded as a regulatory liability in accordance with regulatory accounting treatment. See Note 2 for the estimated cost of removal for assets without an associated legal retirement obligation, which are included in Regulatory liabilities on the Balance Sheets as of December 31, 2017 and 2016.

In April 2015, the EPA published a rule to regulate the disposal of Coal Combustion Residuals (CCR) from electric utilities as solid waste. The EPA CCR rule establishes requirements regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR. The EPA CCR rule has certain requirements which if not met could initiate impoundment closure and require closure completion within five years. The EPA CCR rule includes extension requirements, which if met could allow the extension of closure completion by up to 10 years. On March 1, 2018, the EPA proposed significant changes to the federal CCR rule, including revisions that were required as part of a CCR litigation settlement, as well as changes that the agency considers warranted due to the passage of the Water Infrastructure Improvements for the Nation Act, which provides statutory authority for state and federal permit programs. Duke Energy Kentucky does not expect any significant changes to our closure plans as we continue to safely close ash basins across the various sites. In addition to the requirements of the federal CCR regulation, CCR landfills and surface impoundments are also independently regulated by the state of Kentucky.

The ARO amount recorded on the Balance Sheets is based upon estimated closure costs for impacted ash impoundments. The amount recorded represents the discounted cash flows for estimated closure costs based upon either specific closure plans or the probability weightings of the potential closure methods as evaluated on a site-by-site basis. Actual costs to be incurred will be dependent upon factors that vary from site to site. The most significant factors are the method and time frame of closure at the individual sites. Closure methods considered include removing the water from the basins, consolidating material as necessary and capping the ash with a synthetic barrier, excavating and relocating the ash to a lined structural fill or lined landfill, or recycling the ash for concrete or some other beneficial use. The ultimate method and timetable for closure will be in compliance with standards set by federal and state regulations. The ARO amount will be adjusted as additional information is gained through the closure and post-closure process, including acceptance and approval of compliance approaches which may change management assumptions, and may result in a material change to the balance. See ARO Liability Rollforward section below for information on revisions made to the coal ash liability during 2017 and 2016.

Asset retirement costs associated with coal ash AROs at the East Bend Station are included within Property, Plant and Equipment on the Balance Sheets.

The following table presents the changes in the liability associated with AROs.

(in thousands)	Years Ended December 31,	
	2017	2016
Balance at beginning of period	\$ 52,822	\$ 103,500
Accretion expense	2,044	4,034
Liabilities settled ^(a)	(7,435)	(4,757)
Liabilities incurred in the current year ^(b)	7,089	—
Revisions to estimates of cash flows ^(c)	62	(49,955)
Balance at end of period	\$ 54,582	\$ 52,822

- (a) Settlement of liabilities primarily relate to ash basin closure costs at the East Bend Station.
- (b) Additional liabilities incurred primarily relate to landfill closure costs at the East Bend Station.
- (c) 2016 amount primarily related to ash basin closure costs based on additional site-specific information about related costs, methods and timing of work to be performed.

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Cost recovery related to ash basin and landfill closures will be pursued through the normal ratemaking process with the KPSC which permits recovery of necessary and prudently incurred costs associated with Duke Energy Kentucky's regulated operations.

6. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes property, plant and equipment.

(in thousands)	Estimated Useful Life (Years)	December 31,	
		2017	2016
Land		\$ 24,616	\$ 26,007
Plant ^(a)			
Electric generation, distribution and transmission	8 – 100	1,585,904	1,496,729
Natural gas transmission and distribution	12 – 50	488,871	459,165
Other buildings and improvements	15 – 100	11,958	11,554
Equipment	5 – 25	19,167	17,549
Construction in process		109,722	63,833
Other	5 – 10	51,847	41,382
Total property, plant and equipment		2,292,085	2,116,219
Accumulated depreciation and amortization ^(b)		(977,244)	(948,144)
Net property, plant and equipment ^(c)		\$ 1,314,841	\$ 1,168,075

(a) Includes capitalized lease amounts of \$26.2 million and \$27.6 million at December 31, 2017 and 2016, respectively.

(b) Includes accumulated amortization of capitalized leases of \$6.8 million and \$7.1 million at December 31, 2017 and 2016, respectively.

(c) The debt component of AFUDC totaled \$1.3 million and \$0.5 million at December 31, 2017 and 2016, respectively.

7. OTHER INCOME AND EXPENSES, NET

The components of Other Income and Expenses, net on the Statements of Operations are as follows.

(in thousands)	Years Ended December 31,	
	2017	2016
Income/(Expense):		
Interest income	\$ 1,236	\$ 990
AFUDC equity	3,358	1,332
Other	5	(1)
Other Income and Expenses, net	\$ 4,599	\$ 2,321

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8. RELATED PARTY TRANSACTIONS

Duke Energy Kentucky engages in related party transactions, which are generally performed at cost and in accordance with KPSC and FERC regulations. Material amounts related to transactions with related parties included in the Statements of Operations are presented in the following table.

(in thousands)	Years Ended December 31,	
	2017	2016
Corporate governance and shared service expenses ^(a)	\$ 81,815	\$ 83,100

- (a) Duke Energy Kentucky is charged its proportionate share of costs, primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs, from an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. These amounts are recorded in Operation, maintenance and other within Operating Expenses on the Statements of Operations.

In addition to the amounts presented above, Duke Energy Kentucky records the impact on net income of other affiliate transactions, including rental of office space, participation in a money pool arrangement with Duke Energy and certain of its subsidiaries, other operational transactions and its proportionate share of certain charged expenses. The net impact of these transactions was not material for each of the years ended December 31, 2017 and 2016.

Certain trade receivables have been sold by Duke Energy Kentucky to CRC, an unconsolidated entity formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price. See Notes 1 and 11 for further information related to the sales of these receivables.

See the Balance Sheets for amounts due to or due from related parties.

Intercompany Income Taxes

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and jurisdictional returns. Duke Energy Kentucky has a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts Duke Energy Kentucky would incur as a separate C-Corporation. Duke Energy Kentucky had an intercompany tax payable balance of \$2 million at December 31, 2017, and an immaterial intercompany tax payable balance at December 31, 2016.

9. DERIVATIVES AND HEDGING

COMMODITY PRICE RISK

Duke Energy Kentucky has limited exposure to market price changes of fuel and emission allowance costs incurred for its retail customers due to the use of cost tracking and recovery mechanisms. Duke Energy Kentucky does have exposure to the impact of market fluctuations in the prices of electricity, fuel and emission allowances associated with its generation output not utilized to serve retail operations or committed load (off-system, wholesale power sales). Duke Energy Kentucky's outstanding commodity derivatives are financial transmission rights.

See Note 10 for additional information on the fair value of commodity derivatives.

INTEREST RATE RISK

Duke Energy Kentucky is exposed to changes in interest rates as a result of its issuance or anticipated issuance of variable-rate and fixed-rate debt. Interest rate risk is managed by limiting variable-rate exposure to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, Duke Energy Kentucky may enter into financial contracts including interest rate swaps and U.S. Treasury lock agreements. The notional amount of interest rate swaps outstanding was \$26.7 million at December 31, 2017 and December 31, 2016. Financial contracts entered into by Duke Energy Kentucky are not designated as a hedge because they are accounted for under regulatory accounting. With regulatory accounting, the mark-to-market gains or losses are deferred as regulatory liabilities or assets. Regulatory assets and liabilities are amortized consistent with the treatment of related costs in the ratemaking process. The accrual of interest on swaps is recorded as Interest Expense on the Statements of Operations.

See Note 10 for additional information on the fair value of interest rate derivatives.

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CREDIT RISK

Duke Energy Kentucky analyzes the financial condition of counterparties prior to entering into agreements and establishes credit limits and monitors the appropriateness of those limits on an ongoing basis. Credit limits and collateral requirements for retail electric customers are established by the KPSC.

Duke Energy Kentucky's industry has historically operated under negotiated credit lines for physical delivery contracts. Duke Energy Kentucky may use master collateral agreements to mitigate certain credit exposures. The collateral agreements require certain counterparties to post cash or letters of credit for the amount of exposure in excess of an established threshold. The threshold amount represents an unsecured credit limit determined in accordance with the corporate credit policy. Collateral agreements also provide that the inability to post collateral is sufficient cause to terminate contracts and liquidate all positions.

Duke Energy Kentucky also obtains cash or letters of credit from customers to provide credit support outside of collateral agreements, where appropriate, based on its financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each transaction.

10. FAIR VALUE MEASUREMENTS

Fair value is the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. An active market is one in which transactions for an asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 – A fair value measurement utilizing inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly, for an asset or liability. Inputs include (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, and (iii) inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, and credit spreads. A Level 2 measurement cannot have more than an insignificant portion of its valuation based on unobservable inputs. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, swaps and options; certain marketable debt securities; and financial instruments traded in less than active markets.

Level 3 – Any fair value measurement which includes unobservable inputs for more than an insignificant portion of the valuation. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 measurements may include longer-term instruments that extend into periods in which observable inputs are not available.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. Duke Energy Kentucky has not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. Duke Energy Kentucky's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels 1, 2 or 3 during the years ended December 31, 2017 and 2016.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models which utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

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QUANTITATIVE DISCLOSURES

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Balance Sheets. Derivative amounts in the table below exclude cash collateral.

(in thousands)	December 31, 2017		
	Total Fair		
	Value	Level 2	Level 3
Derivative assets ^(a)	\$ 1,444	\$ —	\$ 1,444
Derivative liabilities ^(b)	(5,367)	(5,367)	—
Net (liabilities) assets	\$ (3,923)	\$ (5,367)	\$ 1,444

(in thousands)	December 31, 2016		
	Total Fair		
	Value	Level 2	Level 3
Derivative assets ^(a)	\$ 4,916	\$ —	\$ 4,916
Derivative liabilities ^(b)	(5,944)	(5,944)	—
Net (liabilities) assets	\$ (1,028)	\$ (5,944)	\$ 4,916

- (a) Included in Other within Current Assets and Other within Other Noncurrent Assets on the Balance Sheets. The amounts classified as Level 3 relate to financial transmission rights.
- (b) Included in Other within Current Liabilities and Other within Other Noncurrent Liabilities on the Balance Sheets. The amounts classified as Level 2 relate to interest rate swaps.

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3).

(in thousands)	Derivatives (net)	
	Years Ended December 31,	
	2017	2016
Balance at beginning of period	\$ 4,916	\$ 2,913
Purchases, sales, issuances and settlements:		
Purchases	3,343	4,921
Settlements	(4,135)	(4,441)
Total (losses) gains included on the Balance Sheets as regulatory assets or liabilities	(2,680)	1,523
Balance at end of period	\$ 1,444	\$ 4,916

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OTHER FAIR VALUE DISCLOSURES

The fair value of long-term debt, including current maturities, is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined are not necessarily indicative of the amounts Duke Energy Kentucky could have settled in current markets. The fair value of long-term debt is determined using Level 2 measurements.

(In thousands)	December 31, 2017		December 31, 2016	
	Book value	Fair value	Book value	Fair value
Long-Term debt, including current maturities	\$ 451,180	\$ 475,973	\$ 362,046	\$ 380,386

At both December 31, 2017 and December 31, 2016, the fair value of cash and cash equivalents, accounts and notes receivable, and accounts and notes payable are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

11. VARIABLE INTEREST ENTITIES

A variable interest entity (VIE) is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity, and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring reevaluation, such as a significant change in an entity's assets or activities. A qualitative analysis of control determines the party that consolidates a VIE. This assessment is based on (i) what party has the power to direct the most significant activities of the VIE that impact its economic performance and (ii) what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

Cinergy Receivables Company

CRC is a bankruptcy remote, special purpose entity that is an affiliate of Duke Energy Kentucky. As discussed below, Duke Energy Kentucky does not consolidate CRC as it is not the primary beneficiary. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Kentucky. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Kentucky. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Depending on experience with collections, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million. There were no infusions to CRC during the years ended December 31, 2017 and 2016.

The proceeds Duke Energy Kentucky receives from the sale of receivables to CRC are typically 75 percent cash and 25 percent in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Duke Energy Kentucky had receivables of \$19.7 million and \$18.4 million from CRC at December 31, 2017 and December 31, 2016, respectively. These balances are included in Receivables from affiliated companies on the Balance Sheets.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy consolidates CRC as it makes these decisions. Duke Energy Kentucky does not consolidate CRC. No financial support was provided to this non-consolidated VIE during the years ended December 31, 2017 or 2016, or is expected to be provided in the future, that was not previously contractually required.

The subordinated note held by Duke Energy Kentucky is stated at fair value. Carrying values of retained interests are determined by allocating carrying value of the receivables between assets sold and interests retained based on relative fair value. The allocated basis of the subordinated notes are not materially different than their face value because (i) the receivables generally turnover in less than two months, (ii) credit losses are reasonably predictable due to the broad customer base and lack of significant concentration and (iii) the equity in CRC is subordinate to all retained interests and thus would absorb losses first. The hypothetical effect on fair value of the retained interests assuming both a 10 percent and a 20 percent unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Kentucky on the retained interests using the acceptable yield method. This method generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both retained interests and purchased beneficial interest whenever it is determined that an other-than-temporary impairment has occurred. Duke Energy Kentucky's maximum exposure to loss does not exceed the carrying value.

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Key assumptions used in estimating fair value in 2017 and 2016 are detailed in the following table.

	2017	2016
Anticipated credit loss ratio	0.5%	0.5%
Discount rate	2.1%	1.5%
Receivables turnover rate	11.4%	11.5%

The following table presents gross and net receivables sold.

(in thousands)	December 31, 2017	December 31, 2016
Receivables sold	\$ 59,074	\$ 58,903
Less: Retained interests	19,736	18,390
Net receivables sold	\$ 39,338	\$ 40,513

The following table presents sales and cash flows related to receivables sold.

(in thousands)	Years Ended December 31,	
	2017	2016
Sales:		
Receivables sold	\$ 417,779	\$ 438,249
Loss recognized on sale	1,704	1,627
Cash flows:		
Cash proceeds from receivables sold	\$ 414,729	\$ 428,369
Collection fees received	209	219
Return received on retained interests	783	647

Cash flows from the sale of receivables are reflected within Operating Activities on the Statements of Cash Flows.

Collection fees received in connection with the servicing of transferred accounts receivable are included in Operation, maintenance, and other on the Statements of Operations. The loss recognized on the sale of receivables is calculated monthly by multiplying the receivables sold during the month by the required discount. The required discount is derived monthly utilizing a three-year weighted average formula that considers charge-off history, late charge history and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is calculated monthly by summing the prior month-end London Interbank Offered Rate (LIBOR) plus a fixed rate of 1.00 percent.

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12. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy Kentucky participates in qualified and non-qualified defined benefit retirement plans and other post-retirement benefit plans sponsored by Duke Energy. Duke Energy allocates pension and other post-retirement obligations and costs related to these plans to Duke Energy Kentucky. The plans cover most employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits based upon a percentage of current eligible earnings based on age and/or years of service and interest credits. Certain employees are covered under plans that use a final average earnings formula. Under these average earnings formulas, a plan participant accumulates a retirement benefit equal to the sum of percentages of their (i) highest three-year or four-year average earnings, (ii) highest three-year or four-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), and/or (iii) highest three-year average earnings times years of participation in excess of 35 years. Duke Energy also maintains, and Duke Energy Kentucky participates in, non-qualified, non-contributory defined benefit retirement plans which cover certain executives. As of January 1, 2014, the qualified and non-qualified non-contributory defined benefit plans are closed to new participants.

Duke Energy approved plan amendments to restructure its qualified non-contributory defined benefit retirement plans, effective January 1, 2018. The restructuring involved (i) the spin-off of the majority of inactive participants from two plans into a separate inactive plan and (ii) the merger of the active participant portions of such plans. Benefits offered to the plan participants remain unchanged. Actuarial gains and losses associated with the inactive plan will be amortized over the remaining life expectancy of the inactive participants.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. Actual contributions for Duke Energy Kentucky were \$1,324 thousand and \$1,443 thousand for the years ended December 31, 2017 and 2016, respectively. A contribution of \$72 thousand for Duke Energy Kentucky was made on January 2, 2018; no further contributions are anticipated in 2018.

Net periodic benefit costs disclosed in the tables below represent the cost of the respective plan for the periods presented. However, portions of the net periodic benefit cost disclosed in the tables have been capitalized as a component of property, plant and equipment. Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated by Duke Energy for employees of Duke Energy Kentucky. Additionally, Duke Energy Kentucky is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Kentucky. These allocated amounts are included in the governance and shared services costs discussed in Note 8.

QUALIFIED PENSION PLANS

Components of Net Periodic Pension Costs

(in thousands)	Years Ended December 31,	
	2017	2016
Service cost	\$ 1,360	\$ 1,459
Interest cost on projected benefit obligation	4,274	4,368
Expected return on plan assets	(6,290)	(6,156)
Amortization of prior service cost	(95)	4
Amortization of loss	1,912	1,677
Other	91	91
Net periodic pension costs	\$ 1,252	\$ 1,443

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Amounts Recognized in Regulatory Assets

(in thousands)	December 31,	
	2017	2016
Regulatory assets, net increase	\$ 3,340	\$ 3,636

Reconciliation of Funded Status to Net Amount Recognized

(in thousands)	Years Ended December 31,	
	2017	2016
Change in Projected Benefit Obligation:		
Obligation at prior measurement date	\$ 106,067	\$ 100,829
Service cost	1,360	1,459
Interest cost	4,274	4,368
Actuarial losses	10,369	6,203
Transfers (a)	1,586	2,003
Plan amendments	—	(450)
Benefits paid	(6,679)	(8,345)
Obligation at measurement date	\$ 116,977	\$ 106,067
Accumulated Benefit Obligation	\$ 113,557	\$ 102,223
Change in Fair Value of Plan Assets:		
Plan assets at prior measurement date	\$ 98,252	\$ 96,373
Actual return on plan assets	11,674	6,778
Benefits paid	(6,679)	(8,345)
Employer contributions	1,324	1,443
Transfers (a)	1,586	2,003
Plan assets at measurement date	\$ 106,157	\$ 98,252

(a) Transfers represents net amounts associated with plan participants that have moved to/from other Duke Energy subsidiaries.

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Amounts Recognized in the Balance Sheets

(In thousands)	December 31,	
	2017	2016
Prefunded pension ^(a)	\$ 1,184	\$ 1,716
Noncurrent pension liability ^(b)	12,004	9,531
Net liability recognized	\$ (10,820)	\$ (7,815)
Regulatory assets	\$ 32,299	\$ 28,959
Amounts to be reported in net periodic pension expense in the next year:		
Unrecognized net actuarial loss	\$ 1,664	\$ 1,407
Unrecognized prior service credit	(100)	62

(a) Included in Other within Investments and Other Assets on the Balance Sheets.

(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

(in thousands)	December 31,	
	2017	2016
Projected benefit obligation	\$ 102,755	\$ 92,663
Accumulated benefit obligation	99,335	88,820
Fair Value of plan assets	90,750	83,132

Assumptions Used for Pension Benefits Accounting

	December 31,	
	2017	2016
Benefit Obligations:		
Discount rate	3.60%	4.10%
Salary increase	3.50%	4.40%
Net Periodic Benefit Cost:		
Discount rate	4.10%	4.40%
Salary increase	4.40%	4.40%
Expected long-term rate of return on plan assets	6.50%	6.50%

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

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NON-QUALIFIED PENSION PLANS

Components of Net Periodic Pension Costs

(in thousands)	Years Ended December 31,	
	2017	2016
Interest cost on projected benefit obligation	\$ 6	\$ 6
Amortization of actuarial loss	4	5
Net periodic pension costs	\$ 10	\$ 11

Amounts Recognized in Regulatory Assets

(in thousands)	December 31,	
	2017	2016
Regulatory assets, net increase	\$ 1	\$ —

Reconciliation of Funded Status to Net Amount Recognized

(in thousands)	Years Ended December 31,	
	2017	2016
Change in Projected Benefit Obligation:		
Obligation at prior measurement date	\$ 140	\$ 141
Interest cost	6	6
Actuarial losses	6	4
Benefits paid	(11)	(11)
Obligation at measurement date	\$ 141	\$ 140
Accumulated Benefit Obligation	\$ 141	\$ 140
Change in Fair Value of Plan Assets:		
Plan assets at prior measurement date	\$ —	\$ —
Benefits paid	(11)	(11)
Employer contributions	11	11
Plan assets at measurement date	\$ —	\$ —

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Amounts Recognized in the Balance Sheets

(in thousands)	December 31,	
	2017	2016
Current pension liability ^(a)	\$ 10	\$ 10
Noncurrent pension liability ^(b)	131	130
Total accrued pension liability	\$ 141	\$ 140
Regulatory assets	\$ 52	\$ 51
Amounts to be recognized in net periodic pension expense in the next year:		
Unrecognized net actuarial loss	\$ 4	4

(a) Included in Other within Current Liabilities on the Balance Sheets.

(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

(in thousands)	December 31,	
	2017	2016
Projected benefit obligation	\$ 141	\$ 140
Accumulated benefit obligation	141	140

Assumptions Used for Pension Benefits Accounting

	December 31,	
	2017	2016
Benefit Obligations:		
Discount rate	3.60%	4.10%
Salary increase	3.50%	4.40%
Net Periodic Benefit Cost:		
Discount rate	4.10%	4.40%
Salary increase	4.40%	4.40%

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

OTHER POST-RETIREMENT BENEFIT PLANS

Duke Energy provides, and Duke Energy Kentucky participates in, some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans. The health care benefits include medical, dental, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments.

Duke Energy did not make any pre-funding contributions to its other post-retirement benefit plans during the years ended December 31, 2017 and 2016.

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Components of Net Periodic Other Post-Retirement Benefit Costs

(in thousands)	Years Ended December 31,	
	2017	2016
Service cost	\$ 82	\$ 91
Interest cost on projected benefit obligation	254	288
Expected return on plan assets	(78)	(61)
Amortization of prior service (credit) cost	(184)	175
Amortization of gain	(144)	(420)
Curtailment credit	(614)	—
Net periodic pension costs	\$ (684)	\$ 73

Amounts Recognized in Regulatory Assets and Regulatory Liabilities

(in thousands)	December 31,	
	2017	2016
Regulatory assets, net decrease	\$ (280)	\$ (305)
Regulatory liabilities, net (decrease) increase	(717)	612

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Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

(in thousands)	Years Ended December 31,	
	2017	2016
Change in Projected Benefit Obligation:		
Accumulated post-retirement benefit obligation at prior measurement date	\$ 6,556	\$ 6,845
Service cost	82	91
Interest cost	254	288
Plan participants' contributions	193	189
Actuarial losses (gains)	197	(107)
Transfers (a)	85	242
Plan amendments	(642)	(377)
Benefits paid	(673)	(615)
Accumulated post-retirement benefit obligation at measurement date	\$ 6,052	\$ 6,556
Change in Fair Value of Plan Assets:		
Plan assets at prior measurement date	\$ 1,519	\$ 1,198
Actual return on plan assets	160	86
Plan participants' contributions	193	189
Benefits paid	(673)	(615)
Transfers (a)	36	240
Employer contributions	198	421
Plan assets at measurement date	\$ 1,433	\$ 1,519

(a) Transfers represents net amounts associated with plan participants that have moved to/from other Duke Energy subsidiaries.

Amounts Recognized in the Balance Sheets

(in thousands)	December 31,	
	2017	2016
Current post-retirement liability ^(a)	\$ 159	\$ 165
Noncurrent post-retirement liability ^(b)	4,460	4,872
Total accrued post-retirement liability	\$ 4,619	\$ 5,037
Regulatory assets	\$ 2,330	\$ 2,610
Regulatory liabilities	\$ 4,833	\$ 5,550
Amounts to be recognized in net periodic pension expense in the next year:		
Unrecognized net actuarial loss	\$ 31	\$ (424)
Unrecognized prior service credit	\$ (236)	\$ (184)

(a) Included in Other within Current Liabilities on the Balance Sheets.

(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

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Assumptions Used for Other Post-Retirement Benefits Accounting

	December 31,	
	2017	2016
Benefit Obligations:		
Discount rate	3.60%	4.10%
Net Periodic Benefit Cost:		
Discount rate	4.10%	4.40%
Expected long-term rate of return on plan assets	6.50%	6.50%

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other postretirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumed Health Care Cost Trend Rate

	December 31,	
	2017	2016
Health care cost trend rate assumed for next year	7.00%	7.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75%	4.75%
Year that the rate reaches the ultimate trend rate	2024	2023

Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments to participants on behalf of Duke Energy Kentucky in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years. These benefit payments reflect expected future service, as appropriate.

(in thousands)	Other Post-			Total
	Qualified Plans	Non-Qualified Plans	Retirement Plans	
Years ending December 31,				
2018	\$ 7,106	\$ 11	\$ 864	\$ 7,981
2019	7,417	11	742	8,170
2020	8,188	11	633	8,832
2021	9,449	10	631	10,090
2022	8,489	10	616	9,115
2023-2027	40,475	50	2,526	43,051

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MASTER RETIREMENT TRUST (MASTER TRUST)

The assets for the Duke Energy Kentucky plans discussed above are derived from the Master Trust that is held by Duke Energy and, as such, Duke Energy Kentucky is allocated its proportionate share of assets discussed below. Assets for both the qualified pension and other post-retirement benefits are maintained in the Master Trust. Duke Energy also invests other post-retirement assets in Voluntary Employees' Beneficiary Association trusts. The investment objective is to achieve sufficient returns, subject to a prudent level of portfolio risk, for the purpose of promoting the security of plan benefits for participants. Duke Energy assumes pension and other post-retirement plan assets will generate a long-term rate of return of 6.50 percent. The expected long-term rate of return was developed using a weighted average calculation of expected returns based primarily on future expected returns across asset classes considering the use of active asset managers, where applicable. The asset allocation targets were set after considering the investment objective and the risk profile. Equity securities are held for their high expected return. Debt securities are primarily held to hedge the qualified pension plan liability. Hedge funds, real estate and other global securities are held for diversification. Investments within asset classes are diversified to achieve broad market participation and reduce the impact of individual managers or investments.

Duke Energy has a de-risking investment strategy for the Duke Energy Master Trust. As the funded status of the pension plans increase, the targeted allocation to return seeking assets may be reduced and the targeted allocation to fixed-income assets will be increased to better manage Duke Energy's pension liability and reduce funded status volatility. Duke Energy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate.

The following table presents target and actual asset allocations for the Master Trust at December 31, 2017 and 2016.

Asset Category	Target Allocation	Actual Allocation at	
		December 31,	
		2017	2016
U.S. equity securities	10%	11%	11%
Non-U.S. equity securities	8%	8%	8%
Global equity securities	10%	10%	10%
Global private equity securities	3%	2%	2%
Debt securities	63%	63%	63%
Hedge funds	2%	2%	2%
Real estate and cash	2%	2%	2%
Other global securities	2%	2%	2%
Total	100%	100%	100%

EMPLOYEE SAVINGS PLAN

Duke Energy Kentucky also participates in employee savings plans sponsored by Duke Energy. Most employees participate in a matching contribution formula where Duke Energy provides a matching contribution generally equal to 100 percent of employee before-tax and Roth 401(k) contributions and, as applicable, after-tax contributions of up to 6 percent of eligible pay per period.

As of January 1, 2014, for new and rehired non-union and certain unionized employees who are not eligible to participate in Duke Energy's defined benefit plans, an additional employer contribution of 4 percent of eligible pay per pay period, which is subject to a three-year vesting schedule, is provided to the employee's savings plan account.

Duke Energy Kentucky's expense related to its proportionate share of pretax employer contributions and the additional 4 percent employer contribution was \$1,035 thousand and \$720 thousand for the years ended December 31, 2017 and 2016, respectively.

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13. INCOME TAXES

Tax Act

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowers the corporate federal income tax rate from 35 percent to 21 percent and eliminates bonus depreciation for regulated utilities, effective January 1, 2018. The Tax Act also could be amended or subject to technical correction, which could change the financial impacts that were recorded at December 31, 2017, or are expected to be recorded in future periods. The FERC and KSPC will determine the regulatory treatment of the impacts of the Tax Act for Duke Energy Kentucky. Duke Energy Kentucky's future results of operations, financial condition and cash flows could be adversely impacted by the Tax Act, subsequent amendments or corrections or the actions of the FERC, KSPC or credit rating agencies related to the Tax Act. Duke Energy Kentucky is reviewing orders to address the rate treatment of the Tax Act by KSPC. See Note 2 for additional information. Beginning in January 2018, Duke Energy Kentucky will defer the estimated ongoing impacts of the Tax Act that are expected to be returned to customers.

As a result of the Tax Act, Duke Energy Kentucky revalued its existing deferred tax assets and deferred tax liabilities as of December 31, 2017, to account for the estimated future impact of lower corporate tax rates on these deferred tax amounts. For Duke Energy Kentucky's regulated operations, where the reduction in the net ADIT liability is expected to be returned to customers in future rates, the net remeasurement has been deferred as a regulatory liability. The regulatory liability for income taxes includes the effect of the reduction of the net deferred tax liability including the tax gross-up of the excess ADIT liabilities and the effect of the new tax rate on the previous regulatory asset for income taxes. Excess ADITs are generally classified as either "protected" or "unprotected" under Internal Revenue Service (IRS) rules. Protected excess ADIT, resulting from accumulated tax depreciation of public utility property, are required to utilize the average rate assumption method under the IRS normalization rules for determining the timing of the return to customers. The majority of the excess ADIT is related to protected amounts associated with public utility property. See Note 2 for additional information on the Tax Act's impact to the regulatory asset and liability accounts.

On December 22, 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118), which provides guidance on accounting for the Tax Act's impact. SAB 118 provides a measurement period, which in no case should extend beyond one year from the Tax Act enactment date, during which a company acting in good faith may complete the accounting for the impacts of the Tax Act under Accounting Standards Codification (ASC) Topic 740. In accordance with SAB 118, a company must reflect the income tax effects of the Tax Act in the reporting period in which the accounting under ASC Topic 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete, a company can determine a reasonable estimate for those effects and record a provisional estimate in the financial statements in the first reporting period in which a reasonable estimate can be determined.

Duke Energy Kentucky recorded a provisional net tax benefit of \$21.3 million related to the Tax Act in the period ending December 31, 2017. This net benefit primarily due to the remeasurement of deferred tax accounts to reflect the corporate rate reduction impact to net deferred tax balances. The majority of Duke Energy Kentucky's operations are regulated and it is expected that the savings associated with the amount representing the remeasurement of deferred tax balances related to regulated operations will ultimately be passed on to customers. Duke Energy Kentucky recorded a regulatory liability of \$133.3 million, representing the revaluation of those deferred tax balances. Duke Energy Kentucky will continue to respond to requests from KSPC to determine the timing and magnitude of savings they will pass on to customers.

The net provisional charge from deferred tax remeasurement and assessment of valuation allowance is based on currently available information and interpretations which are continuing to evolve. Duke Energy Kentucky continues to analyze additional information and guidance related to certain aspects of the Tax Act, such as conformity or decoupling by state legislatures in response to the Tax Act and the final determination of the net deferred tax liabilities subject to the remeasurement. The prospects of supplemental legislation or regulatory processes to address questions that arise because of the Tax Act, or evolving technical interpretations of the tax law, may also cause the final impact from the Tax Act to differ from the estimated amounts. Duke Energy Kentucky continues to appropriately refine such amounts within the measurement period allowed by SAB 118, which will be completed no later than the fourth quarter of 2018.

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Notes to Financial Statements			

INCOME TAX EXPENSE

Components of Income Tax (Benefit) Expense

(in thousands)	Years Ended December 31,	
	2017	2016
Current income taxes:		
Federal	\$ (13,442)	\$ (580)
State	(87)	(361)
Total current income taxes	(13,529)	(941)
Deferred income taxes:		
Federal	9,746	15,181
State	2,709	2,939
Total deferred income taxes	12,455	18,120
Investment tax credit amortization	(87)	(132)
Total income tax (benefit) expense included in Statements of Operations	\$ (1,161)	\$ 17,047

Statutory Rate Reconciliation

The following table presents a reconciliation of income tax expense at the U.S. federal statutory tax rate to actual tax expense.

(in thousands)	Years Ended December 31,	
	2017	2016
Income tax expense, computed at the statutory rate of 35 percent	\$ 20,383	\$ 20,871
State income tax, net of federal income tax effect	1,705	1,676
Federal true-up	(1,079)	(5,269)
Tax Act	(21,276)	—
Other items, net	(894)	(231)
Total income tax (benefit) expense	\$ (1,161)	\$ 17,047
Effective tax rates^(a)	(2.0)%	28.6%

(a) The decrease in the effective tax rate was primarily due to the revaluation of deferred tax assets and liabilities as a result of the Tax Act.

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Notes to Financial Statements			

DEFERRED TAXES

Net Deferred Income Tax Liability Components

(in thousands)	Years Ended December 31,	
	2017	2016
Deferred credits and other liabilities	\$ 38	\$ 50
Tax credits and net operating loss carryforwards	4,059	3,668
Pension, postretirement and other employee benefits	4,970	6,436
Regulatory liabilities and deferred credits	7,104	—
Other	581	359
Investments and other liabilities	718	1,468
Total deferred income tax assets	17,470	11,981
Accelerated depreciation rates	(203,907)	(298,205)
Regulatory assets and deferred debits, net	—	(25,412)
Total deferred income tax liabilities	(203,907)	(323,617)
Net deferred income tax liabilities	\$ (186,437)	\$ (311,636)

As noted above, as a result of the Tax Act, Duke Energy Kentucky revalued its existing deferred tax assets and liabilities as of December 31, 2017, to account for the estimated future impact of lower corporate tax rates on these deferred amounts. Duke Energy Kentucky's net deferred income tax liabilities decreased \$156.7 million as a result of this revaluation.

UNRECOGNIZED TAX BENEFITS

The following table presents changes to unrecognized tax benefits.

(in thousands)	Years Ended December 31,	
	2017	2016
Unrecognized tax benefits – January 1	\$ —	\$ 52
Unrecognized tax benefits increases (decreases):		
Gross increases – tax positions in prior periods	143	4
Decreases due to settlements	—	(56)
Total changes	143	(52)
Unrecognized tax benefits – December 31	\$ 143	\$ —

OTHER TAX MATTERS

The following table includes interest recognized in the Statements of Operations and the Balance Sheets.

(in thousands)	As of December 31,	
	2017	2016
Net interest income recognized related to income taxes	\$ —	\$ 8

Duke Energy Kentucky is no longer subject to U.S. federal examination for years before 2015. With few exceptions, Duke Energy Kentucky is no longer subject to state, local or non-U.S. income tax examinations by tax authorities for years before 2014.

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Duke Energy Kentucky, Inc.			
Notes to Financial Statements			

14. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, commitments and contingencies, debt and credit facilities, asset retirement obligations, employee benefit plans and income taxes, see Notes 2, 3, 4, 5, 12 and 13.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES					
<p>1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.</p> <p>2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.</p> <p>3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.</p> <p>4. Report data on a year-to-date basis.</p>					
Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Quarter/Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				

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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES					
Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Insert Footnote at Line 1 to specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1					
2					
3					
4				42,583,938	42,583,938
5					
6					
7					
8					
9				59,398,930	59,398,930
10					

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.				
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)	
1	Utility Plant			
2	In Service			
3	Plant in Service (Classified)	1,876,872,626	1,480,052,147	
4	Property Under Capital Leases	19,459,822	1,993,137	
5	Plant Purchased or Sold			
6	Completed Construction not Classified	294,341,207	161,545,988	
7	Experimental Plant Unclassified			
8	Total (3 thru 7)	2,190,673,655	1,643,591,272	
9	Leased to Others			
10	Held for Future Use	69,805	69,805	
11	Construction Work in Progress	109,390,337	81,782,545	
12	Acquisition Adjustments			
13	Total Utility Plant (8 thru 12)	2,300,133,797	1,725,443,622	
14	Accum Prov for Depr, Amort, & Depl	1,032,028,167	828,065,736	
15	Net Utility Plant (13 less 14)	1,268,105,630	897,377,886	
16	Detail of Accum Prov for Depr, Amort & Depl			
17	In Service:			
18	Depreciation	988,067,522	817,393,972	
19	Amort & Depl of Producing Nat Gas Land/Land Right			
20	Amort of Underground Storage Land/Land Rights			
21	Amort of Other Utility Plant	43,960,645	10,671,765	
22	Total In Service (18 thru 21)	1,032,028,167	828,065,737	
23	Leased to Others			
24	Depreciation			
25	Amortization and Depletion			
26	Total Leased to Others (24 & 25)			
27	Held for Future Use			
28	Depreciation			
29	Amortization			
30	Total Held for Future Use (28 & 29)			
31	Abandonment of Leases (Natural Gas)			
32	Amort of Plant Acquisition Adj			
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,032,028,167	828,065,737	

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
353,950,050				42,870,429	3
17,466,685					4
					5
131,811,913				983,306	6
					7
503,228,648				43,853,735	8
					9
					10
24,871,707				2,736,085	11
					12
528,100,355				46,589,820	13
165,758,008				38,204,423	14
362,342,347				8,385,397	15
					16
					17
159,768,239				10,905,311	18
					19
					20
5,989,768				27,299,112	21
165,758,007				38,204,423	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
165,758,007				38,204,423	33

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)				
<p>1. Report below the original cost of electric plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.</p> <p>5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)</p>				
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	
1	1. INTANGIBLE PLANT			
2	(301) Organization			
3	(302) Franchises and Consents			
4	(303) Miscellaneous Intangible Plant	12,343,216		5,663,545
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	12,343,216		5,663,545
6	2. PRODUCTION PLANT			
7	A. Steam Production Plant			
8	(310) Land and Land Rights	7,047,301		
9	(311) Structures and Improvements	71,372,345		41,152,163
10	(312) Boiler Plant Equipment	458,441,528		6,506,147
11	(313) Engines and Engine-Driven Generators			
12	(314) Turbogenerator Units	100,695,783		1,804,132
13	(315) Accessory Electric Equipment	44,736,781		
14	(316) Misc. Power Plant Equipment	19,377,682		1,910,789
15	(317) Asset Retirement Costs for Steam Production	46,586,238		6,775,478
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	748,257,658		58,148,709
17	B. Nuclear Production Plant			
18	(320) Land and Land Rights			
19	(321) Structures and Improvements			
20	(322) Reactor Plant Equipment			
21	(323) Turbogenerator Units			
22	(324) Accessory Electric Equipment			
23	(325) Misc. Power Plant Equipment			
24	(326) Asset Retirement Costs for Nuclear Production			
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)			
26	C. Hydraulic Production Plant			
27	(330) Land and Land Rights			
28	(331) Structures and Improvements			
29	(332) Reservoirs, Dams, and Waterways			
30	(333) Water Wheels, Turbines, and Generators			
31	(334) Accessory Electric Equipment			
32	(335) Misc. Power Plant Equipment			
33	(336) Roads, Railroads, and Bridges			
34	(337) Asset Retirement Costs for Hydraulic Production			
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)			
36	D. Other Production Plant			
37	(340) Land and Land Rights	2,910,272		581,336
38	(341) Structures and Improvements	36,133,375		301,354
39	(342) Fuel Holders, Products, and Accessories	15,785,782		167,122
40	(343) Prime Movers			
41	(344) Generators	210,038,949		20,371,082
42	(345) Accessory Electric Equipment	21,372,936		1,143,201
43	(346) Misc. Power Plant Equipment	4,671,829		25,421
44	(347) Asset Retirement Costs for Other Production			
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	290,913,143		22,589,516
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	1,039,170,801		80,738,225

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)				
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	
47	3. TRANSMISSION PLANT			
48	(350) Land and Land Rights	1,341,416	1	
49	(352) Structures and Improvements	1,480,413		
50	(353) Station Equipment	39,099,925	1,410,028	
51	(354) Towers and Fixtures			
52	(355) Poles and Fixtures	7,565,364	879,590	
53	(356) Overhead Conductors and Devices	6,005,049	440,595	
54	(357) Underground Conduit			
55	(358) Underground Conductors and Devices			
56	(359) Roads and Trails			
57	(359.1) Asset Retirement Costs for Transmission Plant			
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	55,492,167	2,730,214	
59	4. DISTRIBUTION PLANT			
60	(360) Land and Land Rights	13,270,609	-1,958,538	
61	(361) Structures and Improvements	1,470,233	-17	
62	(362) Station Equipment	62,170,635	3,312,695	
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures	56,105,079	5,264,179	
65	(365) Overhead Conductors and Devices	118,728,541	8,445,425	
66	(366) Underground Conduit	18,863,541	2,413,162	
67	(367) Underground Conductors and Devices	58,304,069	-149,293	
68	(368) Line Transformers	55,884,985	4,815,137	
69	(369) Services	18,123,608	2,461,446	
70	(370) Meters	13,321,806	10,925,691	
71	(371) Installations on Customer Premises	409,942	180,460	
72	(372) Leased Property on Customer Premises	9,647		
73	(373) Street Lighting and Signal Systems	9,973,113	-768,004	
74	(374) Asset Retirement Costs for Distribution Plant			
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	426,635,808	34,942,343	
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT			
77	(380) Land and Land Rights			
78	(381) Structures and Improvements			
79	(382) Computer Hardware			
80	(383) Computer Software			
81	(384) Communication Equipment			
82	(385) Miscellaneous Regional Transmission and Market Operation Plant			
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper			
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)			
85	6. GENERAL PLANT			
86	(389) Land and Land Rights			
87	(390) Structures and Improvements	144,984		
88	(391) Office Furniture and Equipment	2,385,269	368,914	
89	(392) Transportation Equipment	419,779		
90	(393) Stores Equipment			
91	(394) Tools, Shop and Garage Equipment	2,027,306	327,835	
92	(395) Laboratory Equipment			
93	(396) Power Operated Equipment	11,770		
94	(397) Communication Equipment	2,882,948	698,767	
95	(398) Miscellaneous Equipment			
96	SUBTOTAL (Enter Total of lines 86 thru 95)	7,872,056	1,395,516	
97	(399) Other Tangible Property			
98	(399.1) Asset Retirement Costs for General Plant			
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	7,872,056	1,395,516	
100	TOTAL (Accounts 101 and 106)	1,541,514,048	125,469,843	
101	(102) Electric Plant Purchased (See Instr. 8)			
102	(Less) (102) Electric Plant Sold (See Instr. 8)			
103	(103) Experimental Plant Unclassified			
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	1,541,514,048	125,469,843	

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
2,550			1,338,867		48
			1,480,413		49
208,010			40,301,943		50
					51
45,555			8,399,399		52
43			6,445,601		53
					54
					55
					56
					57
256,158			57,966,223		58
					59
10,760			11,301,311		60
55,722			1,414,494		61
691,031			64,792,299		62
					63
244,982		2,587	61,126,863		64
1,314,887			125,859,079		65
		251	21,276,954		66
176,924			57,977,852		67
710,145		200	59,990,177		68
22,550		1	20,562,505		69
3,177,659	-1,160,000		19,909,838		70
102,165		5,441	493,678		71
			9,647		72
226,996		-8,480	8,969,633		73
					74
6,733,821	-1,160,000		453,684,330		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			144,984		86
			144,984		87
820,945			1,933,238		88
			419,779		89
					90
1,604			2,353,537		91
					92
			11,770		93
			3,581,715		94
					95
822,549			8,445,023		96
					97
					98
822,549			8,445,023		99
21,276,214	-2,116,405		1,643,591,272		100
					101
					102
					103
21,276,214	-2,116,405		1,643,591,272		104

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)					
1. Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.					
2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.					
Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)	
1	Land and Rights:				
2	Other Land and Rights <\$250K (2 Items)			69,805	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	Other Property:				
22					
23					
24					
25					
26					
27					
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29					
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32					
33					
34					
35					
36					
37					
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41					
42					
43					
44					
45					
46					
47	Total			69,805	

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CONSTRUCTION WORK IN PROGRESS -- ELECTRIC (Account 107)					
1. Report below descriptions and balances at end of year of projects in process of construction (107)					
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)					
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$1,000,000, whichever is less) may be grouped.					
Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)			
1	DISTRIBUTION PLANT				
2					
3	REGULATED UTILITY STRATEGY DEVELOPMENT - COVINGTON TRANSFORMER #2				2,660,970
4	DIXIE BUS #1 SWITCHGEAR AND BREAKERS REPLACEMENT				2,150,187
5	SMART GRID KENTUCKY FEEDER CAPACITY				1,385,385
6	CONSTANCE CABLE REPLACEMENT				1,071,791
7	PROJECTS LESS THAN \$1 MILLION				6,289,115
8	TOTAL DISTRIBUTION PLANT \$13,557,448				
9					
10	GENERAL PLANT				
11					
12	PROJECTS LESS THAN \$1 MILLION				1,579,025
13	TOTAL GENERAL PLANT \$1,579,025				
14					
15	INTANGIBLE PLANT				
16					
17	IT DEMAND WORK FUNDING PROJECT				2,402,125
18	PROJECTS LESS THAN \$1 MILLION				1,005,664
19	TOTAL INTANGIBLE PLANT \$3,407,789				
20					
21	PRODUCTION PLANT				
22					
23	EAST BEND UNIT 2 DRY BOTTOM ASH CONVERSION				12,920,828
24	EAST BEND UNIT 2 PRECIPITATOR HOT SIDE REBUILD				12,231,899
25	EAST BEND STORMWATER/PROCESSWATER REROUTE				12,099,518
26	EAST BEND UNIT 2 LIME INJECTION SYSTEM				4,746,652
27	EAST BEND UNIT 2 LINED RETENTION BASIN				2,679,188
28	WOODSDALE COMMON FUEL OIL SYSTEM				2,149,549
29	EAST BEND UNIT 2 OUTER LOOP CONDENSER RETUBE				2,086,839
30	EAST BEND UNIT 2 HVAC CHIILLERS REPLACEMENT				1,593,111
31	EAST BEND UNIT 2 BOILER ECONOMIZER				1,567,738
32	EAST BEND UNIT 2 SECONDARY SUPERHEAT OUTLET HEADERS REPLACEMENT				1,474,017
33	EAST BEND UNIT 2 HP TURBINE NOZZLE BLOCK AND SEALS				1,123,743
34	WOODSDALE COMMON UNIT 4 GENERATOR ROTOR REWIND				1,073,498
35	PROJECTS LESS THAN \$1 MILLION				5,954,893
36	TOTAL PRODUCTION PLANT \$61,701,473				
37					
38	TRANSMISSION PLANT				
39					
40	PROJECTS LESS THAN \$1 MILLION				1,536,810
41	TOTAL TRANSMISSION PLANT \$1,536,810				
42					
43	TOTAL				81,782,545

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)					
1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property. 3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.					
Section A. Balances and Changes During Year					
Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	798,057,715	798,057,715		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	32,250,753	32,250,753		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing	12,237	12,237		
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):	11,231,860	11,231,860		
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	43,494,850	43,494,850		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	20,197,096	20,197,096		
13	Cost of Removal	4,664,644	4,664,644		
14	Salvage (Credit)	164,655	164,655		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	24,697,085	24,697,085		
16	Other Debit or Cr. Items (Describe, details in footnote):	538,492	538,492		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	817,393,972	817,393,972		
Section B. Balances at End of Year According to Functional Classification					
20	Steam Production	469,789,732	469,789,732		
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production	169,394,028	169,394,028		
25	Transmission	19,215,086	19,215,086		
26	Distribution	157,555,106	157,555,106		
27	Regional Transmission and Market Operation				
28	General	1,440,020	1,440,020		
29	TOTAL (Enter Total of lines 20 thru 28)	817,393,972	817,393,972		

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 219 Line No.: 8 Column: c

East Bend Depreciation Deferral	\$ 2,791,735
ARO Electric Depreciation	8,440,125
	\$ 11,231,860

Schedule Page: 219 Line No.: 16 Column: c

Common Utility Plant Provision	\$ (762,378)
Reclass unrecovered NBV of meters to a regulatory asset	\$1,085,840
Misc. Transfers/Adjustments	215,030
	\$ 538,492

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>	
MATERIALS AND SUPPLIES				
<p>1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.</p> <p>2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.</p>				
Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	24,608,235	22,251,525	Gas and Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)	20,003,950	16,981,969	Electric
8	Transmission Plant (Estimated)	4,377	3,909	Electric
9	Distribution Plant (Estimated)	671,565	628,911	Gas and Electric
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	20,679,892	17,614,789	
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)	336,171	967,360	Gas and Electric
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	45,624,298	40,833,674	

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 227 Line No.: 16 Column: b

Account 163 - Functionalized for use with PJM Attachments H-22A: Transmission portion of \$71 is calculated by multiplying Account 163 balance by ratio of Transmission M&S balance to Total M&S balance.

Schedule Page: 227 Line No.: 16 Column: c

Account 163 - Functionalized for use with PJM Attachments H-22A: Transmission portion of \$215 is calculated by multiplying Account 163 balance by ratio of Transmission M&S balance to Total M&S balance.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Allowances (Accounts 158.1 and 158.2)					
1. Report below the particulars (details) called for concerning allowances. 2. Report all acquisitions of allowances at cost. 3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts. 4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k). 5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.					
Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year		2018	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	106,877.00	18,007	29,387.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	579.00			
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:	1,189.00		1,089.00	
9					
10					
11					
12					
13					
14					
15	Total	1,189.00		1,089.00	
16					
17	Relinquished During Year:				
18	Charges to Account 509	5,191.00	535		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	103,454.00	17,472	30,476.00	
30					
31	Sales:				
32	Net Sales Proceeds (Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year	279.00		279.00	
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales	279.00			
40	Balance-End of Year			279.00	
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)		19		
45	Gains		19		
46	Losses				

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018		Year/Period of Report End of 2017/Q4		
Allowances (Accounts 158.1 and 158.2) (Continued)								
6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.								
7. Report on Lines 8-14 the names of vendors/transfers of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).								
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.								
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.								
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.								
2019		2020		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
25,041.00		25,041.00		651,066.00		837,412.00	18,007	1
								2
								3
				25,041.00		25,620.00		4
								5
								6
						2,278.00		8
								9
								10
								11
								12
								13
								14
						2,278.00		15
								16
								17
						5,191.00	535	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
25,041.00		25,041.00		676,107.00		860,119.00	17,472	29
								30
								31
								32
								33
								34
								35
279.00		279.00		13,671.00		14,787.00		36
				558.00		558.00		37
								38
				279.00		558.00		39
279.00		279.00		13,950.00		14,787.00		40
								41
								42
								43
						4		23 44
						4		23 45
								46

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 228 Line No.: 1 Column: b

Beginning Balance includes allowances for the Cross State Air Pollution Rule and the Acid Rain Program.

Schedule Page: 228 Line No.: 8 Column: b

Represents transfers of EA's in to DEK held by the previous joint owners

Schedule Page: 228 Line No.: 8 Column: d

Represents transfers of EA's in to DEK held by the previous joint owners

Schedule Page: 228 Line No.: 29 Column: b

Ending Balance Includes allowances for the Cross State Air Pollution Rule and the Acid Rain Program

Schedule Page: 228 Line No.: 39 Column: b

Represents allowances withheld in 2017 sold at auction.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Allowances (Accounts 158.1 and 158.2)					
1. Report below the particulars (details) called for concerning allowances. 2. Report all acquisitions of allowances at cost. 3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts. 4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k). 5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.					
Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year		2018	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	6,337.00	32,645	3,292.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	87.00		1,767.00	
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:	891.00			
9					
10					
11					
12					
13					
14					
15	Total	891.00			
16					
17	Relinquished During Year:				
18	Charges to Account 509	3,866.00	18,909		
19	Other:				
20	Reallocation of TRNOX EAs	439.00			
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	3,010.00	13,736	5,059.00	
30					
31	Sales:				
32	Net Sales Proceeds (Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
36	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018		Year/Period of Report End of 2017/Q4		
Allowances (Accounts 158.1 and 158.2) (Continued)								
<p>6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.</p> <p>7. Report on Lines 8-14 the names of vendors/transfers of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).</p> <p>8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.</p> <p>9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.</p> <p>10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.</p>								
2019		2020		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
						9,629.00	32,645	1
								2
								3
						1,854.00		4
								5
								6
								7
						891.00		8
								9
								10
								11
								12
								13
								14
						891.00		15
								16
								17
						3,866.00	18,909	18
								19
						439.00		20
								21
								22
								23
								24
								25
								26
								27
								28
						8,069.00	13,736	29
								30
								31
								32
								33
								34
								35
								36
								37
								38
								39
								40
								41
								42
								43
								44
								45
								46

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 229 Line No.: 1 Column: b

Beginning Balance includes allowances for the Cross State Air Pollution Rule only.

Schedule Page: 229 Line No.: 8 Column: b

Transferred in 891 allowances from joint owners representing DEK's share of current vintage allocations

Schedule Page: 229 Line No.: 20 Column: b

The Seasonal NOx Allowances were re-allocated during 2017 due to revisions in the Ozone Season rule

Schedule Page: 229 Line No.: 29 Column: b

Ending Balance Includes allowances for the Cross State Air Pollution Rule only

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4	
OTHER REGULATORY ASSETS (Account 182.3)						
1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.						
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.						
3. For Regulatory Assets being amortized, show period of amortization.						
Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter /Year Account Charged (d)	Written off During the Period Amount (e)	
1	INCOME TAXES	2,178,393	18,557,822	Various	18,901,459	1,834,756
2						
3	DEMAND SIDE MANAGEMENT COSTS	1,660,598	3,514,314	407.3, 557	2,948,606	2,226,306
4	(Amortized in accordance with rider revenue)					
5	- Order # 2015-368					
6						
7	ARO OTHER REGULATORY ASSET	2,362,433	6,959,600	182.3, 230	2,535,309	6,786,724
8						
9	GAS ARO OTHER REGULATORY ASSET	4,624,019	354,495			4,978,514
10						
11	COAL ASH DEFERRED SPEND	8,034,024	7,725,052	108	107,051	15,652,025
12	- Order # 2015-187					
13						
14	INTEREST RATE HEDGES	5,110,664	349,717	244	812,642	4,647,739
15	(Amortized over life associated debt)					
16	- Order # 2006-00563					
17						
18	HURRICANE IKE REGULATORY ASSET	4,912,684				4,912,684
19	- Order # 2008-00476					
20						
21	CARBON MANAGEMENT REGULATORY ASSET	1,600,000	250,000	232	50,000	1,800,000
22	- Order # 2008-308					
23						
24	EAST BEND PLANT O&M DEFERRAL	23,462,464	10,426,297			33,888,761
25	- Order # 2014-201					
26						
27	COAL ASH ARO	3,636,612	5,546,821	Various	7,414,141	1,769,292
28	- Order # 2015-187					
29						
30	EAST BEND DEPRECIATION DEFERRAL	8,804,745	2,936,162	403	144,427	11,596,480
31	- Order # 2015-120					
32						
33	DEFERRED GAS INTEGRITY COSTS	2,172,195	921,510	Various	206,589	2,887,116
34	- Order # 2016-0159					
35						
36	OTHER REGULATORY ASSETS - GENERAL ACCOUNTING	24,082,123	4,950,228	Various	1,312,596	27,719,755
37	FERC Docket No. A107-1-000					
38						
39	PENSION POST RETIRE PURCHASE ACCOUNTING - Q	4,876,416		Various	505,464	4,370,952
40	FERC Docket No. A107-1-000					
41						
42	PENSION POST RETIRE PURCHASE ACCOUNTING - NQ	51,069	5,599	186	4,488	52,180
43	FERC Docket No. A107-1-000					

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
- For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter /Year Account Charged (d)	Written off During the Period Amount (e)	
1						
2	OPEB FAS 106 - MEDICAL	2,610,154		186	279,960	2,330,194
3	FERC Docket No. A107-1-000					
4						
5	KO TRANSMISSION 2015-2016 RATE	348		930.2	348	
6						
7	Opt-Out IT Modification		161,678	Various	6,962	154,716
8	Order #2016-0152					
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL :	100,178,941	62,659,295		35,230,042	127,608,194

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>	
MISCELLANEOUS DEFERRED DEBITS (Account 186)						
1. Report below the particulars (details) called for concerning miscellaneous deferred debits. 2. For any deferred debit being amortized, show period of amortization in column (a) 3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$100,000, whichever is less) may be grouped by classes.						
Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Vacation accrual	1,348,263	45,858	146,242		1,394,121
2						
3	AMI		1,085,840	108		1,085,840
4						
5	DEK 2017 Rate Case		447,586	146,232	8,000	439,586
6						
7	Accrued pension post retire -		1,787,694	Various	1,579,265	208,429
8	FAS 158					
9						
10	Other miscellaneous items	1,000				1,000
11						
12	Indirect overhead allocation	-410,442	11,147,317	Various	10,764,223	-27,348
13	pool - undistributed					
14						
15	Deferred coal ash remediation	-258,567		182.3	442,088	-700,655
16	costs					
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	680,254				2,400,973

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Beginning of Year (b)	Balance at End of Year (c)
1	Electric		
2		26,526,493	42,458,400
3			
4			
5			
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	26,526,493	42,458,400
9	Gas		
10		3,471,890	15,913,279
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15)	3,471,890	15,913,279
17	Other - Non-Utility	2,004,245	-10,232
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	32,002,628	58,361,447

Notes

Notes

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
 2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	COMMON STOCK (ACCT 201)	1,000,000	15.00	
2	TOTAL COMMON STOCK	1,000,000		
3				
4	PREFERRED STOCK (ACCT 204)			
5	TOTAL PREFERRED STOCK			
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CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
 4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
 5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
 Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
Shares (e)	Amount (f)	AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
		Shares (g)	Cost (h)	Shares (i)	Amount (j)	
585,333	8,779,995					1
585,333	8,779,995					2
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OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
- (b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain on Resale or Cancellation of Recquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 208 Donations Received from Stockholders	
2	Balance - Beginning of Year	148,811,383
3		
4		
5		
6		
7	Subtotal Balance - End of Year	148,811,383
8		
9		
10	Account 211 - Miscellaneous Paid-In Capital	
11	Balance - Beginning of Year	-156,194
12	Equity Infusion	15,000,000
13	Subtotal Balance - End of Year	14,843,806
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40	TOTAL	163,655,189

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Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 253 Line No.: 12 Column: b

Equity infusion of \$15M from Parent.

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LONG-TERM DEBT (Account 221, 222, 223 and 224)					
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>					
Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)		
1	ACCOUNT 221 - NONE				
2	ACCOUNTS 222 & 223				
3	Intercompany Moneypool Notes Payable-Long Term, .986%	25,000,000			
4	SUBTOTAL ACCOUNT 222 & 223	25,000,000			
5					
6	ACCOUNT 224				
7	UNSECURED DEBENTURES:				
8	6.20% SERIES DUE IN 2036	65,000,000	653,550		
9			367,900 D		
10	2008 SERIES A POLLUTION CONTROL REFUNDING BONDS DUE IN 2027	50,000,000	705,545		
11					
12	2010 SERIES POLLUTION CONTROL REFUNDING BONDS DUE IN 2027	26,720,000	1,029,608		
13					
14	3.42% SERIES DUE IN 2026	45,000,000	220,191		
15					
16	4.45% SERIES DUE IN 2046	50,000,000	247,535		
17					
18	4.65% SERIES DUE IN 2019	100,000,000	756,468		
19			374,000 D		
20	3.35% SERIES DUE IN 2029	30,000,000	124,475		
21					
22	4.11% SERIES DUE IN 2047	30,000,000	124,475		
23					
24	4.26% SERIES DUE IN 2057	30,000,000	124,475		
25					
26	SUBTOTAL ACCOUNT 224	426,720,000	4,728,222		
27					
28	See footnote				
29					
30					
31					
32					
33	TOTAL	451,720,000	4,728,222		

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LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
12/15/14	03/16/22			25,000,000	453,674	3
				25,000,000	453,674	4
						5
						6
						7
03/07/06	03/10/36	03/10/06	03/10/36	65,000,000	4,030,000	8
						9
12/11/08	08/01/27	12/11/08	08/01/27	50,000,000	770,352	10
						11
11/24/10	08/01/27	11/24/10	08/01/27	26,720,000	290,791	12
						13
01/05/16	01/15/26	01/05/16	01/15/26	45,000,000	1,539,000	14
						15
01/05/16	01/15/46	01/05/16	01/15/46	50,000,000	2,225,000	16
						17
09/22/09	10/01/19	09/22/09	10/01/19	100,000,000	4,650,000	18
						19
09/07/17	09/15/29	09/07/17	09/15/29	30,000,000	318,250	20
						21
09/07/17	09/15/47	09/07/17	09/15/47	30,000,000	390,450	22
						23
09/07/17	09/15/57	09/07/17	09/15/57	30,000,000	404,700	24
						25
				426,720,000	14,618,543	26
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				451,720,000	15,072,217	33

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FOOTNOTE DATA			

Schedule Page: 256 Line No.: 12 Column: a

The interest rate varies on this pollution control bond.

Schedule Page: 256 Line No.: 28 Column: a

On December 16, 2016 the Kentucky PSC approved Duke Energy Kentucky's long-term financing application authorizing the issuance of up to \$200 million of secured and/or unsecured notes, and \$76.72 million of tax-exempt private activity bonds to refund existing tax exempt bonds. Authorization expires 12/31/2018.

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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES			
<p>1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p> <p>3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.</p>			
Line No.	Particulars (Details) (a)	Amount (b)	
1	Net Income for the Year (Page 117)	59,398,930	
2			
3			
4	Taxable Income Not Reported on Books		
5	Contributions in Aid of Construction	68,165	
6			
7			
8			
9	Deductions Recorded on Books Not Deducted for Return		
10	Federal and State Income Tax Deducted for Books	-1,161,108	
11	Other Deductions Recorded on Books Not Deducted for Return	103,235,836	
12			
13			
14	Income Recorded on Books Not Included in Return		
15	Allowance for Funds Used During Construction	4,658,166	
16			
17			
18			
19	Deductions on Return Not Charged Against Book Income		
20	Deductions on Return Not Charged Against Book Income	192,603,189	
21			
22			
23			
24			
25			
26			
27	Federal Tax Net Income	-35,719,532	
28	Show Computation of Tax:		
29	Provision for Federal Income Tax @ 35%	-12,501,836	
30	True Up Entries	2,526,314	
31	NOLs	-3,609,315	
32	Other Benefits	142,965	
33			
34	Total Federal Income Tax Provision	-13,441,872	
35			
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44			

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FOOTNOTE DATA			

Schedule Page: 261 Line No.: 11 Column: b

Book Depreciation/Amortization	47,666,813
Reg Asset - Accr Pension FAS 158 - FAS 87 Qual	22,515,608
Adjustment To Book Depreciation	8,878,680
Reg Asset - Accr Pension FAS 158 - FAS 106/112	6,593,562
Asset Retirement Obligation	6,018,830
Tax Interest Capitalized	2,498,533
Asset Retirement Costs - Coal Ash	2,284,895
Unbilled Revenue - Fuel	1,847,679
Impairment of Plant Assets	1,190,000
Other	3,741,236
	103,235,836

Schedule Page: 261 Line No.: 20 Column: b

Tax Depreciation/Amortization	79,291,005
Reg Asset - Pension Post Retirement PAA-FAS 87 Qual and Oth	24,680,956
Regulatory Asset - Deferred Plant Costs	19,304,977
Equipment Repairs - Annual Adj	17,000,000
T & D Repairs - Annual Adj.	13,000,000
Reg Asset/Liab Def Revenue	5,780,245
ARO Regulatory Asset - Coal Ash	5,308,593
ARO Regulatory Asset	4,778,786
Tax Gains/Losses	4,400,000
Asset Retirement Obligation - Coal Ash	4,259,409
Reg Asset - Transition from MISO to PJM	3,086,364
Reg Asset - Pension Post Retirement PAA-FAS 106 and Oth	2,330,194
Retirement Plan Expense - Underfunded	1,537,936
Asset Retirement Costs - ARO	1,240,045
Reg Asset - Accr Pension FAS 158 - FAS 87 NQ	1,172,016
Other	5,432,663
	192,603,189

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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1						
2	FEDERAL TAXES					
3						
4	INCOME	1,604,407		-13,441,872	-13,191,825	1,262,344
5	FUEL TAXES			793	793	
6	FEDERAL INSURANCE	64,654		2,481,263	2,481,334	
7	UNEMPLOYMENT	428		10,193	10,339	
8						
9						
10	STATE TAXES:					
11						
12	INCOME	-1,208,913		-86,604	-2,576,780	
13	UNEMPLOYMENT	-2,140		17,585	14,951	
14	PROPERTY	1,750,000		1,955,725	1,783,470	
15	SALES & USE TAXES	196,842		153,649	-283,098	
16	FRANCHISE			45	45	
17						
18						
19						
20	OTHER:					
21						
22	PROPERTY	8,697,690		9,720,166	8,864,039	-19,468
23						
24						
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30						
31						
32						
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41	TOTAL	11,102,968		810,943	-2,896,732	1,242,876

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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (j) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
						2
						3
2,616,704		-7,634,080			-5,807,792	4
		592			201	5
64,583		1,877,672			603,591	6
282		7,507			2,686	7
						8
						9
						10
						11
1,281,263		520,667			-607,271	12
494		12,941			4,644	13
1,918,994		1,495,231			460,494	14
633,589		31,917			121,732	15
		34			11	16
						17
						18
						19
						20
						21
9,537,610		7,431,462			2,288,704	22
						23
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16,053,519		3,743,943			-2,933,000	41

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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)							
Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.							
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%	23,632			411.4	11,090	
6	30%		190	3,253,589			
7							
8	TOTAL	23,632		3,253,589		11,090	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11	Gas - 3%						
12	Gas - 4%	13,277			411.4	3,403	
13	Gas - 10%	624,904			411.4	63,948	
14							
15	TOTAL - Gas	638,181				67,351	
16							
17							
18	Other - 10%	23,534			411.5	8,911	-14,623
19							
20	TOTAL - Other	23,534				8,911	-14,623
21							
22							
23		685,347		3,253,589		87,352	-14,623
24							
25							
26							
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)					
Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION			Line No.
					1
					2
					3
					4
12,542	30 Years				5
3,253,589	25 Years				6
					7
3,266,131					8
					9
					10
					11
9,874	46 Years				12
560,956	45 Years				13
					14
570,830					15
					16
					17
	33 Years				18
					19
					20
					21
					22
3,836,961					23
					24
					25
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	MISO MTEP Accrual	18,287,428	146,561	3,763,122	785,013	15,309,319
2						
3	MGP Reserve	670,000	146,228	194,036	194,036	670,000
4						
5	Gas Refunds	354,896	191,431	1,175,849	396,840	-424,113
6						
7	FTR MTM gains/losses	440,056	175	155,040		285,016
8						
9	Deferred Revenue -Outdoor Lighting	128,637	Various	144,246	165,899	150,290
10						
11	Merger - Related Donation Accrual	165,000	146,232	165,000		
12						
13	Sch M Tax and S/L for Surplus	32	514	32		
14	Mat'ls					
15						
16	Misc Deferred Credits and Other		146	33,864	33,864	
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
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38						
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40						
41						
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43						
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45						
46						
47	TOTAL	20,046,049		5,631,189	1,575,652	15,990,512

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amortizable property.
- For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities	190,426	309,250	
5	Other (provide details in footnote):			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)	190,426	309,250	
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other (provide details in footnote):			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of 8, 15 and 16)	190,426	309,250	
18	Classification of TOTAL			
19	Federal Income Tax	163,970	266,286	
20	State Income Tax	26,456	42,964	
21	Local Income Tax			

NOTES

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
						499,676	4
							5
							6
							7
						499,676	8
							9
							10
							11
							12
							13
							14
							15
							16
						499,676	17
							18
						430,256	19
						69,420	20
							21

NOTES (Continued)

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization					
2. For other (Specify), include deferrals relating to other income and deductions.					
Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR		
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)	
1	Account 282				
2	Electric	189,199,531	34,677,087	29,261,257	
3	Gas	77,796,496	21,622,555	5,827,745	
4					
5	TOTAL (Enter Total of lines 2 thru 4)	266,996,027	56,299,642	35,089,002	
6	Other - Non-Utility	51,881,082			
7					
8					
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	318,877,109	56,299,642	35,089,002	
10	Classification of TOTAL				
11	Federal Income Tax	281,901,253	48,552,464	28,709,020	
12	State Income Tax	36,975,856	7,747,178	6,379,982	
13	Local Income Tax				
NOTES					

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
421,073		BSO	65,378,467			129,657,967	2
79,251		BSO	32,791,935			60,878,622	3
							4
500,324			98,170,402			190,536,589	5
	24,991,931	BSO	-1,233,136			28,122,287	6
							7
							8
500,324	24,991,931		96,937,266			218,658,876	9
							10
430,815	24,475,645		98,983,803			178,716,064	11
69,509	516,286		-2,046,537			39,942,812	12
							13

NOTES (Continued)

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3		19,381,034	21,930,040	8,630,710
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	19,381,034	21,930,040	8,630,710
10	Gas			
11		5,232,389	3,052,378	2,521,257
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	5,232,389	3,052,378	2,521,257
18	Other - Non-Utility	-32,916		
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	24,580,507	24,982,418	11,151,967
20	Classification of TOTAL			
21	Federal Income Tax	21,156,368	21,272,952	9,429,100
22	State Income Tax	3,424,139	3,709,466	1,722,867
23	Local Income Tax			

NOTES

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
 4. Use footnotes as required.

Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	ADJUSTMENTS				Balance at End of Year (k)	Line No.
		Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
		BSO	10,898,014			21,782,350	3
							4
							5
							6
							7
							8
			10,898,014			21,782,350	9
							10
		BSO	1,901,037			3,862,473	11
							12
							13
							14
							15
							16
			1,901,037			3,862,473	17
		BSO	2,690		40,726	5,120	18
			12,801,741		40,726	25,649,943	19
							20
			12,816,674		35,069	20,218,615	21
			-14,933		5,657	5,431,328	22
							23

NOTES (Continued)

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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OTHER REGULATORY LIABILITIES (Account 254)

- Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
- For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	INCOME TAXES	436,402	Various	7,973,085	8,814,178	1,277,495
2						
3	PENSION COSTS	5,549,676	228,3, 146	1,244,559	527,536	4,832,653
4						
5	REG LIAB-EXCESS FED ADIT		Various		133,277,803	133,277,803
6						
7						
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41	TOTAL	5,986,078		9,217,644	142,619,517	139,387,951

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ELECTRIC OPERATING REVENUES (Account 400)					
1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages. 2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total. 3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month. 4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote. 5. Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.					
Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)		
1	Sales of Electricity				
2	(440) Residential Sales	121,488,425	130,486,547		
3	(442) Commercial and Industrial Sales				
4	Small (or Comm.) (See Instr. 4)	107,308,632	115,657,305		
5	Large (or Ind.) (See Instr. 4)	50,490,483	53,901,107		
6	(444) Public Street and Highway Lighting	1,561,771	1,660,564		
7	(445) Other Sales to Public Authorities	19,995,417	22,007,137		
8	(446) Sales to Railroads and Railways				
9	(448) Interdepartmental Sales	80,798	55,283		
10	TOTAL Sales to Ultimate Consumers	300,925,526	323,767,943		
11	(447) Sales for Resale	26,742,669	19,819,697		
12	TOTAL Sales of Electricity	327,668,195	343,587,640		
13	(Less) (449.1) Provision for Rate Refunds	200,108	1,506,728		
14	TOTAL Revenues Net of Prov. for Refunds	327,468,087	342,080,912		
15	Other Operating Revenues				
16	(450) Forfeited Discounts				
17	(451) Miscellaneous Service Revenues	306,272	264,558		
18	(453) Sales of Water and Water Power	29,458	85,000		
19	(454) Rent from Electric Property	1,108,999	985,504		
20	(455) Interdepartmental Rents				
21	(456) Other Electric Revenues	895,770	1,529,123		
22	(456.1) Revenues from Transmission of Electricity of Others	2,822,950	1,724,554		
23	(457.1) Regional Control Service Revenues	242,391	214,730		
24	(457.2) Miscellaneous Revenues	2,034,102	885,740		
25					
26	TOTAL Other Operating Revenues	7,439,942	5,689,209		
27	TOTAL Electric Operating Revenues	334,908,029	347,770,121		

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ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
 7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
 8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
 9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
1,406,689	1,472,994	125,795	124,307	2
				3
1,454,877	1,500,730	13,710	13,932	4
801,755	815,042	365	371	5
15,077	15,264	447	446	6
277,956	294,412	956	958	7
				8
1,136	757			9
3,957,490	4,099,199	141,273	140,014	10
950,582	573,788	1	1	11
4,908,072	4,672,987	141,274	140,015	12
				13
4,908,072	4,672,987	141,274	140,015	14

Line 12, column (b) includes \$ 2,340,596 of unbilled revenues.
 Line 12, column (d) includes 18,313 MWH relating to unbilled revenues

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 300 Line No.: 17 Column: b

Green Power Revenue	\$ 6,800
Jobbing and Contract Work	16,943
Non-Utility Miscellaneous Revenue	99,079
Disconnecting for Non-Pay	183,450
Total	<u>\$ 306,272</u>

Schedule Page: 300 Line No.: 17 Column: c

Non Utility Miscellaneous Revenue	\$ 89,541
Jobbing and Contract Work	30,990
Green Power Revenue	6,153
Disconnecting for Non-Pay	137,874
Total	<u>\$ 264,558</u>

Schedule Page: 300 Line No.: 21 Column: b

RSG Revenue - MISO Make Whole	\$ 872,225
Sales & Use Tax Collection Fee	600
Data Processing Service	224
Gain/Loss on Sale of M&S	2,088
Other	20,633
Total	<u>\$ 895,770</u>

Schedule Page: 300 Line No.: 21 Column: c

RSG Rev - MISO Make Whole	\$ 1,523,491
Other	5,632
Total	<u>\$ 1,529,123</u>

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)					
1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.					
Line No.	Description of Service (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Scheduling, System Control and Dispatch	57,936	114,548	191,057	242,391
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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44					
45					
46	TOTAL	57,936	114,548	191,057	242,391

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4	
SALES OF ELECTRICITY BY RATE SCHEDULES						
1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311. 2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading. 3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers. 4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly). 5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto. 6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.						
Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	(440) RESIDENTIAL OR					
2	DOMESTIC SALES					
3						
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (1)	1,395,232	120,063,573	125,796	11,091	0.0861
7	SHEET 32 (2)					
8	SHEET 40 (3)					
9	SHEET 41 (4)					
10						
11	OUTDOOR LIGHTING SERVICE					
12	SHEET 65 (5)	2	352			0.1760
13	SHEET 67 (6)		13			
14						
15	UNBILLED REVENUE	11,455	1,424,487			0.1244
16						
17	TOTAL (440) RESIDENTIAL	1,406,689	121,488,425	125,796	11,182	0.0864
18						
19						
20						
21						
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40						
41	TOTAL Billed	3,939,177	298,584,930	141,274	27,883	0.0758
42	Total Unbilled Rev.(See Instr. 6)	18,313	2,340,596	0	0	0.1278
43	TOTAL	3,957,490	300,925,526	141,274	28,013	0.0760

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SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	COMMERCIAL AND INDUSTRIAL					
2						
3	RESIDENTIAL SERVICE					
4	SHEET 30 (7)	11,086	987,638	1,623	6,831	0.0891
5						
6	DISTRIBUTION SERVICE					
7	SHEET 40 (8)	916,498	73,132,143	11,810	77,604	0.0798
8	SHEET 42 (9)	3,615	230,665	76	47,566	0.0638
9	SHEET 43 (10)	43	2,110	1	43,000	0.0491
10	SHEET 44 (11)	6,059	491,458	125	48,472	0.0811
11						
12	PRIMARY SERVICE					
13	SHEET 45 (12)	4,252	317,484	5	850,400	0.0747
14						
15	TIME OF DAY DISTRIBUTION					
16	SERVICES					
17	SHEET 41 (13)	1,051,511	66,398,065	173	6,078,098	0.0631
18						
19	TIME OF DAY TRANSMISSION					
20	SERVICE					
21	SHEET 51 (14)	198,059	10,600,122	8	24,757,375	0.0535
22						
23	OUTDOOR LIGHTING SERVICE					
24	SHEET 62(15)	3,382	377,979	37	91,405	0.1118
25	SHEET 65 (16)	5	252			0.0504
26	SHEET 67		8			
27						
28	TRAFFIC LIGHTING SERVICE					
29	SHEET 61 (17)	1	40	2	500	0.0400
30						
31	STREET LIGHTING SERVICE					
32	SHEET 60 (18)	114	40,893	37	3,081	0.3587
33	SHEET 69 (19)	210	28,800	32	6,563	0.1371
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	3,939,177	298,584,930	141,274	27,883	0.0758
42	Total Unbilled Rev.(See Instr. 6)	18,313	2,340,596	0	0	0.1278
43	TOTAL	3,957,490	300,925,526	141,274	28,013	0.0760

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3						
4	SPECIAL CONTRACTS					
5	METERED (20)					
6	UNMETERED (21)					
7						
8	LOAD MANAGEMENT RIDERS					
9	SHEET 73(22)	56,123	4,397,973	146	384,404	0.0784
10	SHEET 74 (23)					
11						
12	UNBILLED REVENUE	5,674	793,485			0.1398
13						
14	TOTAL (442) COMMERCIAL	2,256,632	157,799,115	14,075	160,329	0.0699
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	3,939,177	298,584,930	141,274	27,883	0.0758
42	Total Unbilled Rev.(See Instr. 6)	18,313	2,340,596	0	0	0.1278
43	TOTAL	3,957,490	300,925,526	141,274	28,013	0.0760

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(444) PUBLIC STREET AND					
3	HIGHWAY LIGHTING					
4						
5	DISTRIBUTION SERVICE					
6	SHEET 40 (24)	1,381	112,119	20	69,050	0.0812
7						
8	STREET LIGHTING SERVICE					
9	SHEET 60(25)	11,031	1,289,763	280	39,396	0.1169
10	SHEET 66(26)	407	62,732			0.1541
11	SHEET 68 (27)					
12	SHEET 69(28)					
13	SHEET 71					
14	TRAFFIC LIGHTING SERVICE					
15	SHEET 61 (29)	2,258	97,157	147	15,361	0.0430
16						
17	UNBILLED REVENUE					
18						
19	TOTAL (444) PUBLIC STREET	15,077	1,561,771	447	33,729	0.1036
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	3,939,177	298,584,930	141,274	27,883	0.0758
42	Total Unbilled Rev.(See Instr. 6)	18,313	2,340,596	0	0	0.1278
43	TOTAL	3,957,490	300,925,526	141,274	28,013	0.0760

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4	
SALES OF ELECTRICITY BY RATE SCHEDULES						
<p>1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.</p> <p>2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.</p> <p>3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.</p> <p>4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).</p> <p>5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.</p> <p>6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.</p>						
Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(445) SALES TO OTHER PUBLIC					
3	AUTHORITIES					
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (30)	2	206			0.1030
7						
8	DISTRIBUTION SERVICE					
9	SHEET 40(31)	108,904	9,221,274	834	130,580	0.0847
10	SHEET 42(32)	12,412	769,968	29	428,000	0.0620
11	SHEET 43 (33)	270	28,550	14	19,286	0.1057
12	SHEET 44 (34)	189	16,808	44	4,295	0.0889
13						
14	PRIMARY SERVICE					
15	SHEET 45 (35)	7,813	534,476	5	1,562,600	0.0684
16						
17	TIME OF DAY DISTRIBUTION					
18	SERVICE					
19	SHEET 41 (36)	109,175	7,136,626	18	6,065,278	0.0654
20						
21	TIME OF DAY TRANSMISSION					
22	SERVICE					
23	SHEET 51 (37)	36,256	1,987,209	6	6,042,667	0.0548
24						
25	OUTDOOR LIGHTING SERVICE					
26	SHEET 65 (38)	615	71,815			0.1168
27	SHEET 67 (39)					
28						
29	SPECIAL CONTRACTS					
30	METERED (40)					
31						
32	LOAD MANAGEMENT RIDERS					
33	SHEET 73 (41)	997	98,785	5	199,400	0.0991
34	SHEET 74 (42)					
35	SHEET 61 (43)	139	7,076	1	139,000	0.0509
36	SHEET 59					
37	UNBILLED REVENUE	1,184	122,624			0.1036
38						
39	TOTAL (445) SALES TO OTHER	277,956	19,995,417	956	290,749	0.0719
40	PUBLIC AUTHORITIES					
41	TOTAL Billed	3,939,177	298,584,930	141,274	27,883	0.0758
42	Total Unbilled Rev.(See Instr. 6)	18,313	2,340,596	0	0	0.1278
43	TOTAL	3,957,490	300,925,526	141,274	28,013	0.0760

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12, if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(448) INTERDEPARTMENTAL	1,136	80,798			0.0711
3	SALES (44)					
4						
5	TOTAL (448) INTER-DEPART	1,136	80,798			0.0711
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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37						
38						
39						
40						
41	TOTAL Billed	3,939,177	298,584,930	141,274	27,883	0.0758
42	Total Unbilled Rev.(See Instr. 6)	18,313	2,340,596	0	0	0.1278
43	TOTAL	3,957,490	300,925,526	141,274	28,013	0.0760

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 304 Line No.: 6 Column: a
 All references represent the detail of additional revenue not included in the base rates from fuel adjustment clause.
 \$ 5,931,502.47

Schedule Page: 304 Line No.: 12 Column: a
 \$9.65

Schedule Page: 304 Line No.: 13 Column: a
 \$0.19

Schedule Page: 304.1 Line No.: 4 Column: a
 \$ 38,785.49

Schedule Page: 304.1 Line No.: 7 Column: a
 \$ 3,933,598.52

Schedule Page: 304.1 Line No.: 8 Column: a
 \$ 16,680.69

Schedule Page: 304.1 Line No.: 9 Column: a
 \$ 200.22

Schedule Page: 304.1 Line No.: 10 Column: a
 \$ 28,366.54

Schedule Page: 304.1 Line No.: 13 Column: a
 \$ 19,445.16

Schedule Page: 304.1 Line No.: 17 Column: a
 \$ 4,890,907.95

Schedule Page: 304.1 Line No.: 21 Column: a
 \$ 871,855.28

Schedule Page: 304.1 Line No.: 24 Column: a
 \$ 15,855.79

Schedule Page: 304.1 Line No.: 25 Column: a
 \$ 10.98

Schedule Page: 304.1 Line No.: 26 Column: a
 \$ -0.02

Schedule Page: 304.1 Line No.: 29 Column: a
 \$ 4.70

Schedule Page: 304.1 Line No.: 32 Column: a
 \$ 534.73

Schedule Page: 304.1 Line No.: 33 Column: a
 \$ 981.62

Schedule Page: 304.2 Line No.: 9 Column: a
 \$ 259,866.72

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 304.3 Line No.: 6 Column: a
 \$ 6,200.57

Schedule Page: 304.3 Line No.: 9 Column: a
 \$ 51,689.08

Schedule Page: 304.3 Line No.: 10 Column: a
 \$ 1,904.72

Schedule Page: 304.3 Line No.: 15 Column: a
 \$ 10,616.54

Schedule Page: 304.4 Line No.: 6 Column: a
 \$ 9.70

Schedule Page: 304.4 Line No.: 9 Column: a
 \$ 508,195.17

Schedule Page: 304.4 Line No.: 10 Column: a
 \$ 60,158.90

Schedule Page: 304.4 Line No.: 11 Column: a
 \$ 1,099.58

Schedule Page: 304.4 Line No.: 12 Column: a
 \$ 886.98

Schedule Page: 304.4 Line No.: 15 Column: a
 \$ 36,674.72

Schedule Page: 304.4 Line No.: 19 Column: a
 \$ 494,572.58

Schedule Page: 304.4 Line No.: 23 Column: a
 \$ 169,926.90

Schedule Page: 304.4 Line No.: 26 Column: a
 \$ 2,879.24

Schedule Page: 304.4 Line No.: 33 Column: a
 \$ 4,753.84

Schedule Page: 304.4 Line No.: 35 Column: a
 \$ 591.83

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	PJM Settlements, Inc.	OS	MBRT1			
2	PJM Settlements, Inc.	AD	MBRT1			
3	Wells Fargo Securities	OS	NJ			
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
955,702	2,855,340	23,886,578		26,741,918	1
-5,120		9,359		9,359	2
		-8,608		-8,608	3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
950,582	2,855,340	23,887,329	0	26,742,669	
950,582	2,855,340	23,887,329	0	26,742,669	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 310 Line No.: 3 Column: c

NJ = Non-Jurisdictional Agreement

Name of Respondent		This Report Is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/12/2018	End of 2017/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. POWER PRODUCTION EXPENSES			
2	A. Steam Power Generation			
3	Operation			
4	(500) Operation Supervision and Engineering	2,503,811	2,648,859	
5	(501) Fuel	93,476,994	87,429,622	
6	(502) Steam Expenses	12,131,869	11,031,968	
7	(503) Steam from Other Sources			
8	(Less) (504) Steam Transferred-Cr.			
9	(505) Electric Expenses	871,079	747,615	
10	(506) Miscellaneous Steam Power Expenses	2,262,237	2,316,551	
11	(507) Rents			
12	(509) Allowances	19,444	71,079	
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	111,265,434	104,245,694	
14	Maintenance			
15	(510) Maintenance Supervision and Engineering	1,770,161	2,206,196	
16	(511) Maintenance of Structures	4,731,213	2,508,797	
17	(512) Maintenance of Boiler Plant	5,935,527	9,619,703	
18	(513) Maintenance of Electric Plant	1,148,120	1,587,958	
19	(514) Maintenance of Miscellaneous Steam Plant	2,362,209	4,121,309	
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	15,947,230	20,043,963	
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	127,212,664	124,289,657	
22	B. Nuclear Power Generation			
23	Operation			
24	(517) Operation Supervision and Engineering			
25	(518) Fuel			
26	(519) Coolants and Water			
27	(520) Steam Expenses			
28	(521) Steam from Other Sources			
29	(Less) (522) Steam Transferred-Cr.			
30	(523) Electric Expenses			
31	(524) Miscellaneous Nuclear Power Expenses			
32	(525) Rents			
33	TOTAL Operation (Enter Total of lines 24 thru 32)			
34	Maintenance			
35	(528) Maintenance Supervision and Engineering			
36	(529) Maintenance of Structures			
37	(530) Maintenance of Reactor Plant Equipment			
38	(531) Maintenance of Electric Plant			
39	(532) Maintenance of Miscellaneous Nuclear Plant			
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)			
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)			
42	C. Hydraulic Power Generation			
43	Operation			
44	(535) Operation Supervision and Engineering			
45	(536) Water for Power			
46	(537) Hydraulic Expenses			
47	(538) Electric Expenses			
48	(539) Miscellaneous Hydraulic Power Generation Expenses			
49	(540) Rents			
50	TOTAL Operation (Enter Total of Lines 44 thru 49)			
51	C. Hydraulic Power Generation (Continued)			
52	Maintenance			
53	(541) Maintenance Supervision and Engineering			
54	(542) Maintenance of Structures			
55	(543) Maintenance of Reservoirs, Dams, and Waterways			
56	(544) Maintenance of Electric Plant			
57	(545) Maintenance of Miscellaneous Hydraulic Plant			
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)			
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)			

Name of Respondent Duke Energy Kentucky, Inc.		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
60	D. Other Power Generation			
61	Operation			
62	(546) Operation Supervision and Engineering	409,170	387,652	
63	(547) Fuel	1,920,479	2,274,241	
64	(548) Generation Expenses	334,915	272,293	
65	(549) Miscellaneous Other Power Generation Expenses	965,092	1,036,079	
66	(550) Rents			
67	TOTAL Operation (Enter Total of lines 62 thru 66)	3,629,656	3,970,265	
68	Maintenance			
69	(551) Maintenance Supervision and Engineering	84,829	43,717	
70	(552) Maintenance of Structures	280,302	458,636	
71	(553) Maintenance of Generating and Electric Plant	2,387,546	2,545,942	
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	296,614	188,372	
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	3,049,291	3,236,667	
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	6,678,947	7,206,932	
75	E. Other Power Supply Expenses			
76	(555) Purchased Power	31,557,546	41,650,445	
77	(556) System Control and Load Dispatching	1,246	1,080	
78	(557) Other Expenses	6,225,805	13,422,745	
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	37,784,597	55,074,270	
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	171,676,208	186,570,859	
81	2. TRANSMISSION EXPENSES			
82	Operation			
83	(560) Operation Supervision and Engineering	2,789	3,132	
84				
85	(561.1) Load Dispatch-Reliability	94,788	104,843	
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	435,117	490,530	
87	(561.3) Load Dispatch-Transmission Service and Scheduling	59,082	68,624	
88	(561.4) Scheduling, System Control and Dispatch Services	1,877,059	1,460,340	
89	(561.5) Reliability, Planning and Standards Development	1,424	470	
90	(561.6) Transmission Service Studies			
91	(561.7) Generation Interconnection Studies			
92	(561.8) Reliability, Planning and Standards Development Services	666,832		
93	(562) Station Expenses	111,250	107,358	
94	(563) Overhead Lines Expenses	46,121	16,744	
95	(564) Underground Lines Expenses			
96	(565) Transmission of Electricity by Others	12,797,078	15,553,606	
97	(566) Miscellaneous Transmission Expenses	481,220	629,025	
98	(567) Rents		1,668	
99	TOTAL Operation (Enter Total of lines 83 thru 98)	16,572,760	18,436,340	
100	Maintenance			
101	(568) Maintenance Supervision and Engineering			
102	(569) Maintenance of Structures	8,929	39,988	
103	(569.1) Maintenance of Computer Hardware	615	2,499	
104	(569.2) Maintenance of Computer Software	97,287	199,640	
105	(569.3) Maintenance of Communication Equipment			
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant			
107	(570) Maintenance of Station Equipment	335,680	329,419	
108	(571) Maintenance of Overhead Lines	230,761	409,659	
109	(572) Maintenance of Underground Lines			
110	(573) Maintenance of Miscellaneous Transmission Plant			
111	TOTAL Maintenance (Total of lines 101 thru 110)	673,272	981,205	
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	17,246,032	19,417,545	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
113	3. REGIONAL MARKET EXPENSES			
114	Operation			
115	(575.1) Operation Supervision			
116	(575.2) Day-Ahead and Real-Time Market Facilitation			
117	(575.3) Transmission Rights Market Facilitation			
118	(575.4) Capacity Market Facilitation			
119	(575.5) Ancillary Services Market Facilitation			
120	(575.6) Market Monitoring and Compliance			
121	(575.7) Market Facilitation, Monitoring and Compliance Services	1,870,407	1,731,904	
122	(575.8) Rents			
123	Total Operation (Lines 115 thru 122)	1,870,407	1,731,904	
124	Maintenance			
125	(576.1) Maintenance of Structures and Improvements			
126	(576.2) Maintenance of Computer Hardware			
127	(576.3) Maintenance of Computer Software			
128	(576.4) Maintenance of Communication Equipment			
129	(576.5) Maintenance of Miscellaneous Market Operation Plant			
130	Total Maintenance (Lines 125 thru 129)			
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	1,870,407	1,731,904	
132	4. DISTRIBUTION EXPENSES			
133	Operation			
134	(580) Operation Supervision and Engineering	45,381	73,050	
135	(581) Load Dispatching	415,686	415,043	
136	(582) Station Expenses	187,322	180,635	
137	(583) Overhead Line Expenses	171,769	457,035	
138	(584) Underground Line Expenses	405,387	384,842	
139	(585) Street Lighting and Signal System Expenses			
140	(586) Meter Expenses	837,430	423,752	
141	(587) Customer Installations Expenses	623,309	1,078,774	
142	(588) Miscellaneous Expenses	2,431,263	2,469,103	
143	(589) Rents	-28,173	116,699	
144	TOTAL Operation (Enter Total of lines 134 thru 143)	5,089,374	5,598,933	
145	Maintenance			
146	(590) Maintenance Supervision and Engineering			
147	(591) Maintenance of Structures	4,020	13,547	
148	(592) Maintenance of Station Equipment	314,089	470,448	
149	(593) Maintenance of Overhead Lines	10,909,894	5,716,388	
150	(594) Maintenance of Underground Lines	621,980	291,514	
151	(595) Maintenance of Line Transformers	457,602	32,259	
152	(596) Maintenance of Street Lighting and Signal Systems	458,640	471,621	
153	(597) Maintenance of Meters	334,384	334,178	
154	(598) Maintenance of Miscellaneous Distribution Plant			
155	TOTAL Maintenance (Total of lines 146 thru 154)	13,100,609	7,329,955	
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	18,189,983	12,928,888	
157	5. CUSTOMER ACCOUNTS EXPENSES			
158	Operation			
159	(901) Supervision	271,798	246,056	
160	(902) Meter Reading Expenses	903,386	844,643	
161	(903) Customer Records and Collection Expenses	4,302,161	4,810,532	
162	(904) Uncollectible Accounts	-35,509	316,593	
163	(905) Miscellaneous Customer Accounts Expenses	451	455	
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	5,442,287	6,218,279	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
166	Operation			
167	(907) Supervision			
168	(908) Customer Assistance Expenses	15		53
169	(909) Informational and Instructional Expenses	4,629		6,539
170	(910) Miscellaneous Customer Service and Informational Expenses	587,857		666,454
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	592,501		673,046
172	7. SALES EXPENSES			
173	Operation			
174	(911) Supervision	1		
175	(912) Demonstrating and Selling Expenses	821,355		850,535
176	(913) Advertising Expenses	67,260		54,924
177	(916) Miscellaneous Sales Expenses			
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	888,616		905,459
179	8. ADMINISTRATIVE AND GENERAL EXPENSES			
180	Operation			
181	(920) Administrative and General Salaries	6,210,773		6,651,391
182	(921) Office Supplies and Expenses	2,473,918		2,085,251
183	(Less) (922) Administrative Expenses Transferred-Credit	-33		-678
184	(923) Outside Services Employed	1,818,475		1,552,751
185	(924) Property Insurance	355,729		359,197
186	(925) Injuries and Damages	1,001,114		884,894
187	(926) Employee Pensions and Benefits	6,033,202		5,991,967
188	(927) Franchise Requirements			
189	(928) Regulatory Commission Expenses	698,688		699,890
190	(929) (Less) Duplicate Charges-Cr.	747,429		671,141
191	(930.1) General Advertising Expenses	23,812		20,488
192	(930.2) Miscellaneous General Expenses	618,506		617,665
193	(931) Rents	991,699		1,160,460
194	TOTAL Operation (Enter Total of lines 181 thru 193)	19,478,520		19,353,491
195	Maintenance			
196	(935) Maintenance of General Plant	18,133		16,247
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	19,496,653		19,369,738
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	235,402,687		247,815,718

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
PURCHASED POWER (Account 555) (Including power exchanges)			

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.

2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	East Kentucky Power Cooperative, Inc.	OS	MBRT1			
2	L'Oreal USA	IU	(1)			
3	PJM Settlements, Inc.	OS	MBRT1			
4	PJM Settlements, Inc.	AD	MBRT1			
5	Wells Fargo Securities	OS	NJ			
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Total					

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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PURCHASED POWER (Account 555) (Continued)
 (Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
			441,000			441,000	1
				-856		-856	2
958,099				31,246,900		31,246,900	3
-5,890					-153,951	-153,951	4
				24,453		24,453	5
							6
							7
							8
							9
							10
							11
							12
							13
							14
952,209			441,000	31,270,497	-153,951	31,557,546	

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 326 Line No.: 2 Column: c
 The number "1" notation designates FERC approved Tariff and/or Rate Schedule as on file with the Commission. The tariff is applicable to qualifying cogeneration and small power production facilities.

Schedule Page: 326 Line No.: 4 Column: l
 (\$ 258,565.41) -PJM prior period adjustments
 \$ 74,614.20 -Reclass Reactive Supply from acct 555 to acct 561.4
 \$ 30,000.00 -PJM attachment fee reversal
 (\$ 153,951.21)

Schedule Page: 326 Line No.: 5 Column: c
 NJ = Non-Jurisdictional Agreement.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1) (Including transactions referred to as 'wheeling')					
<p>1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.</p> <p>2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).</p> <p>3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)</p> <p>4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.</p>					
Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)	
1	PJM			OS	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
	TOTAL				

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
 (Including transactions referred to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			0	0	0	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
 (including transactions referred to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.

10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.

11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
48,807	58,642	2,715,501	2,822,950	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
48,807	58,642	2,715,501	2,822,950	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 328 Line No.: 1 Column: m
PJM Financial Transmission Rights (FTRs)

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
 (Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Megawatt-hours Received (c)	Megawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	Midcontinent ISO	LFP					721,000	721,000
2	PJM Interconnection	LFP			12,073,799		2,279	12,076,078
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL				12,073,799		723,279	12,797,078

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Duke Energy Kentucky, Inc.			
FOOTNOTE DATA			

Schedule Page: 332 Line No.: 1 Column: g

Accretion of the MTEP obligation

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues	40,462		
2	Nuclear Power Research Expenses			
3	Other Experimental and General Research Expenses	5,270		
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities			
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000			
6	Business and Service Company Support	455,347		
7	Director's Fees and Expenses	53,385		
8	Shareholder's Communications/System	22,956		
9	ISO Conversion Costs			
10	Dues and Subscriptions to Various Organizations	20,575		
11	Account Analysis Reconciliation Adjustments	20,474		
12	Leased Circuit Charges	37		
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
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32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46	TOTAL	618,506		

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
 (Except amortization of acquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403); (c) Depreciation Expense for Asset Retirement Costs (Account 403.1); (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).

2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.

3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.

Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.

In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.

For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.

4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			1,501,164		1,501,164
2	Steam Production Plant	12,564,231				12,564,231
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant	6,292,582				6,292,582
7	Transmission Plant	1,098,117				1,098,117
8	Distribution Plant	11,321,446				11,321,446
9	Regional Transmission and Market Operation					
10	General Plant	211,999		498,818		710,817
11	Common Plant-Electric	762,378		401,963		1,164,341
12	TOTAL	32,250,753		2,401,945		34,652,698

B. Basis for Amortization Charges

The rate used to compute amortization charges for intangible electric plant is primarily 20%. No changes have been made in the types of items included in the base or in the rates used from the preceding reporting year.

The Respondent determines its monthly Provision for Depreciation by the application rates to the previous month-end balance of property capitalized in each primary plant account plus property in Account 106 - Completed in Construction Not Classified.

In 1997, the Respondent adopted vintage year accounting for General Plant accounts in accordance with FERC Accounting Release No. 15.

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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12							
13							
14							
15							
16							
17							
18							
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FOOTNOTE DATA			

Schedule Page: 336 Line No.: 2 Column: b

Duke Energy Kentucky received approval to defer a portion of depreciation expense related to assets purchased as part of the East Bend Acquisition. Accordingly, \$2,791,735 of depreciation expense recorded in account 403 related to Steam was deferred to account 182 in 2017.

Schedule Page: 336 Line No.: 12 Column: e

Duke Energy Kentucky received approval to defer income statement impacts the CCR ARO to a Reg Asset in December 2015. Accordingly, ARO depreciation expense of \$8,507,264 related to Fossil was deferred to Account 182 in 2017.

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REGULATORY COMMISSION EXPENSES					
<p>1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.</p> <p>2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.</p>					
Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Kentucky Public Service Commission Expense				
2	Gas Related	194,195		194,195	
3	Electric Related	698,688		698,688	
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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16					
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46	TOTAL	892,883		892,883	

Name of Respondent Duke Energy Kentucky, Inc.			This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
REGULATORY COMMISSION EXPENSES (Continued)						
3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.						
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.						
5. Minor items (less than \$25,000) may be grouped.						
EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR		
CURRENTLY CHARGED TO			Deferred to Account 182.3 (l)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (i)
Department (f)	Account No. (g)	Amount (h)				
Gas	928	194,195				1
Electric	928	698,688				2
						3
						4
						5
						6
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		892,883				45
		892,883				46

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES			
<p>1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).</p> <p>2. Indicate in column (a) the applicable classification, as shown below:</p>			
<p>Classifications:</p> <p>A. Electric R, D & D Performed Internally:</p> <p>(1) Generation</p> <p style="margin-left: 20px;">a. hydroelectric</p> <p style="margin-left: 40px;">i. Recreation fish and wildlife</p> <p style="margin-left: 40px;">ii Other hydroelectric</p> <p style="margin-left: 20px;">b. Fossil-fuel steam</p> <p style="margin-left: 20px;">c. Internal combustion or gas turbine</p> <p style="margin-left: 20px;">d. Nuclear</p> <p style="margin-left: 20px;">e. Unconventional generation</p> <p style="margin-left: 20px;">f. Siting and heat rejection</p> <p>(2) Transmission</p> <p style="margin-left: 20px;">a. Overhead</p> <p style="margin-left: 20px;">b. Underground</p> <p>(3) Distribution</p> <p>(4) Regional Transmission and Market Operation</p> <p>(5) Environment (other than equipment)</p> <p>(6) Other (Classify and include items in excess of \$50,000.)</p> <p>(7) Total Cost Incurred</p> <p>B. Electric, R, D & D Performed Externally:</p> <p>(1) Research Support to the electrical Research Council or the Electric Power Research Institute</p>			
Line No.	Classification (a)	Description (b)	
1	A. Electric R, D & D Performed Internally:		
2			
3	(3) Distribution	Research & Development Administration Costs	
4			
5	(7) Total Cost Incurred		
6			
7	B. Electric R, D & D Performed Externally:		
8			
9	(1) Electric Power Research Institute	Electric Power Research Institute Memberships	
10		Others (less than \$50K each)	
11			
12	(4) Research Support to Others	Others (less than \$50K each)	
13			
14	(5) Total Cost Incurred		
15			
16			
17			
18			
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

- (2) Research Support to Edison Electric Institute
 - (3) Research Support to Nuclear Power Groups
 - (4) Research Support to Others (Classify)
 - (5) Total Cost Incurred
3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)
5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.
6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
					1
					2
3,923		930.7	3,923		3
					4
3,923			3,923		5
					6
					7
					8
	572,940	Various	572,940		9
	2,173	Various	2,173		10
					11
					12
					13
	575,113		575,113		14
					15
					16
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	6,293,875		
4	Transmission	661,690		
5	Regional Market			
6	Distribution	2,543,644		
7	Customer Accounts	2,771,485		
8	Customer Service and Informational	172,015		
9	Sales			
10	Administrative and General	7,008,738		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	19,451,447		
12	Maintenance			
13	Production	6,049,626		
14	Transmission	315,224		
15	Regional Market			
16	Distribution	2,380,603		
17	Administrative and General	2,564		
18	TOTAL Maintenance (Total of lines 13 thru 17)	8,748,017		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	12,343,501		
21	Transmission (Enter Total of lines 4 and 14)	976,914		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	4,924,247		
24	Customer Accounts (Transcribe from line 7)	2,771,485		
25	Customer Service and Informational (Transcribe from line 8)	172,015		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	7,011,302		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	28,199,464	244,653	28,444,117
29	Gas			
30	Operation			
31	Production-Manufactured Gas	327,355		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	314,693		
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution	3,485,306		
37	Customer Accounts	1,800,797		
38	Customer Service and Informational	157,582		
39	Sales			
40	Administrative and General	1,390,988		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	7,476,721		
42	Maintenance			
43	Production-Manufactured Gas	76,081		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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DISTRIBUTION OF SALARIES AND WAGES (Continued)					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)	
48	Distribution	788,843			
49	Administrative and General	2,026			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	866,950			
51	Total Operation and Maintenance				
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	403,436			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,				
54	Other Gas Supply (Enter Total of lines 33 and 45)	314,693			
55	Storage, LNG Terminating and Processing (Total of lines 31 thru				
56	Transmission (Lines 35 and 47)				
57	Distribution (Lines 36 and 48)	4,274,149			
58	Customer Accounts (Line 37)	1,800,797			
59	Customer Service and Informational (Line 38)	157,582			
60	Sales (Line 39)				
61	Administrative and General (Lines 40 and 49)	1,393,014			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	8,343,671	2,381	8,346,052	
63	Other Utility Departments				
64	Operation and Maintenance				
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	36,543,135	247,034	36,790,169	
66	Utility Plant				
67	Construction (By Utility Departments)				
68	Electric Plant	9,978,218	1,049,122	11,027,340	
69	Gas Plant	5,006,057	111,017	5,117,074	
70	Other (provide details in footnote):				
71	TOTAL Construction (Total of lines 68 thru 70)	14,984,275	1,160,139	16,144,414	
72	Plant Removal (By Utility Departments)				
73	Electric Plant	1,967,417		1,967,417	
74	Gas Plant	283,277		283,277	
75	Other (provide details in footnote):				
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,250,694		2,250,694	
77	Other Accounts (Specify, provide details in footnote):	1,646,122		1,646,122	
78					
79					
80					
81					
82					
83					
84					
85					
86					
87					
88					
89					
90					
91					
92					
93					
94					
95	TOTAL Other Accounts	1,646,122		1,646,122	
96	TOTAL SALARIES AND WAGES	55,424,226	1,407,173	56,831,399	

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FOOTNOTE DATA			

Schedule Page: 354 Line No.: 77 Column: b	
Projects For Duke's Subsidiaries & Merchandising	\$ 25,462
Other Work in Progress	588,855
Other Accounts	1,031,805
Total	\$ 1,646,122

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COMMON UTILITY PLANT AND EXPENSES

- Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
- Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
- Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
- Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

1. COMMON UTILITY PLANT
 COMMON PLANT IN SERVICE

	Bal. Beg. of Yr	Add	Retirements	Known Adj	Transfers	Balance YE
303 Misc. Intangible Plant	22,332,072	-	-	-	-	22,332,072
370 Common AMI Meters	-	-	-	-	-	-
389 Land and Land Rights	154,249	-1	-	-	-	154,248
390 Struct & Improvements	11,408,937	89,553	-	-	-	11,498,490
391 Office Furniture & Equipment	67,899	687,664	-	-	-	755,564
Electronic Data Processing	807,217	-	-	-	-	807,217
392 Transportation Equipment	-	-	-	-	-	-
393 Stores Equipment	-	-	-	-	-	-
394 Tools, Shop & Garage Equip	127,324	-	(5,436)	-	-	121,888
395 Laboratory Equipment	-	-	-	-	-	-
397 Communication Equipment	7,755,235	73,406	-	-	-	7,828,641
398 Miscellaneous Equipment	41,504	-	-	-	-	41,504

Total Common Plt in Service 42,694,437 850,623 (5,436) - 43,539,624

CWIP 312,406 2,423,679 - 2,736,085

Total Common Plant in Ser. 43,006,843 850,623 (5,436) 2,423,679 - 46,275,709

ALLOCATION OF COMMON PLANT TO UTILITY DEPARTMENTS (1)
 Summary by Account Estimated as of 12/31/2017

Gas Department	27.16%	12,568,483
Electric Department	72.84%	33,707,226
	100.00%	46,275,709

(1) The percentages used to allocate Common Plant to utility departments are the weighted average resulting from the application of allocation factors to the investment based on Gross Plant as of 12/31/2017.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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COMMON UTILITY PLANT AND EXPENSES

- Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
- Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
- Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
- Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

2. ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF COMMON UTILITY PLANT

Summary by Account Estimated as of 12/31/2016 36,758,942

Depreciation provision for the year charged to:

(403) Depreciation expense (1)	1,025,252	
(404) Amortization - Limited Term Plant	744,831	
		1,770,083

Net Charges for Plant Retired:

Book Cost of Plant Retired	(5,436)	
Cost of Removal	(24,492)	
Salvage (Credit)	-	
		(29,928)

Other Items:

Transfers & Adjustments	(294,674)	
		(294,674)

Balance - End of the Year 38,204,423

ALLOCATION OF COMMON PLANT TO UTILITY DEPARTMENTS (3)

Summary by Account Estimated as of 12/31/2017

Allocation of Common Plant to Utility Departments - CWIP

Department	Rounded Percentage	Alloc Amount
Gas	27.16%	743,121 =312,406 * 28%
Electric	72.84%	1,992,964 =312,406 * 72%
Total	100.00%	2,736,085 above

Allocation of Common Plant to Utility Departments - Combined & CWIP

Department	Percent	Alloc Amount
Gas	27.16%	12,568,483 =43,006,843 * 28%
Electric	72.84%	33,707,226 =43,006,843 * 72%
Total	100.00%	46,275,709 above

METHOD OF DETERMINATION OF DEPRECIATION & AMORTIZATION

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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COMMON UTILITY PLANT AND EXPENSES

- Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
- Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
- Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
- Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Common Plant in Service	Rate (4)
Miscellaneous Intangible Plant	Note (2)
Leased Meters	5.61%
Structures and Improvements	4.38%
Office Furniture and Equipment	12.36%
Electronic Data Processing Equipment	20.00%
Stores Equipment	48.47%
Tools, Shop & Garage Equipment	6.27%
Laboratory Equipment	Note (5)
Communication Equipment	13.62%
Miscellaneous Equipment	6.65%

- Classification of Account 106, Completed Construction Not Classified, included in the Additions column.
- Represents reclassification between utility departments and primary plant accounts.
- The percentages used to allocate Common Plant to utility departments are the weighted averages resulting from the application of allocation factors to the investment based on Gross Plant as of 12/31/2017.

- The Respondent determines its monthly provision for depreciation by the application of rates to the previous month's balance of property capitalized in each primary plant account plus total Account 106 - Completed Construction Not Classified.
- The Respondent amortized its investment in Miscellaneous Intangible Plant equally over 60 months for certain projects and 120 months for other projects.
- The percentages used to allocate the Common Plant Accumulated Provision for Depreciation balances to utility departments are the weighted averages resulting from the application of allocation factors to the balance of Common Plant Accumulated Provision at 12/31/2017. These factors are based on Gross Plant as of 12/31/2017.
- In 1997, the Respondent adopted vintage year accounting for general plant accounts in accordance with FERC Accounting Release No. 15.
- The respondent amortized its investment in Transportation Equipment over the estimated lives of the individual assets.

3. COMMON UTILITY PLANT EXPENSE ACCOUNTS

Common utility plant expense accounts are not maintained, but such expenses are allocated to gas and electric departments principally on one or more of the following bases:

- Floor space utilized for buildings and office equipment
- General labor - total company
- Number of gas and electric customers

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

IT operations
 Number of customers
 Three factor formula

4. COMMISSION APPROVAL

Prior to establishment of original cost, Messrs. Brenner and Eilers of the respondent and Campbell and Schwartz from Columbia System met with Mr. Smith of the Federal Power Commission to discuss amongst other things, the Federal Power Commission's permission to use the Common Utility Plant accounts. It was pointed out by the representatives of the respondent that because of the nature of the respondent's operations it was impossible and impractical to assign certain types of equipment directly to either gas or electric utility plant. Because of the facts presented, Mr. Smith gave the respondent's representatives verbal permission to use the common plant accounts.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)	2,678,496	9,691,180	22,008,828	30,951,126
3	Net Sales (Account 447)	6,694,065	13,057,307	18,079,780	25,868,913
4	Transmission Rights	56,270	301,835	1,451,876	2,715,501
5	Ancillary Services				
6	Other Items (list separately)				
7	Ancillary Services (account 555)	75,523	77,488	105,909	141,823
8	Ancillary Services (account 447)	204,908	489,912	754,055	882,365
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
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33					
34					
35					
36					
37					
38					
39					
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41					
42					
43					
44					
45					
46	TOTAL	9,709,262	23,617,722	42,400,448	60,559,728

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

- (1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.
- (2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.
- (3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.
- (4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.
- (5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.
- (6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

Line No.	Type of Ancillary Service (a)	Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
		Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch			803,995			242,391
2	Reactive Supply and Voltage						
3	Regulation and Frequency Response						
4	Energy Imbalance						
5	Operating Reserve - Spinning						
6	Operating Reserve - Supplement						
7	Other						
8	Total (Lines 1 thru 7)			803,995			242,391

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FOOTNOTE DATA			

Schedule Page: 398 Line No.: 1 Column: g
Revenues from PJM.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
ELECTRIC ENERGY ACCOUNT					
Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.					
Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	3,957,490
3	Steam	4,269,696	23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	950,582
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	684
7	Other	13,201	27	Total Energy Losses	326,350
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	5,235,106
9	Net Generation (Enter Total of lines 3 through 8)	4,282,897			
10	Purchases	952,209			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	5,235,106			

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MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non-integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	434,305	62,919	683	6	1900
30	February	367,045	54,891	623	9	2000
31	March	510,528	163,016	640	15	700
32	April	399,713	90,077	588	26	1600
33	May	382,355	41,308	698	19	1400
34	June	484,440	103,202	773	12	1600
35	July	446,461	13,107	805	19	1600
36	August	429,599	19,718	805	17	1400
37	September	463,622	118,048	738	21	1600
38	October	413,031	98,388	607	4	1600
39	November	389,331	54,397	566	20	800
40	December	514,676	131,511	681	27	2000
41	TOTAL	5,235,106	950,582			

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4	
STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)						
1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content of the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.						
Line No.	Item (a)	Plant Name: <i>EAST BEND</i> (b)		Plant Name: <i>MIAMI FORT 6</i> (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)	Steam		Steam		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	Conventional		Conventional		
3	Year Originally Constructed	1981		1960		
4	Year Last Unit was Installed	1981		1960		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	768.00		168.00		
6	Net Peak Demand on Plant - MW (60 minutes)	622		0		
7	Plant Hours Connected to Load	7777		0		
8	Net Continuous Plant Capability (Megawatts)	0		0		
9	When Not Limited by Condenser Water	600		0		
10	When Limited by Condenser Water	600		0		
11	Average Number of Employees	94		0		
12	Net Generation, Exclusive of Plant Use - KWh	4269696000		0		
13	Cost of Plant: Land and Land Rights	.7047301		0		
14	Structures and Improvements	112259483		0		
15	Equipment Costs	632145715		0		
16	Asset Retirement Costs	46051135		0		
17	Total Cost	797503634		0		
18	Cost per KW of Installed Capacity (line 17/5) Including	1038.4162		0.0000		
19	Production Expenses: Oper, Supv, & Engr	2503805		0		
20	Fuel	91738285		0		
21	Coolants and Water (Nuclear Plants Only)	0		0		
22	Steam Expenses	12126704		0		
23	Steam From Other Sources	0		0		
24	Steam Transferred (Cr)	0		0		
25	Electric Expenses	871079		0		
26	Misc Steam (or Nuclear) Power Expenses	2262227		0		
27	Rents	0		0		
28	Allowances	0		0		
29	Maintenance Supervision and Engineering	1770161		0		
30	Maintenance of Structures	4731254		-41		
31	Maintenance of Boiler (or reactor) Plant	5935527		0		
32	Maintenance of Electric Plant	1145499		2621		
33	Maintenance of Misc Steam (or Nuclear) Plant	2364123		-1914		
34	Total Production Expenses	125448664		666		
35	Expenses per Net KWh	0.0294		0.0000		
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Coal		Oil		
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	Tons		Barrels		
38	Quantity (Units) of Fuel Burned	1893889	0	19405	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	12315	0	139050	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	47.169	0.000	79.032	0.000	0.000
41	Average Cost of Fuel per Unit Burned	47.670	0.000	75.089	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	1.936	0.000	12.857	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.021	0.000	0.000	0.000	0.000
44	Average BTU per KWh Net Generation	10925.000	0.000	10925.000	0.000	0.000

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: WOODSDALE GT (d)	Plant Name: (e)	Plant Name: (f)	Line No.
Combustion Turbine			1
Conventional			2
1992			3
1993			4
572.00	0.00	0.00	5
447	0	0	6
257	0	0	7
0	0	0	8
564	0	0	9
476	0	0	10
24	0	0	11
13301000	0	0	12
3491608	0	0	13
36423383	0	0	14
268326879	0	0	15
0	0	0	16
308241870	0	0	17
538.8844	0	0	18
409176	0	0	19
1909493	0	0	20
0	0	0	21
340081	0	0	22
0	0	0	23
0	0	0	24
965092	0	0	25
10	0	0	26
0	0	0	27
0	0	0	28
84829	0	0	29
280015	0	0	30
0	0	0	31
2387546	0	0	32
296614	0	0	33
6672856	0	0	34
0.5017	0.0000	0.0000	35
Gas	Propane		36
Mcfs	Barrels		37
465107	6103	0	38
1	91709	0	39
3.610	0.000	0.000	40
3.610	37.730	0.000	41
3.512	9.795	0.000	42
0.127	0.017	0.000	43
38000.000	38000.000	0.000	44

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FOOTNOTE DATA			

Schedule Page: 402 Line No.: 1 Column: b

Effective 12-30-14, East Bend is owned 100% by Duke Energy Kentucky, Inc. Prior to that, East Bend was commonly owned by Duke Energy Kentucky, Inc. and the Dayton Power and Light Company with undivided interest of 69% and 31% respectively. Fuel expenses were shared on the basis of energy usage and other expenses were shared on an ownership basis.

Schedule Page: 402 Line No.: 1 Column: c

Miami Fort U6 retired 2015.

Schedule Page: 403 Line No.: 1 Column: d

The "Kind of Plant" description was updated in Q4 2016 to better reflect the plant's generation classification.

Schedule Page: 402 Line No.: 5 Column: b

The name plate rating is the actual name plate capacity that is determined by the generator's manufacturer and indicates the maximum output a generator can produce.

Schedule Page: 402 Line No.: 5 Column: c

Miami Fort U6 retired 05/31/2015.

Schedule Page: 403 Line No.: 5 Column: d

The name plate rating is the actual name plate capacity that is determined by the generator's manufacturer and indicates the maximum output a generator can produce.

Schedule Page: 402 Line No.: 9 Column: c

Miami Fort U6 retired 05/31/2015.

Schedule Page: 402 Line No.: 10 Column: c

Miami Fort 6 has no employees. Miami Fort U6 retired 05/31/2015.

Schedule Page: 402 Line No.: 11 Column: c

Miami Fort 6 has no employees. All employees at Miami Fort are non-regulated. Miami Fort U6 retired 05/31/2015.

Schedule Page: 402 Line No.: 20 Column: b

Excludes coal handling, sale of fly ash, and other miscellaneous cost of \$1,738,709.

Schedule Page: 403 Line No.: 20 Column: d

Excludes natural gas handling cost of \$10,986.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
- Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
1	69KV TRANSMISSION POOL		69.00	69.00	POLE	102.18	3.04	
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
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19								
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21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36					TOTAL	102.18	3.04	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
	1,032,581	14,822,892	15,855,473	46,121	230,761		276,882	1
								2
								3
								4
								5
								6
								7
								8
								9
								10
								11
								12
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								28
								29
								30
								31
								32
								33
								34
	1,032,581	14,822,892	15,855,473	46,121	230,761		276,882	35

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
SUBSTATIONS					
1. Report below the information called for concerning substations of the respondent as of the end of the year. 2. Substations which serve only one industrial or street railway customer should not be listed below. 3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown. 4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).					
Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	ALEXANDRIA SOUTH-CAMPBELL CO	UNATTENDED - D	69.00	13.20	
2	ATLAS-KENTON CO	UNATTENDED - D	69.00	13.20	
3	AUGUSTINE-COVINGTON, KY	UNATTENDED - D	138.00	13.20	
4	BEAVER-BOONE CO.	UNATTENDED - D	69.00	13.20	
5	BELLEVUE-CAMPBELL CO.	UNATTENDED - D	138.00	13.20	
6	BLACKWELL-GRANT CO.	UNATTENDED - T	138.00	69.00	
7	BUFFINGTON-KENTON CO.	UNATTENDED - T&D	138.00	69.00	13.20
8	CLARYVILLE-CAMBELL CO.	UNATTENDED - D	69.00	13.20	
9	COLD SPRING-KENTON CO.	UNATTENDED - D	138.00	13.20	
10	CONSTANCE-KENTON CO.	UNATTENDED - D	138.00	13.20	
11	COVINGTON - KENTON CO.	UNATTENDED - D	69.00	13.20	
12	CRESCENT-KENTON CO.	UNATTENDED - D	138.00	13.20	
13	CRITTENDEN-GRANT CO.	UNATTENDED - D	69.00	13.20	
14	DAYTON - CAMPBELL CO.	UNATTENDED - D	138.00	13.20	
15	DECOURSEY-KENTON CO.	UNATTENDED - D	69.00	13.20	
16	DIXIE-BOONE CO.	UNATTENDED - D	69.00	13.20	
17	DONALDSON-KENTON CO.	UNATTENDED - D	138.00	13.20	
18	DRY RIDGE-GRANT CO.	UNATTENDED - D	69.00	13.20	
19	EMPIRE - BOONE CO.	UNATTENDED - D	69.00	13.20	
20	FLORENCE-BOONE CO.	UNATTENDED - D	138.00	13.20	
21	GRANT-GRANT CO.	UNATTENDED - D	69.00	13.20	
22	HANDS-KENTON CO.	UNATTENDED - D	138.00	13.20	
23	HEBRON- BOONE CO.	UNATTENDED - D	138.00	13.20	
24	KENTON-KENTON CO.	UNATTENDED - T&D	138.00	13.20	
25	KY. UNIVERSITY-CAMP. CO.	UNATTENDED - D	138.00	13.20	
26	LIMABURG-BOONE CO.	UNATTENDED - D	69.00	13.20	
27	LONGBRANCH- BOONE CO.	UNATTENDED - D	138.00	13.20	
28	MARSHALL-CAMPBELL CO.	UNATTENDED - D	69.00	13.20	
29	MT ZION - BOONE CO.	UNATTENDED - D	138.00	13.20	
30	OAKBROOK - BOONE CO	UNATTENDED - D	69.00	13.20	
31	RICHWOOD - BOONE CO.	UNATTENDED - D	69.00	13.20	
32	SILVER GROVE - CAMPBELL CO.	UNATTENDED - T&D	138.00	13.20	
33	THOMAS MORE - KENTON CO.	UNATTENDED - D	69.00	13.20	
34	VERONA - KENTON CO.	UNATTENDED - D	69.00	13.20	
35	VILLA-CRESTVIEW HLS., KY	UNATTENDED - D	69.00	13.20	
36	WHITE TOWER-KENTON CO.	UNATTENDED - D	69.00	13.20	
37	WILDER-WILDER, KY.	UNATTENDED - T&D	138.00	69.00	13.20
38	YORK-NEWPORT, KY.	UNATTENDED - D	138.00	13.20	
39	NO STATIONS UNDER 10 MVA				
40					

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
11	1					1
11	1					2
45	2					3
21	2					4
45	2					5
150	1					6
328	5					7
32	3					8
33	2					9
45	2					10
22	1					11
67	3					12
21	2					13
22	1					14
11	1					15
42	2					16
45	2					17
11	1					18
25	2					19
67	3					20
21	2					21
45	2					22
45	2					23
165	5					24
45	2					25
31	3					26
22	1					27
11	1					28
22	1					29
22	1					30
32	3					31
22	1					32
22	1					33
11	1					34
45	2					35
21	2					36
167	3					37
22	1					38
						39
						40

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1					
2	Summary of Listed Stations Above				
3	(By Function) not including Commonly Owned				
4	Substations				
5					
6	UNATTENDED - T&D				
7	UNATTENDED - D				
8	UNATTENDED - T				
9	ATTENDED - T&D				
10	ATTENDED - D				
11	ATTENDED - T				
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14	Note				
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
						1
						2
						3
						4
						5
682						6
993						7
150						8
						9
						10
						11
						12
						13
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Duke Energy Kentucky, Inc.			
FOOTNOTE DATA			

Schedule Page: 426.1 Line No.: 14 Column: a

Note: The voltages reported in column (c), (d) and (e) are the highest and lowest in the substation BUT not necessarily on the same transformer.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES					
<p>1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".</p> <p>3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.</p>					
Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)	
1	Non-power Goods or Services Provided by Affiliated				
2	Services Provided by Duke Energy Business Services	Duke Energy Business Services, LLC	Various	128,253,754	
3	Customer and Market Services	Duke Energy Ohio, Inc.	Various	1,576,137	
4	Gas Distribution Services	Duke Energy Ohio, Inc.	Various	3,996,945	
5	Other Goods and Services	Duke Energy Ohio, Inc.	Various	30,144	
6	Transmission and Distribution Services	Duke Energy Ohio, Inc.	Various	12,879,391	
7	Customer and Market Services	Duke Energy Florida, LLC	Various	66,892	
8	Generation Services	Duke Energy Florida, LLC	Various	37,560	
9	Other Goods and Services	Duke Energy Florida, LLC	Various	54,931	
10	Transmission and Distribution Services	Duke Energy Florida, LLC	Various	92,963	
11	Customer and Market Services	Duke Energy Carolinas, LLC	Various	5,447,988	
12	Generation Services	Duke Energy Carolinas, LLC	Various	13,030,245	
13	Other Goods and Services	Duke Energy Carolinas, LLC	Various	1,796,092	
14	Transmission and Distribution Services	Duke Energy Carolinas, LLC	Various	2,642,573	
15	Customer and Market Services	Duke Energy Progress, LLC	Various	299,400	
16	Generation Services	Duke Energy Progress, LLC	Various	317,354	
17	Other Goods and Services	Duke Energy Progress, LLC	Various	210,846	
18	Transmission and Distribution Services	Duke Energy Progress, LLC	Various	262,275	
19					
20	Non-power Goods or Services Provided for Affiliate				
21	Customer and Market Services	Duke Energy Florida, LLC	Various	43,870	
22	Gas Distribution Services	Duke Energy Florida, LLC	Various	42,400	
23	Generation Services	Duke Energy Florida, LLC	Various	4,782	
24	Transmission and Distribution Services	Duke Energy Florida, LLC	Various	466,354	
25	Customer and Market Services	Duke Energy Indiana, LLC	Various	106	
26	Gas Distribution Services	Duke Energy Indiana, LLC	Various	20,188	
27	Generation Services	Duke Energy Indiana, LLC	Various	1,237,556	
28	Other Goods and Services	Duke Energy Indiana, LLC	Various	73	
29	Transmission and Distribution Services	Duke Energy Indiana, LLC	Various	-23,341	
30	Customer and Market Services	Duke Energy Ohio, Inc.	Various	220,255	
31	Gas Distribution Services	Duke Energy Ohio, Inc.	Various	815,197	
32	Generation Services	Duke Energy Ohio, Inc.	Various	277	
33	Other Goods and Services	Duke Energy Ohio, Inc.	Various	493,000	
34	Transmission and Distribution Services	Duke Energy Ohio, Inc.	Various	1,005,967	
35					
36	Duke Energy Kentucky provided services to				
37	KO Transmission Company	KO Transmission Company	Various	1,403,981	
38					
39					
40					
41					
42					
1	Non-power Goods or Services Provided by Affiliated				
2	Customer and Market Services	Duke Energy Indiana, LLC	Various	170,328	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
3	Generation Services	Duke Energy Indiana, LLC	Various	12,485,079
4	Other Goods and Services	Duke Energy Indiana, LLC	Various	54,151
5	Transmission and Distribution Services	Duke Energy Indiana, LLC	Various	42,792
6				
7	Gas Distribution Services	Piedmont Natural Gas Company, Inc.	Various	545,803
8				
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20	Non-power Goods or Services Provided for Affiliate			
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Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 429 Line No.: 2 Column: a

When an employee of the Service Company performs services for a Client Company, costs will be directly assigned or distributed or allocated. For allocated services, the allocation method will be on a basis reasonably related to the service performed. The Service Company Utility Service Agreement prescribes 23 Service Company functions and approximately 20 allocation methods.

Functions and Allocation Methods:

Information Systems

- Number of Central Processing Unit Seconds Ratio/Millions of Instructions per Second
- Number of Personal Computer Workstations Ratio
- Number of Information Systems Servers Ratio
- Number of Employees Ratio

Meters

- Number of Customers Ratio

Transportation

- Number of Employees Ratio
- Three Factor Formula

Electric System Maintenance

- Circuit Miles of Electric Transmission Lines Ratio
- Circuit Miles of Electric Distribution Lines Ratio

Marketing and Customer Relations and Grid Solutions

- Number of Customers Ratio

Electric Transmission & Distribution Engineering & Construction

- Electric Transmission Plant's Construction - Expenditures Ratio
- Electric Distribution Plant's Construction - Expenditures Ratio

Power Engineering & Construction

- Electric Production Plant's Construction - Expenditures Ratio

Human Resources

- Number of Employees Ratio

Supply Chain

- Procurement Spending Ratio
- Inventory Ratio

Facilities

- Square Footage Ratio

Accounting

- Three Factor Formula
- Generating Unit MW Capability Ratio

Power Planning and Operations

- Electric Peak Load Ratio
- Weighted Avg of the Circuit Miles of Electric Distribution Lines Ratio and the Electric Peak Load Ratio
- Sales Ratio
- Weighted Avg of the Circuit Miles of Electric Transmission Lines Ratio and the Electric Peak Load Ratio
- Generating Unit MW Capability Ratio

Public Affairs

- Three Factor Formula
- Weighted Avg of Number of Customers Ratio and Number of Employees Ratio

Legal

- Three Factor Formula

Rates

- Sales Ratio

Finance

- Three Factor Formula

Rights of Way

- Circuit Miles of Electric Transmission Lines Ratio

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

- Circuit Miles of Electric Distribution Lines Ratio
- Electric Peak Load Ratio

Internal Auditing

- Three Factor Formula

Environmental, Health and Safety

- Three Factor Formula
- Sales Ratio

Fuels

- Sales Ratio

Investor Relations

- Three Factor Formula

Planning

- Three Factor Formula

Executive

- Three Factor Formula

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____

Form 2 Approved
OMB No.1902-0028
(Expires 12/31/2020)
Form 3-Q Approved
OMB No.1902-0205
(Expires 12/31/2019)



FERC FINANCIAL REPORT

FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company) Duke Energy Kentucky, Inc.	Year/Period of Report End of <u>2017/Q4</u>
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QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

IDENTIFICATION

01 Exact Legal Name of Respondent Duke Energy Kentucky, Inc.		Year/Period of Report End of 2017/Q4	
03 Previous Name and Date of Change (If name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 4580 Olympic Boulevard, Erlanger, KY 41018			
05 Name of Contact Person Charmain Barnes		06 Title of Contact Person Lead Accounting Analyst	
07 Address of Contact Person (Street, City, State, Zip Code) 550 South Tryon Street, Charlotte, NC 28202			
08 Telephone of Contact Person, Including Area Code 980-373-1369		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 04/12/2018

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

11 Name William E. Currens, Jr.		12 Title SVP Chief Accting Off & Controller	
13 Signature William E. Currens, Jr. <i>W. E. C.</i>		14 Date Signed 04/12/2018	

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
List of Schedules (Natural Gas Company)				
Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
	GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103		N/A
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Accumulated Comprehensive Income and Hedging Activities	117		
9	Statement of Retained Earnings for the Year	118-119		
10	Statements of Cash Flows	120-121		
11	Notes to Financial Statements	122		
	BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
13	Gas Plant in Service	204-209		
14	Gas Property and Capacity Leased from Others	212		
15	Gas Property and Capacity Leased to Others	213		N/A
16	Gas Plant Held for Future Use	214		N/A
17	Construction Work in Progress-Gas	216		
18	Non-Traditional Rate Treatment Afforded New Projects	217		N/A
19	General Description of Construction Overhead Procedure	218		
20	Accumulated Provision for Depreciation of Gas Utility Plant	219		
21	Gas Stored	220		
22	Investments	222-223		
23	Investments in Subsidiary Companies	224-225		N/A
24	Prepayments	230		
25	Extraordinary Property Losses	230		
26	Unrecovered Plant and Regulatory Study Costs	230		
27	Other Regulatory Assets	232		
28	Miscellaneous Deferred Debits	233		
29	Accumulated Deferred Income Taxes	234-235		
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
30	Capital Stock	250-251		
31	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
32	Other Paid-in Capital	253		
33	Discount on Capital Stock	254		N/A
34	Capital Stock Expense	254		N/A
35	Securities Issued or Assumed and Securities Refunded or Retired During the Year	255		
36	Long-Term Debt	256-257		
37	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
List of Schedules (Natural Gas Company) (continued)				
Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
38	Unamortized Loss and Gain on Reacquired Debt	260		
39	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		
40	Taxes Accrued, Prepaid, and Charged During Year	262-263		
41	Miscellaneous Current and Accrued Liabilities	268		
42	Other Deferred Credits	269		
43	Accumulated Deferred Income Taxes-Other Property	274-275		
44	Accumulated Deferred Income Taxes-Other	276-277		
45	Other Regulatory Liabilities	278		
	INCOME ACCOUNT SUPPORTING SCHEDULES			
46	Monthly Quantity & Revenue Data by Rate Schedule	299		
47	Gas Operating Revenues	300-301		
48	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		N/A
49	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		
50	Revenues from Storage Gas of Others	306-307		N/A
51	Other Gas Revenues	308		
52	Discounted Rate Services and Negotiated Rate Services	313		N/A
53	Gas Operation and Maintenance Expenses	317-325		
54	Exchange and Imbalance Transactions	328		N/A
55	Gas Used in Utility Operations	331		N/A
56	Transmission and Compression of Gas by Others	332		N/A
57	Other Gas Supply Expenses	334		
58	Miscellaneous General Expenses-Gas	335		
59	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
60	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
	COMMON SECTION			
61	Regulatory Commission Expenses	350-351		
62	Employee Pensions and Benefits (Account 926)	352		
63	Distribution of Salaries and Wages	354-355		
64	Charges for Outside Professional and Other Consultative Services	357		
65	Transactions with Associated (Affiliated) Companies	358		
	GAS PLANT STATISTICAL DATA			
66	Compressor Stations	508-509		N/A
67	Gas Storage Projects	512-513		N/A
68	Transmission Lines	514		N/A
69	Transmission System Peak Deliveries	518		N/A
70	Auxiliary Peaking Facilities	519		
71	Gas Account-Natural Gas	520		
72	Shipper Supplied Gas for the Current Quarter	521		N/A
73	System Map	522		
74	Footnote Reference	551		
75	Footnote Text	552		
76	Stockholder's Reports (check appropriate box)			
	<input type="checkbox"/> Four copies will be submitted <input type="checkbox"/> No annual report to stockholders is prepared			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
General Information			
1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.			
William E. Currens, Jr. Senior Vice President, Chief Accounting Officer & Controller 550 South Tryon Street Charlotte, NC 28202			
2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.			
Commonwealth of Kentucky Date of Incorporation: March 20, 1901			
3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.			
Not applicable			
4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.			
Kentucky - Gas and Electric			
5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?			
(1) <input type="checkbox"/> Yes... Enter the date when such independent accountant was initially engaged: (2) <input checked="" type="checkbox"/> No			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Control Over Respondent

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.
2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.
3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	Duke Energy Ohio, Inc.	M	OH	100.00
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants,

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:	2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy. Total: 585333 By Proxy:	3. Give the date and place of such meeting:
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Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		4. Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	585,333	585,333		
6	TOTAL number of security holders	1	1		
7	TOTAL votes of security holders listed below	585,333	585,333		
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Important Changes During the Quarter/Year			

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.
Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
13. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

1. None
2. None
3. See Notes to Financial Statements, Note 2, "Regulatory Matters"
4. None
5. None
6. See Notes to Financial Statements, Note 4, "Debt and Credit Facilities"
7. None
8. No wage scale changes or pay changes during the fourth quarter 2017 to report.
 No wage scale changes or pay changes during the third quarter 2017 to report.
 During the second quarter 2017, employees bargained for by IBEW Local 1347, UWUA, IUU Local 600 and USW Local 12049 received pay changes (pay rate change/merit) that totaled \$259,896.00 in annualized costs or a monthly amount of approximately \$21,658.00
 During the first quarter 2017, non-union employees received pay changes (promotion, demotion, pay rate change/merit, job reclassification and adjustments) that totaled

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Important Changes During the Quarter/Year			

\$958,090 in annualized costs or a monthly amount of approximately \$79,840.80

9. See Notes to Financial Statements, Note 2, "Regulatory Matters" and Note 3, "Commitments and Contingencies"
10. None
11. None
12. There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the fourth quarter of 2017.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the fourth quarter of 2017 are as follows:

Appointments effective 10/01/17

L. Stanford Sherrill, Jr. Vice President, Workforce Development, Employee and Labor Relations

Resignations effective 10/01/17

L. Stanford Sherrill, Jr. Vice President, Employee Relations and Labor Relations

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the third quarter of 2017.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the third quarter of 2017 are as follows:

Appointments effective 8/16/17

Joni Y. Davis Vice President, Marketing and Customer Engagement
 Retha Hunsicker Vice President, Customer Connect Solutions

Appointments effective 8/14/17

Barbara A. Higgins Senior Vice President and Chief Customer Officer

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the second quarter of 2017.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the second quarter of 2017 are as follows:

Appointments effective 5/01/17

Donna T. Council Vice President, Human Resources Business Partners
 Julia S. Janson Executive Vice President, External Affairs, Chief Legal Officer and Corporate Secretary
 Catherine B. Stancombe Vice President, Enterprise Operational Excellence
 Charles R. Whitlock Senior Vice President, Strategic Growth Initiatives

Appointments effective 4/01/17

Swati V. Daji Senior Vice President, Chief Procurement Officer
 Eric S. Grant Vice President, Fuels and Systems Optimization

Resignations effective 5/01/17

Julia S. Janson Chief Legal Officer
 Julia S. Janson Corporate Secretary
 Julia S. Janson Executive Vice President

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.		04/12/2018	2017/Q4
Important Changes During the Quarter/Year			

Catherine B. Stancombe Vice President, Human Resources Business Partners
 Charles R. Whitlock Senior Vice President, Midwest Distribution Operations

Resignations effective 4/01/17

Swati V. Daji Senior Vice President, Fuels and System Optimization

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the first quarter of 2017.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the first quarter of 2017 are as follows:

Appointments effective 3/01/17

Gary J. Hebbeler Vice President, Gas Operations
 James R. Sochacki Vice President, Distribution Construction and Maintenance - Midwest

Appointments effective 2/01/17

Jeffrey A. Corbett Senior Vice President, Distribution Engineering and Technical Customer Relations
 David J. Maxon Senior Vice President, Distribution Construction and Maintenance
 John F. Smith III Senior Vice President, Distribution Grid Performance and Contractor Operations
 Benjamin C. Waldrep Senior Vice President and Chief Security Officer

Appointments effective 1/01/17

Robert F. Caldwell Senior Vice President and President, Duke Energy Renewables and Distributed Energy
 Paul Draovitch Senior Vice President, Environmental Health and Safety
 John B. Hayes Vice President, Midwest Generation

Resignations effective 2/01/17

Jeffrey A. Corbett Senior Vice President, Chief Procurement Officer
 Terrell N. Garren Vice President and Chief Security Officer

Resignations effective 1/01/17

Charles K. Beam Vice President, Customer Information Systems - IT
 Robert F. Caldwell President, Duke Energy Renewables and Distributed Energy Technology
 Paul Draovitch Senior Vice President, Fossil Hydro Operations
 Harry K. Sideris Senior Vice President, Environmental Health and Safety

13. N/A

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Comparative Balance Sheet (Assets and Other Debits)				
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	2,190,743,460	2,052,384,114
3	Construction Work in Progress (107)	200-201	109,390,337	63,832,972
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	2,300,133,797	2,116,217,086
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,032,028,167	1,001,008,038
6	Net Utility Plant (Total of line 4 less 5)		1,268,105,630	1,115,209,048
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		0	0
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		0	0
9	Nuclear Fuel (Total of line 7 less 8)		0	0
10	Net Utility Plant (Total of lines 6 and 9)		1,268,105,630	1,115,209,048
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored-Base Gas (117.1)	220	0	0
13	System Balancing Gas (117.2)	220	0	0
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0
15	Gas Owed to System Gas (117.4)	220	0	0
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)		264,016	2,206
18	(Less) Accum. Provision for Depreciation and Amortization (122)		0	0
19	Investments in Associated Companies (123)	222-223	0	0
20	Investments in Subsidiary Companies (123.1)	224-225	0	0
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances		0	0
23	Other Investments (124)	222-223	1,500	1,500
24	Sinking Funds (125)		0	0
25	Depreciation Fund (126)		0	0
26	Amortization Fund - Federal (127)		0	0
27	Other Special Funds (128)		1,184,266	1,715,645
28	Long-Term Portion of Derivative Assets (175)		318,333	954,187
29	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		1,768,115	2,673,538
31	CURRENT AND ACCRUED ASSETS			
32	Cash (131)		1,687,146	6,533,836
33	Special Deposits (132-134)		0	0
34	Working Funds (135)		0	0
35	Temporary Cash Investments (136)	222-223	0	0
36	Notes Receivable (141)		0	0
37	Customer Accounts Receivable (142)		2,918,345	929,120
38	Other Accounts Receivable (143)		820,344	874,735
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		233,542	140,798
40	Notes Receivable from Associated Companies (145)		34,407,460	18,389,762
41	Accounts Receivable from Associated Companies (146)		3,811,739	4,382,007
42	Fuel Stock (151)		22,251,525	24,608,235
43	Fuel Stock Expenses Undistributed (152)		0	0

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Comparative Balance Sheet (Assets and Other Debits)(continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0	
45	Plant Materials and Operating Supplies (154)		17,614,789	20,679,892	
46	Merchandise (155)		0	0	
47	Other Materials and Supplies (156)		0	0	
48	Nuclear Materials Held for Sale (157)		0	0	
49	Allowances (158.1 and 158.2)		31,208	50,652	
50	(Less) Noncurrent Portion of Allowances		0	0	
51	Stores Expense Undistributed (163)		967,360	336,171	
52	Gas Stored Underground-Current (164.1)	220	2,958,880	3,412,415	
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0	
54	Prepayments (165)	230	491,801	491,138	
55	Advances for Gas (166 thru 167)		0	0	
56	Interest and Dividends Receivable (171)		0	0	
57	Rents Receivable (172)		2,500	2,500	
58	Accrued Utility Revenues (173)		0	0	
59	Miscellaneous Current and Accrued Assets (174)		2,507,391	14,017,712	
60	Derivative Instrument Assets (175)		1,443,720	4,916,554	
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)		318,333	954,187	
62	Derivative Instrument Assets - Hedges (176)		0	0	
63	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0	
64	TOTAL Current and Accrued Assets (Total of lines 32 thru 63)		91,362,333	98,529,744	
65	DEFERRED DEBITS				
66	Unamortized Debt Expense (181)		2,078,548	1,736,629	
67	Extraordinary Property Losses (182.1)	230	0	0	
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0	
69	Other Regulatory Assets (182.3)	232	127,608,194	100,178,941	
70	Preliminary Survey and Investigation Charges (Electric)(183)		290,107	143,374	
71	Preliminary Survey and Investigation Charges (Gas)(183.1 and 183.2)		0	0	
72	Clearing Accounts (184)		(86)	(16)	
73	Temporary Facilities (185)		0	0	
74	Miscellaneous Deferred Debits (186)	233	2,400,973	680,254	
75	Deferred Losses from Disposition of Utility Plant (187)		0	0	
76	Research, Development, and Demonstration Expend. (188)		0	0	
77	Unamortized Loss on Reacquired Debt (189)		1,188,432	1,454,906	
78	Accumulated Deferred Income Taxes (190)	234-235	58,361,447	32,002,628	
79	Unrecovered Purchased Gas Costs (191)		(219,763)	1,627,916	
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		191,707,852	137,824,632	
81	TOTAL Assets and Other Debits (Total of lines 10-15,30,64,and 80)		1,552,943,930	1,354,236,962	

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Comparative Balance Sheet (Liabilities and Other Credits)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)	
1	PROPRIETARY CAPITAL				
2	Common Stock Issued (201)	250-251	8,779,995	8,779,995	
3	Preferred Stock Issued (204)	250-251	0	0	
4	Capital Stock Subscribed (202, 205)	252	0	0	
5	Stock Liability for Conversion (203, 206)	252	0	0	
6	Premium on Capital Stock (207)	252	18,838,946	18,838,946	
7	Other Paid-In Capital (208-211)	253	163,655,189	148,655,189	
8	Installments Received on Capital Stock (212)	252	0	0	
9	(Less) Discount on Capital Stock (213)	254	0	0	
10	(Less) Capital Stock Expense (214)	254	0	0	
11	Retained Earnings (215, 215.1, 216)	118-119	320,140,297	260,741,367	
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0	
13	(Less) Reacquired Capital Stock (217)	250-251	0	0	
14	Accumulated Other Comprehensive Income (219)	117	0	0	
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		511,414,427	437,015,497	
16	LONG TERM DEBT				
17	Bonds (221)	256-257	0	0	
18	(Less) Reacquired Bonds (222)	256-257	0	0	
19	Advances from Associated Companies (223)	256-257	25,000,000	25,000,000	
20	Other Long-Term Debt (224)	256-257	426,720,000	336,720,000	
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0	
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	288,378	337,948	
23	(Less) Current Portion of Long-Term Debt		0	0	
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)		451,431,622	361,382,052	
25	OTHER NONCURRENT LIABILITIES				
26	Obligations Under Capital Leases-Noncurrent (227)		580,230	1,465,571	
27	Accumulated Provision for Property Insurance (228.1)		0	0	
28	Accumulated Provision for Injuries and Damages (228.2)		(68,721)	(57,669)	
29	Accumulated Provision for Pensions and Benefits (228.3)		17,417,765	14,974,925	
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0	
31	Accumulated Provision for Rate Refunds (229)		0	0	

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Comparative Balance Sheet (Liabilities and Other Credits)(continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)	
32	Long-Term Portion of Derivative Instrument Liabilities		4,647,739	5,110,664	
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
34	Asset Retirement Obligations (230)		54,581,508	52,822,086	
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		77,158,521	74,315,577	
36	CURRENT AND ACCRUED LIABILITIES				
37	Current Portion of Long-Term Debt		0	0	
38	Notes Payable (231)		0	0	
39	Accounts Payable (232)		48,645,825	31,671,028	
40	Notes Payable to Associated Companies (233)		0	19,656,000	
41	Accounts Payable to Associated Companies (234)		15,768,299	12,575,250	
42	Customer Deposits (235)		9,859,968	10,269,585	
43	Taxes Accrued (236)	262-263	16,053,519	11,102,968	
44	Interest Accrued (237)		5,383,681	4,227,363	
45	Dividends Declared (238)		0	0	
46	Matured Long-Term Debt (239)		0	0	
47	Matured Interest (240)		0	0	
48	Tax Collections Payable (241)		1,691,919	1,769,826	
49	Miscellaneous Current and Accrued Liabilities (242)	268	8,344,201	16,932,837	
50	Obligations Under Capital Leases-Current (243)		885,342	686,310	
51	Derivative Instrument Liabilities (244)		5,367,483	5,943,438	
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		4,647,739	5,110,664	
53	Derivative Instrument Liabilities - Hedges (245)		0	0	
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		107,352,498	109,723,941	
56	DEFERRED CREDITS				
57	Customer Advances for Construction (252)		1,562,943	1,434,379	
58	Accumulated Deferred Investment Tax Credits (255)		3,836,961	685,347	
59	Deferred Gains from Disposition of Utility Plant (256)		0	0	
60	Other Deferred Credits (253)	269	15,990,512	20,046,049	
61	Other Regulatory Liabilities (254)	278	139,387,951	5,986,078	
62	Unamortized Gain on Reacquired Debt (257)	260	0	0	
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		499,676	190,426	
64	Accumulated Deferred Income Taxes - Other Property (282)		218,658,876	318,877,109	
65	Accumulated Deferred Income Taxes - Other (283)		25,649,943	24,580,507	
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		405,586,862	371,799,895	
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		1,552,943,930	1,354,236,962	

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Statement of Income

Quarterly
 1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
 2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
 3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
 4. If additional columns are needed place them in a footnote.

Annual or Quarterly, if applicable
 5. Do not report fourth quarter data in columns (e) and (f)
 6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
 7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
 8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
 9. Use page 122 for important notes regarding the statement of income for any account thereof.
 10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
 11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
 12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
 13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
 14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
 15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	429,072,243	440,779,989	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	261,647,225	270,158,902	0	0
5	Maintenance Expenses (402)	317-325	34,864,014	33,479,990	0	0
6	Depreciation Expense (403)	336-338	43,842,295	41,052,844	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	3,824,519	2,615,436	0	0
9	Amortization of Utility Plant Acu. Adjustment (406)	336-338	0	0	0	0
10	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		0	0	0	0
11	Amortization of Conversion Expenses (407.2)		0	0	0	0
12	Regulatory Debits (407.3)		544,974	5,017,219	0	0
13	(Less) Regulatory Credits (407.4)		2,772,810	1,064,723	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	14,222,244	14,536,730	0	0
15	Income Taxes-Federal (409.1)	262-263	(15,290,192)	(3,732,567)	0	0
16	Income Taxes-Other (409.1)	262-263	(376,169)	(872,454)	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	92,675,520	90,755,536	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	56,685,655	69,127,951	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		(78,441)	(90,146)	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		23	0	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		0	0	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		376,417,501	382,728,816	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		52,654,742	58,051,173	0	0

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Statement of Income

Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	334,908,029	347,770,121	94,164,214	93,009,868	0	0
3						
4	202,614,152	216,207,681	59,033,073	53,951,221	0	0
5	32,788,535	31,608,037	2,075,479	1,871,953	0	0
6	32,250,753	30,121,128	11,591,542	10,931,716	0	0
7	0	0	0	0	0	0
8	2,401,945	1,784,095	1,422,574	831,341	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	2,223,229	544,974	2,793,990	0	0
13	2,772,810	1,064,723	0	0	0	0
14	10,857,356	9,677,833	3,364,888	4,858,897	0	0
15	(7,634,080)	(10,640,581)	(7,656,112)	6,908,014	0	0
16	520,667	(1,978,199)	(896,836)	1,105,745	0	0
17	67,639,786	84,050,726	25,035,734	6,704,810	0	0
18	44,367,134	58,832,752	12,318,521	10,295,199	0	0
19	(11,090)	(21,438)	(67,351)	(68,708)	0	0
20	0	0	0	0	0	0
21	0	0	0	0	0	0
22	23	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	294,288,057	303,135,036	82,129,444	79,593,780	0	0
26	40,619,972	44,635,085	12,034,770	13,416,088	0	0

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Statement of Income(continued)						
Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		52,654,742	58,051,173	0	0
28	OTHER INCOME AND DEDUCTIONS					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues form Merchandising, Jobbing and Contract Work (415)		1,180,457	660,081	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		429,647	239,363	0	0
33	Revenues from Nonutility Operations (417)		2,441	1,059	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		48,782	34,201	0	0
35	Nonoperating Rental Income (418)		0	0	0	0
36	Equity in Earnings of Subsidiary Companies (418.1)	119	0	0	0	0
37	Interest and Dividend Income (419)		1,235,748	990,145	0	0
38	Allowance for Other Funds Used During Construction (419.1)		3,358,208	1,332,221	0	0
39	Miscellaneous Nonoperating Income (421)		4,136	(1,405)	0	0
40	Gain on Disposition of Property (421.1)		17,045	38,549	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		5,319,606	2,747,086	0	0
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		115,629	10,853	0	0
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426.1)	340	450,291	418,773	0	0
46	Life Insurance (426.2)		0	0	0	0
47	Penalties (426.3)		25,003	8,087	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		642,878	502,347	0	0
49	Other Deductions (426.5)		2,905,838	1,107,036	0	0
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	4,139,639	2,047,096	0	0
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other than Income Taxes (408.2)	262-263	117,175	100,069	0	0
53	Income Taxes-Federal (409.2)	262-263	1,848,320	3,152,242	0	0
54	Income Taxes-Other (409.2)	262-263	289,585	511,744	0	0
55	Provision for Deferred Income Taxes (410.2)	234-235	1,456,786	227,382	0	0
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	24,991,931	3,734,569	0	0
57	Investment Tax Credit Adjustments-Net (411.5)		(8,911)	(42,057)	0	0
58	(Less) Investment Tax Credits (420)		0	0	0	0
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(21,288,996)	214,811	0	0
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		22,468,963	485,179	0	0
61	INTEREST CHARGES					
62	Interest on Long-Term Debt (427)		14,618,543	13,759,989	0	0
63	Amortization of Debt Disc. and Expense (428)	258-259	301,742	748,311	0	0
64	Amortization of Loss on Reacquired Debt (428.1)		266,474	266,474	0	0
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	0	0	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	0	0
67	Interest on Debt to Associated Companies (430)	340	453,674	229,106	0	0
68	Other Interest Expense (431)	340	1,384,300	1,485,968	0	0
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		1,299,958	537,434	0	0
70	Net Interest Charges (Total of lines 62 thru 69)		15,724,775	15,952,414	0	0
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		59,398,930	42,583,938	0	0
72	EXTRAORDINARY ITEMS					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		59,398,930	42,583,938	0	0

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Statement of Accumulated Comprehensive Income and Hedging Activities(continued)

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Insert Footnote at Line 1 to specify category] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 116, Line 78) (i)	Total Comprehensive Income (j)
1					
2					
3					
4				42,583,938	42,583,938
5					
6					
7					
8					
9				59,398,930	59,398,930
10					

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Statement of Retained Earnings

- Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
- Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
- State the purpose and amount for each reservation or appropriation of retained earnings.
- List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
- Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter Year to Date Balance (c)	Previous Quarter Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance-Beginning of Period		260,741,367	228,157,429
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)			
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)			
6	Balance Transferred from Income (Acct 433 less Acct 418.1)		59,398,930	42,583,938
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436) (footnote details)			
9	Dividends Declared-Preferred Stock (Account 437)			
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (footnote details)			
11	Dividends Declared-Common Stock (Account 438)			
12	TOTAL Dividends Declared-Common Stock (Account 438) (footnote details)	131		10,000,000
13	Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance-End of Period (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		320,140,297	260,741,367
15	APPROPRIATED RETAINED EARNINGS (Account 215)			
16	TOTAL Appropriated Retained Earnings (Account 215) (footnote details)			
17	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account			
18	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account			
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines			
20	TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1		320,140,297	260,741,367
21	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
	Report only on an Annual Basis no Quarterly			
22	Balance-Beginning of Year (Debit or Credit)			
23	Equity in Earnings for Year (Credit) (Account 418.1)			
24	(Less) Dividends Received (Debit)			
25	Other Changes (Explain)			
26	Balance-End of Year			

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FOOTNOTE DATA			

Schedule Page: 118 Line No.: 12 Column: d
October 2016 Common Stock Dividend \$10,000,000

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Statement of Cash Flows

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
 (2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
 (3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
 (4) Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 78(c) on page 116)	59,398,930	42,583,938
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	43,842,295	41,052,844
5	Amortization of (Specify) (footnote details)	4,392,735	3,630,221
6	Deferred Income Taxes (Net)	12,454,720	18,120,398
7	Investment Tax Credit Adjustments (Net)	(87,352)	(132,203)
8	Net (Increase) Decrease in Receivables	(3,150,383)	(3,410,701)
9	Net (Increase) Decrease in Inventory	5,244,159	(4,895,644)
10	Net (Increase) Decrease in Allowances Inventory	19,444	22,579
11	Net Increase (Decrease) in Payables and Accrued Expenses	2,557,700	28,166,317
12	Net (Increase) Decrease in Other Regulatory Assets	(17,777,573)	(21,070,168)
13	Net Increase (Decrease) in Other Regulatory Liabilities	(96,367)	(1,685,767)
14	(Less) Allowance for Other Funds Used During Construction	3,358,208	1,332,221
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other (footnote details):	7,562,304	5,976,948
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16)	111,002,404	107,026,541
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	(185,906,815)	(109,720,103)
23	Gross Additions to Nuclear Fuel		
24	Gross Additions to Common Utility Plant	(3,588,413)	456,540
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction	(3,358,208)	(1,332,221)
27	Other (footnote details):		
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(186,137,020)	(107,931,342)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)		
32			
33	Investments in and Advances to Assoc. and Subsidiary Companies	(14,671,000)	
34	Contributions and Advances from Assoc. and Subsidiary Companies		
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

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Statement of Cash Flows (continued)			
Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other (footnote details):		
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	(200,808,020)	(107,931,342)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	90,000,000	95,000,000
54	Preferred Stock		
55	Common Stock		
56	Capital Investment Infusion	15,000,000	
57	Net Increase in Short-term Debt (c)		
58	Other (footnote details):		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	105,000,000	95,000,000
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)		(50,000,000)
63	Preferred Stock		
64	Common Stock		
65	Other (footnote details):	(19,656,000)	(46,087,000)
66	Net Decrease in Short-Term Debt (c)		
67	Premium Payments and Fees on Deferred Debts	(385,073)	(615,173)
68	Dividends on Preferred Stock		
69	Dividends on Common Stock		
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	84,958,927	(1,702,173)
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of line 18, 49 and 71)	(4,846,689)	(2,606,974)
75			
76	Cash and Cash Equivalents at Beginning of Period	6,533,836	9,140,810
77			
78	Cash and Cash Equivalents at End of Period	1,687,146	6,533,836

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FOOTNOTE DATA			

Schedule Page: 120 Line No.: 5 Column: c

Plant Items	\$ 2,615,436
Debt Discount, Premium, Expense and Loss on Reacquired Debt	1,014,785
Total Amortization	<u>\$ 3,630,221</u>

Schedule Page: 120 Line No.: 5 Column: b

Plant Items	\$ 3,824,519
Debt Discount, Premium, Expense and Loss on Reacquired Debt	568,216
Total Amortization	<u>\$ 4,392,735</u>

Schedule Page: 120 Line No.: 16 Column: b

Unrecovered Purchased Gas Costs	\$ 1,011,058
Prepayments	8,579,740
Clearing Accounts	70
Miscellaneous Current and Accrued Assets	3,498,226
Miscellaneous Deferred Debits	(2,162,806)
Obligations under Capital Leases - Non - current	(885,341)
Accumulated Provisions	155,165
Customer Advances for Construction	128,564
Other Deferred Credits	(3,119,637)
Contribution to Company Sponsored Pension Plan	(1,323,820)
Net Utility Plant and Non Utility Property	3,337,676
Deferred Income Taxes	(1,136,317)
Derivative Instruments Liabilities	(113,030)
Preliminary Survey and Investigation Charges	152,487
Debt Expenses	(209,019)
Other Investments	<u>(350,712)</u>
	<u>\$ 7,562,304</u>

Schedule Page: 120 Line No.: 16 Column: c

Unrecovered Purchased Gas Costs	\$ (1,257,488)
Prepayments	2,224,062
Clearing Accounts	40
Miscellaneous Current and Accrued Assets	6,267,632
Derivative Instrument Assets	(8,765)
Miscellaneous Deferred Debits	2,635,555
Obligations Under Capital Leases - Non current	(686,309)
Accumulated Provisions	(1,107,723)
Customer Advances for Construction	452,965
Other Deferred Credits	(891,996)
Contribution to Company Sponsored Pension Plan	(1,443,420)
Net Utility and Non-utility Property	(4,346,667)
Deferred Income Taxes	3,804,255
Derivative Instruments Liabilities	(82,132)
Preliminary Survey and Investigative Charges	1,212,512
Debt Expenses	(513,525)
Other Investments	<u>(282,048)</u>
	<u>\$ 5,976,948</u>

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FOOTNOTE DATA			

Schedule Page: 120 Line No.: 78 Column: b

Supplemental Disclosures (in thousands):	YTD December 2017	YTD December 2016
Cash paid for interest, net of amount capitalized	\$ 12,352	\$ 12,986
Cash paid / (refunded) for income taxes	(\$ 15,767)	(\$ 18,335)

Significant non - cash transactions (in-thousands):	YTD December 2017	YTD December 2016
AFUDC - equity component	\$ 3,358	\$ 1,332
Accrued capital expenditures	\$ 32,369	\$ 12,594

Cash and Cash Equivalent at End of Period:	YTD December 2017	YTD December 2016
Cash (131)	\$ 1,687,146	\$ 6,533,836
Working Funds (135)	0	0
Temporary Cash Investments (136)	0	0
	<u>\$ 1,687,146</u>	<u>\$ 6,533,836</u>

Schedule Page: 120 Line No.: 65 Column: b

Intercompany Moneypool Payable \$ (19,656,000)

Schedule Page: 120 Line No.: 65 Column: c

Intercompany Moneypool Payable \$ (36,087,000)
 Distribution to Parent \$ (10,000,000)
 \$ (46,087,000)

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/12/2018	2017/Q4
Notes to Financial Statements			

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

This Federal Energy Regulatory Commission (FERC) Form I has been prepared in conformity with the requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles in the United States of America (GAAP). The following areas represent the significant differences between the Uniform System of Accounts and GAAP:

- GAAP requires that public business enterprises report certain information about operating segments in complete sets of financial statements of the enterprise and certain information about their products and services, which are not required for FERC reporting purposes.
- GAAP requires that majority-owned subsidiaries be consolidated for financial reporting purposes. FERC requires that majority-owned subsidiaries be separately reported as Investment in Subsidiary Companies, unless

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an appropriate waiver has been granted by the FERC.

- FERC requires that income or losses of an unusual nature and infrequent occurrence, which would significantly distort the current year's income, be recorded as extraordinary income or deductions, respectively.
- GAAP requires that removal and nuclear decommissioning costs for property that does not have an associated legal retirement obligation be presented as a regulatory liability on the Balance Sheet. These costs are presented as accumulated depreciation on the Balance Sheet for FERC reporting purposes.
- GAAP requires the regulatory assets and liabilities resulting from the implementation of ASC 740-10 (formerly SFAS No. 109) be presented as a net amount on the balance sheet. For FERC reporting purposes, these assets and liabilities are presented separately and are included in the Other Regulatory Asset and Other Regulatory Liability line items.
- GAAP requires that the current portion of regulatory assets and regulatory liabilities be reported as current assets and current liabilities, respectively, on the Balance Sheet. FERC requires that the current portion of regulatory assets and liabilities be reported as Regulatory Assets within Deferred Debits and Regulatory Liabilities within Deferred Credits, respectively.
- GAAP requires that any deferred costs associated with a specific debt issuance be presented as a reduction to debt on the Balance Sheet. FERC requires any Unamortized Debt Expense to be separately stated as a Deferred Debit on the Balance Sheet.
- GAAP requires that certain account balances within financial statement line items which are not in the natural position for that line item (e.g. an account within Accounts Receivable with a credit balance) be reclassified to the appropriate side of the Balance Sheet. FERC does not require certain accounts which are not in a natural position for their respective line item to be reclassified, as long as the line item in total is in its natural position.
- GAAP requires that regulated assets that are abandoned or retired early, including the cost of the asset and its associated depreciation, be reclassified to a separate regulatory asset on the Balance Sheet. For FERC reporting purposes, those assets which have been abandoned but are still operating are maintained in their original balance sheet accounts.
- GAAP requires that the current portion of Asset Retirement Obligations be reported as current liabilities on the Balance Sheet. For FERC reporting purposes, these liabilities are not reported separately and are reflected as Asset Retirement Obligations within the Other Noncurrent Liabilities section of the Balance Sheet.
- With the adoption of Accounting Standards Update (ASU) No. 2017-17 January 1, 2018, GAAP requires that the service cost related to pensions and PBOP be reported with other compensation costs arising from services rendered by employees during the period be included in a subtotal of income from operations on the income statement, while non-service cost components are to be presented in the income statement separately outside a subtotal of income from operations. Only the service cost component may be eligible for capitalization if all other capitalization criteria are met. For FERC reporting purposes, costs related to pensions and PBOP will be included in the Net Utility Operating Income of the income statement. Duke has made a non-revocable election to capitalize only the service cost component of pension and PBOP costs, upon implementing ASU No. 2017-07. This change is not expected to have a material impact on the financial statements.

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Duke Energy Kentucky's notes to the financial statements have been prepared in conformity with GAAP. Accordingly, certain footnotes are not reflective of Duke Energy Kentucky's financial statements contained herein.

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1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Duke Energy Kentucky, Inc. (Duke Energy Kentucky) is a combination electric and natural gas public utility company that provides service in northern Kentucky. Duke Energy Kentucky's principal lines of business include generation, transmission, distribution and sale of electricity, as well as the transportation and sale of natural gas. Duke Energy Kentucky is subject to the regulatory provisions of the Kentucky Public Service Commission (KPSC) and the Federal Energy Regulatory Commission (FERC). Duke Energy Kentucky's common stock is wholly owned by Duke Energy Ohio, Inc. (Duke Energy Ohio), an indirect wholly owned subsidiary of Duke Energy Corporation (Duke Energy).

Certain prior year amounts have been reclassified to conform to the current year presentation.

Other Current Liabilities

The following table provides detail of certain amounts included in Other within Current Liabilities.

(in thousands)	Location	December 31,	
		2017	2016
Customer Deposits	Current Liabilities	9,850	10,270

SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In preparing financial statements that conform to generally accepted accounting principles in the United States (U.S.) (GAAP), Duke Energy Kentucky must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Regulatory Accounting

The majority of Duke Energy Kentucky's operations are subject to price regulation for the sale of electricity and natural gas by the KPSC or FERC. When prices are set on the basis of specific costs of the regulated operations and an effective franchise is in place such that sufficient natural gas or electric services can be sold to recover those costs, Duke Energy Kentucky applies regulatory accounting. Regulatory accounting changes the timing of the recognition of costs or revenues relative to a company that does not apply regulatory accounting. As a result, regulatory assets and regulatory liabilities are recognized on the Balance Sheets. Regulatory assets and liabilities are amortized consistent with the treatment of the related cost in the ratemaking process. See Note 2 for further information.

Regulated Fuel and Purchased Gas Adjustment Clauses

Duke Energy Kentucky utilizes cost-tracking mechanisms, commonly referred to as fuel adjustment clauses. These clauses allow for the recovery of fuel and fuel-related costs and portions of purchased power costs through surcharges on customer rates. The difference between the costs incurred and the surcharge revenues is recorded as an adjustment to Operating Expenses - Fuel used in electric generation and purchased power or Operating Expenses - Cost of natural gas on the Statements of Operations with an off-setting impact on regulatory assets or liabilities.

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Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of acquisition are considered cash equivalents.

Inventory

Inventory is used for operations and is recorded primarily using the average cost method. Inventory related to regulated operations is valued at historical cost. Materials and supplies are recorded as inventory when purchased and subsequently charged to expense or capitalized to property, plant and equipment when installed. Inventory, including excess or obsolete inventory, is written-down to the lower of cost or market value. Once inventory has been written-down, it creates a new cost basis for the inventory that is not subsequently written-up. Provisions for inventory write-offs were not material at December 31, 2017, and 2016. The components of inventory are presented in the table below.

(in thousands)	December 31,	
	2017	2016
Materials and supplies	\$ 19,300	\$ 21,964
Coal	17,354	19,499
Natural gas, oil and other	7,139	7,574
Total inventory	\$ 43,793	\$ 49,037

Long-Lived Asset Impairments

Duke Energy Kentucky evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. An impairment exists when a long-lived asset's carrying value exceeds the estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. The estimated cash flows may be based on alternative expected outcomes that are probability weighted. If the carrying value of the long-lived asset is not recoverable based on these estimated future undiscounted cash flows, the carrying value of the asset is written-down to its then-current estimated fair value and an impairment charge is recognized.

Duke Energy Kentucky assesses the fair value of long-lived assets using various methods, including recent comparable third-party sales, internally developed discounted cash flow analysis and analysis from outside advisors. Triggering events to reassess cash flows may include, but are not limited to, significant changes in commodity prices, the condition of an asset or management's interest in selling the asset.

Property, Plant and Equipment

Property, plant and equipment are stated at the lower of depreciated historical cost net of any disallowances or fair value, if impaired. Duke Energy Kentucky capitalizes all construction-related direct labor and material costs, as well as indirect construction costs such as general engineering, taxes and financing costs. See "Allowance for Funds Used During Construction (AFUDC)" and "Asset Retirement Obligations (ARO)" below for further information on capitalized financing costs and legal obligations associated with the retirement of property, plant and equipment. Costs of renewals and betterments that extend the useful life of property, plant and equipment are also capitalized. The cost of repairs, replacements and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, is expensed as incurred. Depreciation is generally computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update composite rates and are approved by the KPSC and/or the FERC when required. The composite weighted average depreciation rate was 2.2 percent for the years ended December 31, 2017 and 2016.

In general, when Duke Energy Kentucky retires its regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or will be abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the net amount is classified as Generation facilities to be retired, net on the Balance Sheets. If the asset is no longer operating, the net amount is classified in Regulatory assets on the Balance Sheets. When it becomes probable that regulated mass utility assets, such as meters, will be abandoned, the cost of the assets and accumulated depreciation is reclassified to regulatory assets for the amounts recoverable in rates. The carrying value of the asset is based on historical cost if Duke Energy Kentucky is allowed to recover the remaining net book value and a return equal to at least the incremental borrowing rate. If not, an impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

When Duke Energy Kentucky sells entire regulated operating units, the original cost and accumulated depreciation and amortization balances are removed from Property, Plant and Equipment on the Balance Sheets. Any gain or loss is recorded in earnings, unless otherwise required by the applicable regulatory body.

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See Note 6 for further information.

Allowance for Funds Used During Construction (AFUDC)

For regulated operations, the debt and equity costs of financing the construction of property, plant and equipment are reflected as AFUDC and capitalized as a component of the cost of property, plant and equipment. AFUDC equity is reported on the Statements of Operations as non-cash income in Other Income and Expenses, net. AFUDC debt is reported as a non-cash offset to Interest Expense. After construction is completed, Duke Energy Kentucky is permitted to recover these costs through their inclusion in rate base and the corresponding subsequent depreciation or amortization of those regulated assets.

AFUDC equity, a permanent difference for income taxes, reduces the effective tax rate when capitalized and increases the effective tax rate when depreciated or amortized.

Asset Retirement Obligations (ARO)

AROs are recognized for legal obligations associated with the retirement of property, plant and equipment. When recording an ARO the present value of the projected liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made, and the liability is accreted over time. For operating plants, the present value of the liability is added to the cost of the associated asset and depreciated over the remaining life of the asset. For retired plants, the present value of the liability is recorded as a regulatory asset unless determined not to be recoverable.

The present value of the initial obligation and subsequent updates are based on discounted cash flows, which include estimates regarding timing of future cash flows, selection of discount rates and cost escalation rates, among other factors. These estimates are subject to change. Depreciation expense is adjusted prospectively for any changes to the carrying amount of the associated asset. Duke Energy Kentucky receives amounts to fund the cost of the ARO from regulated revenues. As a result, the net of amounts recovered in regulated revenues, accretion expense and depreciation of the associated asset is deferred as a regulatory asset or liability.

Obligations for closure of ash basins are based upon discounted cash flows of estimated costs for site-specific plans, if known, or probability weightings of the potential closure methods if the closure plans are under development and multiple closure options are being considered and evaluated on a site-by-site basis.

See Note 5 for further information.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income is the same as net income for all periods presented. Therefore, a separate statement of comprehensive income is not included in the accompanying financial statements.

Revenue Recognition and Unbilled Revenue

Revenues on sales of electricity and natural gas are recognized when service is provided or the product is delivered. Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms.

Duke Energy Kentucky sells, on a revolving basis, nearly all of its retail accounts receivable, including receivables for unbilled revenues, to an affiliate, Cinergy Receivables Company, LLC (CRC). As discussed further in Note 11, Duke Energy Kentucky accounts for the transfers of receivables to CRC as sales. Accordingly, the receivables sold are not reflected on the Balance Sheets. Receivables for unbilled revenues related to retail accounts receivable included in the sales of accounts receivable to CRC at December 31, 2017 and 2016, were \$25 million and \$23 million, respectively.

Unbilled revenues, which are recorded as Receivables on the Balance Sheets and exclude receivables sold to CRC, primarily include wholesale related revenues and totaled \$516 thousand and \$79 thousand at December 31, 2017 and 2016, respectively.

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Derivatives and Hedging

Derivative and non-derivative instruments may be used in connection with commodity price and interest rate activities, including swaps, futures, forwards and options. All derivative instruments, except those that qualify for the normal purchase/normal sale exception, are recorded on the Balance Sheets at fair value. For activity subject to regulatory accounting, gains and losses on derivative contracts are reflected as regulatory assets or liabilities and not as other comprehensive income or current period income. As a result, changes in fair value of these derivatives have no immediate earnings impact.

See Note 9 for further information.

Unamortized Debt Premium, Discount and Expense

Premiums, discounts and expenses incurred with the issuance of outstanding long-term debt are amortized over the term of the debt issue. The gain or loss on extinguishment associated with refinancing higher-cost debt obligations used to finance regulated assets is amortized. Amortization expense is recorded as Interest Expense in the Statements of Operations and is reflected as Depreciation and amortization within Net cash provided by operating activities on the Statements of Cash Flows.

Premiums, discounts and expenses are presented as an adjustment to the carrying value of the debt amount and included in Long-Term Debt on the Balance Sheets presented.

Loss Contingencies and Environmental Liabilities

Contingent losses are recorded when it is probable a loss has occurred and can be reasonably estimated. When a range of the probable loss exists and no amount within the range is a better estimate than any other amount, the minimum amount in the range is recorded. Unless otherwise required by GAAP, legal fees are expensed as incurred.

Environmental liabilities are recorded on an undiscounted basis when environmental remediation or other liabilities become probable and can be reasonably estimated. Environmental expenditures related to past operations that do not generate current or future revenues are expensed. Environmental expenditures related to operations that generate current or future revenues are expensed or capitalized, respectively. Certain environmental expenditures receive regulatory accounting treatment and are recorded as regulatory assets.

See Notes 2 and 3 for further information.

Pension and Other Post-Retirement Benefit Plans

Duke Energy maintains qualified, non-qualified and other post-retirement benefit plans. Eligible employees of Duke Energy Kentucky participate in the respective qualified, non-qualified and other post-retirement benefit plans and Duke Energy Kentucky is allocated its proportionate share of benefit costs. See Note 12 for further information.

Income Taxes

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and foreign jurisdictional returns. Duke Energy Kentucky entered into a tax-sharing agreement with Duke Energy, and income taxes recorded represent amounts Duke Energy Kentucky would incur as a separate C-Corporation. Deferred income taxes have been provided for temporary differences between GAAP and tax bases of assets and liabilities because the differences create taxable or tax-deductible amounts for future periods. Investment tax credits associated with regulated operations are deferred and amortized as a reduction of income tax expense over the estimated useful lives of the related properties.

Accumulated deferred income taxes (ADIT) are valued using the enacted tax rate expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized. In the event of a change in tax rates, deferred tax assets and liabilities are remeasured as of the enactment date of the new rate. To the extent that the change in the value of the deferred tax represents an obligation to customers, the impact of the remeasurement is deferred to a regulatory liability. Remaining impacts are recorded in income from continuing operations. Other impacts of the Tax Cuts and Jobs Act (Tax Act) have been recorded on a provisional basis, see Note 13, "Income Taxes," for additional information. If Duke Energy's estimate of the tax effect of reversing temporary differences is not reflective of actual outcomes, is modified to reflect new developments or interpretations of the tax law, revised to incorporate new accounting principles, or changes in the expected timing or manner of the reversal then Duke Energy's results of operations could be impacted.

Tax-related interest and penalties are recorded in Interest Expense and Other Income and Expenses, net, in the Statements of Operations.

See Note 13 for further information.

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NEW ACCOUNTING STANDARDS

The new accounting standards adopted for 2017 and 2016 had no material impact on the presentation or results of operations, cash flows or financial position of Duke Energy Kentucky. The following new Accounting Standards Updates have been issued, but have not yet been adopted by Duke Energy Kentucky, as of December 31, 2017.

Revenue from Contracts with Customers. In May 2014, the Financial Accounting Standards Board (FASB) issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Duke Energy Kentucky has identified material revenue streams, which served as the basis for accounting analysis and documentation of the impact of this guidance on revenue recognition. The accounting analysis included reviewing representative contracts and tariffs for each material revenue stream. Most of Duke Energy Kentucky's revenue will be in scope of the new guidance. The majority of our sales, including energy provided to residential customers, are from tariff offerings that provide natural gas or electricity without a defined contractual term ("at-will"). For such arrangements, revenue from contracts with customers will be equivalent to the electricity or natural gas supplied and billed in that period (including estimated billings). As such, there will not be a significant shift in the timing or pattern of revenue recognition for such sales.

Duke Energy Kentucky has monitored the activities of the power and utilities industry revenue recognition task force including draft accounting positions released in October 2017 and the impact, if any, on Duke Energy Kentucky's specific contracts and conclusions. Potential revisions to processes, policies and controls, primarily related to evaluating supplemental disclosures required as a result of adopting this guidance, will be evaluated and implemented as necessary. Some revenue arrangements, such as alternative revenue programs and leases, are excluded from the scope of the new revenue recognition guidance and, therefore, will be accounted for and evaluated for separate presentation and disclosure under other relevant accounting guidance.

Duke Energy Kentucky intends to use the modified retrospective method of adoption effective January 1, 2018. Under the modified retrospective method of adoption, prior year reported results are not restated and a cumulative-effect adjustment, if applicable, is recorded to retained earnings at January 1, 2018, as if the standard had always been in effect. In addition, disclosures, if applicable, include a comparison to what would have been reported for 2018 under the previous revenue recognition rules to assist financial statement users in understanding how revenue recognition has changed as a result of this standard and to facilitate comparability with prior year reported results, which are not restated under the modified retrospective approach as described above. Duke Energy Kentucky will utilize certain practical expedients including applying this guidance to open contracts at the date of adoption and recognizing revenues for certain contracts under the invoice practical expedient, which allows revenue recognition to be consistent with invoiced amounts (including estimated billings) provided certain criteria are met, including consideration of whether the invoiced amounts reasonably represent the value provided to customers. While the adoption of this guidance is not expected to have a material impact on either the timing or amount of revenues recognized in Duke Energy Kentucky's financial statements, Duke Energy Kentucky anticipates additional disclosures around the nature, amount, timing and uncertainty of our revenues and cash flows arising from contracts with customers. Duke Energy Kentucky continues to evaluate what information will be most useful for users of the financial statements, including information already provided in disclosures outside of the financial statement footnotes. These additional disclosures are expected to include the disaggregation of revenues by customer class.

Financial Instruments Classification and Measurement. In January 2016, the FASB issued revised accounting guidance for the classification and measurement of financial instruments. Changes in the fair value of all equity securities will be required to be recorded in net income. Current GAAP allows some changes in fair value for available-for-sale equity securities to be recorded in accumulated other comprehensive income. Additional disclosures will be required to present separately the financial assets and financial liabilities by measurement category and form of financial asset. An entity's equity investments that are accounted for under the equity method of accounting are not included within the scope of the new guidance.

For Duke Energy Kentucky, the revised accounting guidance is effective for interim and annual periods beginning January 1, 2018, by recording a cumulative effect adjustment to retained earnings as of January 1, 2018. This guidance is expected to have minimal impact on the Statements of Operations as changes in the fair value of most of the Duke Energy Kentucky's available-for-sale equity securities are deferred as regulatory assets or liabilities pursuant to accounting guidance for regulated operations.

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Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet.

For Duke Energy Kentucky, this guidance is effective for interim and annual periods beginning January 1, 2019. The guidance is applied using a modified retrospective approach. Upon adoption, Duke Energy Kentucky expects to elect the practical expedients, which would require no reassessment of whether existing contracts are or contain leases as well as no reassessment of lease classification for existing leases. Additionally, we expect to adopt the optional transition practical expedient allowing the entity not to reassess the accounting for land easements that currently exist at the adoption of the lease standard on January 1, 2019. Duke Energy Kentucky is currently evaluating the financial statement impact of adopting this standard and is continuing to monitor industry implementation issues, including easements, pole attachments and renewable Power Purchase Agreements. Other than an expected increase in assets and liabilities, the ultimate impact of the new standard has not yet been determined. Significant system enhancements, including additional processes and controls, will be required to facilitate the identification, tracking and reporting of potential leases based upon requirements of the new lease standard. Duke Energy Kentucky has begun the implementation of a third-party software tool to help with the adoption and ongoing accounting under the new standard.

Retirement Benefits. In March 2017, the FASB issued revised accounting guidance for the presentation of net periodic costs related to benefit plans. Current GAAP permits the aggregation of all the components of net periodic costs on the Consolidated Statement of Operations and does not require the disclosure of the location of net periodic costs on the Consolidated Statement of Operations. Under the amended guidance, the service cost component of net periodic costs must be included within Operating Income within the same line as other compensation expenses. All other components of net periodic costs must be outside of Operating Income. In addition, the updated guidance permits only the service cost component of net periodic costs to be capitalized to Inventory or Property, Plant and Equipment. This represents a change from current GAAP, which permits all components of net periodic costs to be capitalized. These amendments should be applied retrospectively for the presentation of the various components of net periodic costs and prospectively for the change in eligible costs to be capitalized. The guidance allows for a practical expedient that permits a company to use amounts disclosed in prior-period financial statements as the estimation basis for applying the retrospective presentation requirements.

For Duke Energy Kentucky, this guidance is effective for interim and annual periods beginning January 1, 2018. Duke Energy Kentucky currently presents the total non-capitalized net periodic costs within Operation, maintenance and other on the Consolidated Statement of Operations. The adoption of this guidance will result in a retrospective change to reclassify the presentation of the non-service cost (benefit) components of net periodic costs to Other income and expenses. Duke Energy Kentucky intends to utilize the practical expedient for retrospective presentation. The change in net periodic costs eligible for capitalization is applicable prospectively. Since Duke Energy Kentucky's service cost component is expected to be greater than the total net periodic costs, the change will result in increased capitalization of net periodic costs, higher Operation, maintenance and other and higher Other income and expenses. The resulting impact to Duke Energy Kentucky is expected to be an immaterial increase in Net income resulting from the limitation of eligible capitalization of net periodic costs to the service cost component, which is larger than the total net periodic costs.

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2. REGULATORY MATTERS

REGULATORY ASSETS AND LIABILITIES

Duke Energy Kentucky records assets and liabilities that result from the ratemaking process. See Note 1 for further information.

The following table represents the regulatory assets and liabilities on the Balance Sheets.

(in thousands)	December 31,		Recovery/Refund Period Ends
	2017	2016	
Regulatory Assets^(a):			
Accrued pension and other post-retirement benefits	\$ 34,682	\$ 31,620	(b)
East Bend deferrals	45,485	32,267	(c)
Demand side management/Energy efficiency costs	2,226	1,661	(c)(d)
Hedge costs and other deferrals	4,938	5,521	(e)
Storm cost deferrals	4,913	4,913	(c)
AROs -- coal ash	16,721	11,412	(c)(g)
Vacation accrual	1,394	1,348	2018
Deferred debt expense	1,188	1,455	2036
Deferred fuel and purchased gas costs	179	3,937	2018
Carbon management research grant	1,800	1,600	(c)
Deferred gas integrity costs	2,887	2,173	(c)
Net regulatory asset related to income taxes	—	2,178	(g)
AMI	6,087	—	(c)
Other	594	—	
Total regulatory assets	123,094	100,085	
Less: current portion	4,356	7,623	
Total noncurrent regulatory assets	\$ 118,738	\$ 92,462	
Regulatory Liabilities^(a):			
Costs of removal	\$ 39,707	\$ 45,878	(f)
Net regulatory liability related to income taxes	132,721	—	(c)
Accrued pension and other post-retirement benefits	4,833	5,550	(b)
Hedge costs and other deferrals	33	2,502	(e)
Deferred fuel and purchased gas costs	(204)	8,456	2018
Profit sharing mechanism	1,405	1,215	2018
Other	14	450	(c)
Total regulatory liabilities	178,509	64,051	
Less: current portion	6,892	12,173	
Total noncurrent regulatory liabilities	\$ 171,617	\$ 51,878	

(a) Regulatory assets and liabilities are excluded from rate base unless otherwise noted.

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- (b) Recovered primarily over the average remaining service periods or life expectancies of employees covered by the benefit plans, which is approximately thirteen years. See Note 12 for further information.
- (c) The expected recovery or refund period varies for these amounts or has not been determined.
- (d) Deferred costs are recovered through a rider mechanism.
- (e) Recovery varies over the life of the associated instrument.
- (f) Represents funds received from customers to cover future removal of property, plant and equipment from retired or abandoned sites as property is retired. Included in rate base and recovered over the life of associated assets.
- (g) Certain amounts are recovered through rates.

RATE RELATED INFORMATION

The KPSC approves rates for retail electric and natural gas services within the Commonwealth of Kentucky. The FERC approves rates for electric sales to wholesale customers served under cost-based rates, as well as sales of transmission service.

Tax Act Impacts

On December 22, 2017, President Trump signed the Tax Act into law, which, among other provisions, reduces the maximum federal corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. As a result of the Tax Act, Duke Energy Kentucky revalued its deferred tax assets and deferred tax liabilities, as of December 31, 2017, to account for the future impact of lower corporate tax rates on these deferred tax amounts. For the Duke Energy Kentucky regulated operations, where the reduction is expected to be accounted for and applied to customers' rates in future commission proceedings, including rate proceedings, the net remeasurement has been deferred as a regulatory liability. KPSC is reviewing the Tax Act to determine the potential impacts on customer rates. Beginning in January 2018, Duke Energy Kentucky will defer the estimated ongoing impacts of the Tax Act that are expected to be returned to customers. See Note 13 for additional information.

Duke Energy Kentucky Rate Case

On September 1, 2017, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$49 million, which represents an approximate 15 percent increase on the average customer bill. The rate increase is driven by increased investment in utility plant, increased operations and maintenance expenses and recovery of regulatory assets. The application also includes implementation of the Environmental Surcharge Mechanism to recover environmental costs not included in base rates, requests to establish a Distribution Capital Investment Rider to recover incremental costs of specific programs, requests to establish a FERC Transmission Cost Reconciliation Rider to recover escalating transmission costs and modification to the Profit Sharing Mechanism to increase customers' share of proceeds from the benefits of owning generation and to mitigate shareholder risks associated with that generation. An evidentiary hearing ended March 8, 2018. Duke Energy Kentucky anticipates that rates will go into effect in mid-April 2018. Duke Energy Kentucky cannot predict the outcome of this matter.

Woodsdale Station Fuel System Filing

On June 9, 2015, the FERC ruled in favor of PJM Interconnection, LLC (PJM) on a revised Tariff and Reliability Assurance Agreement including implementation of a Capacity Performance (CP) proposal and to amend sections of the Operating Agreement related to generation non-performance. The CP proposal includes performance-based penalties for non-compliance. Duke Energy Kentucky is a Fixed Resource Requirement (FRR) entity, and therefore is subject to the compliance standards through its FRR plans. A partial CP obligation will apply to Duke Energy Kentucky in the delivery year beginning June 1, 2019, with full compliance beginning June 1, 2020. Duke Energy Kentucky has developed strategies for CP compliance investments. On December 21, 2017, the KPSC issued an order approving Duke Energy Kentucky's request for a certificate of public convenience and necessity (CPCN) to construct an ultra-low sulfur diesel backup fuel system for the Woodsdale Station. The backup fuel system is projected to cost approximately \$55 million and is anticipated to be in service prior to the CP compliance deadline of April 2019.

East Bend Coal Ash Basin Filings

On December 2, 2016, Duke Energy Kentucky filed with the KPSC a request for a CPCN for construction projects necessary to close and repurpose an ash basin at the East Bend Station as a result of current and proposed U.S. Environmental Protection Agency (EPA) regulations. Duke Energy Kentucky estimated a total cost of approximately \$93 million in the filing and expects in-service date by the first quarter of 2021. On June 6, 2017, the KPSC approved the CPCN request.

Dry Bottom Ash Conversion

On July 28, 2016, Duke Energy Kentucky filed with the KPSC a request for approval of a CPCN to convert to dry bottom ash at the East Bend station. The project is necessary to comply with various environmental law requirements. The project is estimated to cost approximately \$25 million. On February 23, 2017, the KPSC granted a CPCN for the project.

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Advanced Metering Infrastructure (AMI)

On April 25, 2016, Duke Energy Kentucky filed with the KPSC an application for approval of a CPCN for the construction of AMI. Duke Energy Kentucky estimates the \$49 million project will take two years to complete. Duke Energy Kentucky also requested approval to establish a regulatory asset for the remaining book value of existing meter equipment and inventory to be replaced. Duke Energy Kentucky and the Kentucky attorney general entered into a stipulation to settle matters related to the application. On May 25, 2017, the KPSC issued an order to approve the stipulation with certain modifications. On June 1, 2017, Duke Energy Kentucky filed its acceptance of the modifications. The deployment of AMI meters began in third quarter 2017 and is expected to be completed in early 2019. Duke Energy Kentucky has approximately \$6 million included in Regulatory assets on its Consolidated Balance Sheets at December 31, 2017, for the book value of existing meter equipment.

Regional Transmission Organization (RTO) Realignment

Duke Energy Ohio and Duke Energy Kentucky transferred control of their transmission assets to effect a RTO realignment from Midcontinent Independent System Operator, Inc. (MISO) to PJM, effective December 31, 2011.

On December 22, 2010, the KPSC approved Duke Energy Kentucky's request to effect the RTO realignment, subject to a commitment not to seek double-recovery in a future rate case of the transmission expansion fees that may be charged by MISO and PJM in the same period or overlapping periods. Duke Energy Kentucky is not currently recovering PJM or MISO transmission expansion fees through current base rates.

Upon its exit from MISO on December 31, 2011, Duke Energy Kentucky recorded a liability and expense for its exit obligation and share of MISO Transmission Expansion Planning costs, excluding Multi Value Projects (MVP). This liability was recorded within Other in Current Liabilities and Other In Noncurrent Liabilities on the Balance Sheets.

The following table provides a reconciliation of the beginning and ending balance of recorded obligations related to the withdrawal from MISO.

(in thousands)	December 31, 2016	Provision / Adjustments	Cash Reductions	December 31, 2017
MISO withdrawal liability	\$ 19,452	\$ (2,111)	\$ (975)	\$ 16,366

MVP

MISO approved 17 MVP proposals prior to Duke Energy Ohio and Duke Energy Kentucky's exit from MISO on December 31, 2011. Construction of these projects is expected to continue through 2020. Costs of these projects, including operating and maintenance costs, property and income taxes, depreciation and an allowed return, are allocated and billed to MISO transmission owners.

On December 29, 2011, MISO filed a tariff with the FERC providing for the allocation of MVP costs to a withdrawing owner based on monthly energy usage. The FERC set for hearing (i) whether MISO's proposed cost allocation methodology to transmission owners who withdrew from MISO prior to January 1, 2012 is consistent with the tariff at the time of their withdrawal from MISO and, (ii) if not, what the amount of and methodology for calculating any MVP cost responsibility should be. In 2012, MISO estimated Duke Energy Kentucky's MVP obligation over the period from 2012 to 2071 at \$450 million, on an undiscounted basis. On July 16, 2013, a FERC Administrative Law Judge (ALJ) issued an initial decision. Under this initial decision, Duke Energy Ohio and Duke Energy Kentucky would be liable for MVP costs. Duke Energy Ohio and Duke Energy Kentucky filed exceptions to the initial decision, requesting the FERC overturn the ALJ's decision.

On October 29, 2015, the FERC issued an order reversing the ALJ's decision. The FERC ruled the cost allocation methodology is not consistent with the MISO tariff and that Duke Energy Ohio and Duke Energy Kentucky have no liability for MVP costs after withdrawal from MISO. On May 19, 2016, the FERC denied the request for rehearing filed by MISO and the MISO Transmission Owners. On July 15, 2016, the MISO Transmission Owners filed a petition for review with the U.S. Court of Appeals for the Sixth Circuit. On June 21, 2017, a three-judge panel affirmed FERC's 2015 decision holding that Duke Energy Kentucky has no liability for the cost of the MVP projects constructed after Duke Energy Kentucky's withdrawal from MISO. MISO did not file further petitions for review and this matter is now final.

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3. COMMITMENTS AND CONTINGENCIES

GENERAL INSURANCE

Duke Energy Kentucky has insurance and/or reinsurance coverage either directly or through indemnification from Duke Energy's captive insurance company, Bison Insurance Company Limited, and its affiliates, consistent with companies engaged in similar commercial operations with similar type properties. Duke Energy Kentucky's coverage includes (i) commercial general liability coverage for liabilities arising to third parties for bodily injury and property damage; (ii) workers' compensation; (iii) automobile liability coverage; and (iv) property coverage for all real and personal property damage. Real and personal property damage coverage excludes electric transmission and distribution lines, but includes damages arising from boiler and machinery breakdowns, earthquakes, flood damage and extra expense, but not outage or replacement power coverage. All coverage is subject to certain deductibles or retentions, sublimits, exclusions, terms and conditions that are common for companies with similar types of operations. Duke Energy Kentucky self-insures its electric transmission and distribution lines against loss due to storm damage and other natural disasters.

The cost of Duke Energy Kentucky's coverage can fluctuate year to year reflecting claims history and conditions of the insurance and reinsurance markets.

In the event of a loss, terms and amounts of insurance and reinsurance available might not be adequate to cover claims and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered by other sources, could have a material effect on Duke Energy Kentucky's results of operations, cash flows or financial position. Duke Energy Kentucky is responsible to the extent losses may exceed limits of the coverage available.

ENVIRONMENTAL

Duke Energy Kentucky is subject to federal, state, and local regulations regarding air and water quality, hazardous and solid waste disposal, and other environmental matters. These regulations can be changed from time to time, imposing new obligations on Duke Energy Kentucky.

Remediation Activities

In addition to the AROs discussed in Note 5, Duke Energy Kentucky is responsible for environmental remediation at various sites. These include some properties that are part of ongoing operations and sites formerly owned or used by Duke Energy Kentucky. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site condition and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, Duke Energy Kentucky could potentially be held responsible for environmental impacts caused by other potentially responsible parties, and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other in the Statements of Operations unless regulatory recovery of the costs is deemed probable.

Duke Energy Kentucky has accrued approximately \$670 thousand of probable and estimable costs related to its various environmental sites in Other within Other Noncurrent Liabilities on the Balance Sheets as of December 31, 2017 and 2016. Additional losses in excess of recorded reserves are expected to be immaterial for the stages of investigation, remediation and monitoring for the environmental sites that have been evaluated. The maximum amount of the range for all stages of Duke Energy Kentucky's environmental sites cannot be determined at this time.

Clean Power Plan (CPP)

On October 23, 2015, the EPA published in the Federal Register the CPP rule for regulating carbon dioxide (CO₂) emissions from existing fossil fuel-fired electric generating units. The CPP establishes CO₂ emission rates and mass cap goals that apply to fossil fuel-fired generation. Petitions challenging the CPP have been filed by several groups and on February 9, 2016, the Supreme Court issued a stay of the final CPP rule, halting implementation of the CPP until legal challenges are resolved. Kentucky has suspended work on the CPP in response to the stay. Oral arguments before 10 of the 11 judges on the D.C. Circuit Court were heard on September 27, 2016. The court has not issued its opinion in the case.

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On March 28, 2017, President Trump signed an executive order directing EPA to review the CPP and determine whether to suspend, revise or rescind the rule. On the same day, the Department of Justice filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. On April 28, 2017, the court issued an order to suspend the litigation for 60 days. On August 8, 2017, the court, on its own motion, extended the suspension of the litigation for an additional 60 days. On October 16, 2017, EPA issued a Notice of Proposed Rulemaking (NPR) to repeal the CPP based on a change to EPA's legal interpretation of the section of the Clean Air Act on which the CPP was based. In the proposal, EPA indicates that it has not determined whether it will issue a rule to replace the CPP, and if it will do so, when and what form that rule will take. The comment period on EPA's NPR ends April 26, 2018. On December 28, 2017, EPA issued an Advance Notice of Proposed Rulemaking (ANPRM) in which it seeks public comment on various aspects of a potential CPP replacement rule. The comment period on the ANPRM ended February 26, 2018. If EPA decides to move forward with a CPP replacement rule, it will need to issue a formal proposal for public comment. Litigation of the CPP remains on hold in the D.C. Circuit Court and the February 2016 U.S. Supreme Court stay of the CPP remains in effect. Duke Energy Kentucky cannot predict the outcome of these matters.

LITIGATION

Duke Energy Kentucky is involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. Duke Energy Kentucky believes the final disposition of these proceedings will not have a material effect on its results of operations, cash flows or financial position. Duke Energy Kentucky expenses legal costs related to the defense of loss contingencies as incurred.

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of its normal business, Duke Energy Kentucky is party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various third parties. These guarantees involve elements of performance and credit risk which are not included on the Balance Sheets. The possibility of Duke Energy Kentucky having to honor its contingencies is largely dependent upon future operations of various third parties or the occurrence of certain future events.

Operating and Capital Lease Commitments

Duke Energy Kentucky leases vehicles, computer equipment and other property and equipment with various terms and expiration dates. Capitalized lease obligations are classified as Long-Term Debt on the Balance Sheets. Amortization of assets recorded under capital leases is included in Depreciation and amortization on the Statements of Operations.

Rental expense for operating leases, which is included in Operation, maintenance and other on the Statements of Operations, was \$2 million and \$3 million for the years ended December 31, 2017 and 2016, respectively.

The following table presents future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, and capital leases as of December 31, 2017.

(In thousands)	Operating Leases	Capital Leases
2018	\$ 2,649	\$ 975
2019	1,332	461
2020	1,118	236
2021	929	—
2022	676	—
Thereafter	587	—
Minimum annual payments	7,291	1,672
Less: amount representing interest	—	(206)
Total	\$ 7,291	\$ 1,466

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4. DEBT AND CREDIT FACILITIES

SUMMARY OF DEBT AND RELATED TERMS

The following table summarizes outstanding debt.

(in thousands)	Weighted Average Interest Rate	Year Due	December 31,	
			2017	2016
Unsecured debt	4.56%	2019 - 2057	\$ 350,000	\$ 260,000
Capital leases	6.16%	2018 - 2020	1,466	2,152
Tax-exempt bonds(a)(b)	1.74%	2027	76,720	76,720
Money pool borrowings(b)(c)	1.66%		25,000	44,656
Unamortized debt discount and premium, net			(288)	(338)
Unamortized debt issuance costs			(1,718)	(1,488)
Total debt	3.93%		\$ 451,180	\$ 381,702
Short-term money pool borrowings			—	(19,656)
Current maturities of long-term debt			(885)	(686)
Total long-term debt			\$ 450,295	\$ 361,360

(a) Includes \$27 million that is secured by a bilateral letter of credit agreement.

(b) Floating-rate debt. At December 31, 2016, the weighted average interest rate was 1.05% for tax-exempt bonds.

(c) Includes \$25 million classified as Long-Term Debt Payable to Affiliated Companies on the Balance Sheets.

MATURITIES AND CALL OPTIONS

The following table shows the annual maturities of long-term debt for the next five years and thereafter.

(in thousands)	December 31, 2017	
2018	\$	885
2019		100,210
2020		55
2021		49,873
2022		24,873
Thereafter		275,284
Total long-term debt, including current maturities	\$	451,180

Duke Energy Kentucky has the ability under certain debt facilities to call and repay the obligation prior to its scheduled maturity. Therefore, the actual timing of future cash repayments could be materially different than as presented above.

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SHORT-TERM OBLIGATIONS CLASSIFIED AS LONG-TERM DEBT

Tax-exempt bonds that may be put to Duke Energy Kentucky at the option of the holder and money pool borrowings, which are short-term obligations by nature, are classified as long-term due to Duke Energy Kentucky's intent and ability to utilize such borrowings as long-term financing. As Duke Energy's Master Credit Facility and Duke Energy Kentucky's other bilateral letter of credit agreements have non-cancelable terms in excess of one year as of the balance sheet date, Duke Energy Kentucky has the ability to refinance these short-term obligations on a long-term basis. See "Available Credit Facilities" below for additional information.

At December 31, 2017 and 2016, \$27 million of tax-exempt bonds and \$25 million of money pool borrowings were classified as Long-Term Debt and Long-Term Debt Payable to Affiliated Companies, respectively, on the Balance Sheets.

SIGNIFICANT DEBT ISSUANCES

In September 2017, Duke Energy Kentucky issued \$90 million of unsecured debentures, of which \$30 million carry a fixed interest rate of 3.35 percent and mature September 2029, \$30 million carry a fixed interest rate of 4.11 percent and mature September 2047 and \$30 million carry a fixed interest rate of 4.26 percent and mature September 2057. The debt was issued for capital expenditures, to refinance short-term debt and for general corporate purposes.

In January 2016, Duke Energy Kentucky issued \$95 million of unsecured debentures, of which \$45 million carry a fixed interest rate of 3.42 percent and mature January 15, 2026, and \$50 million carry a fixed interest rate of 4.45 percent and mature January 15, 2046. Proceeds were used to refinance existing debt, including money pool borrowings, capital expenditures and for general corporate purposes.

AVAILABLE CREDIT FACILITIES

In March 2017, Duke Energy amended its Master Credit Facility to increase its capacity from \$7.5 billion to \$8 billion, and to extend the termination date of the facility from January 30, 2020, to March 16, 2022. In January 2018, Duke Energy further amended its Master Credit Facility with consenting lenders to extend \$7.65 billion of the existing \$8 billion Master Credit Facility by one year to March 16, 2023. Duke Energy Kentucky has borrowing capacity under the Master Credit Facility up to a specified sublimit. Duke Energy has the unilateral ability at any time to increase or decrease Duke Energy Kentucky's borrowing sublimit, subject to a maximum sublimit. The amount available to Duke Energy Kentucky under the Master Credit Facility may be reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to Duke Energy Kentucky at the option of the holder. At December 31, 2017, Duke Energy Kentucky had a borrowing sublimit of \$150 million and available capacity of \$125 million under the Master Credit Facility.

Duke Energy Kentucky and Duke Energy Indiana, LLC (Duke Energy Indiana), a wholly owned subsidiary of Duke Energy, collectively have a \$156 million bilateral letter of credit agreement. In February 2018, Duke Energy Kentucky and Duke Energy Indiana amended the bilateral letter of credit agreement to extend the termination date from February 2019 to February 2023. Duke Energy Kentucky and Duke Energy Indiana may request the issuance of letters of credit up to \$27 million and \$129 million, respectively, on their behalf to support various series of tax-exempt bonds. This credit facility may not be used for any purpose other than to support the tax-exempt bonds.

OTHER DEBT MATTERS

Money Pool

Duke Energy Kentucky receives support for its short-term borrowing needs through participation with Duke Energy and certain of its subsidiaries in a money pool arrangement. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. The money pool is structured such that Duke Energy Kentucky separately manages its cash needs and working capital requirements. Accordingly, there is no net settlement of receivables and payables related to the money pool between the money pool participants.

Money pool receivable balances are reflected within Notes receivable from affiliated companies in the Balance Sheets. The change in receivables is reflected within Investing Activities on the Statements of Cash Flows. Money pool payable balances are reflected within either Notes payable to affiliated companies or Long-Term Debt Payable to Affiliated Companies on the Balance Sheets. The change in payables are reflected within Financing Activities on the Statements of Cash Flows.

Restrictive Debt Covenants

Duke Energy Kentucky's debt and credit agreements contain various financial and other covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements. As of December 31, 2017, Duke Energy Kentucky was in compliance with all covenants related to its debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment, or the acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the debt or credit agreements contain material adverse change clauses.

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5. ASSET RETIREMENT OBLIGATIONS

Duke Energy Kentucky records an ARO when it has a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Certain assets have an indeterminate life, and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these AROs will be recorded when a fair value is determinable.

Duke Energy Kentucky's regulated electric and regulated natural gas operations accrue costs of removal for property that does not have an associated legal retirement obligation based on regulatory orders from the KPSC. These costs of removal are recorded as a regulatory liability in accordance with regulatory accounting treatment. See Note 2 for the estimated cost of removal for assets without an associated legal retirement obligation, which are included in Regulatory liabilities on the Balance Sheets as of December 31, 2017 and 2016.

In April 2015, the EPA published a rule to regulate the disposal of Coal Combustion Residuals (CCR) from electric utilities as solid waste. The EPA CCR rule establishes requirements regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR. The EPA CCR rule has certain requirements which if not met could initiate impoundment closure and require closure completion within five years. The EPA CCR rule includes extension requirements, which if met could allow the extension of closure completion by up to 10 years. On March 1, 2018, the EPA proposed significant changes to the federal CCR rule, including revisions that were required as part of a CCR litigation settlement, as well as changes that the agency considers warranted due to the passage of the Water Infrastructure Improvements for the Nation Act, which provides statutory authority for state and federal permit programs. Duke Energy Kentucky does not expect any significant changes to our closure plans as we continue to safely close ash basins across the various sites. In addition to the requirements of the federal CCR regulation, CCR landfills and surface impoundments are also independently regulated by the state of Kentucky.

The ARO amount recorded on the Balance Sheets is based upon estimated closure costs for impacted ash impoundments. The amount recorded represents the discounted cash flows for estimated closure costs based upon either specific closure plans or the probability weightings of the potential closure methods as evaluated on a site-by-site basis. Actual costs to be incurred will be dependent upon factors that vary from site to site. The most significant factors are the method and time frame of closure at the individual sites. Closure methods considered include removing the water from the basins, consolidating material as necessary and capping the ash with a synthetic barrier, excavating and relocating the ash to a lined structural fill or lined landfill, or recycling the ash for concrete or some other beneficial use. The ultimate method and timetable for closure will be in compliance with standards set by federal and state regulations. The ARO amount will be adjusted as additional information is gained through the closure and post-closure process, including acceptance and approval of compliance approaches which may change management assumptions, and may result in a material change to the balance. See ARO Liability Rollforward section below for information on revisions made to the coal ash liability during 2017 and 2016.

Asset retirement costs associated with coal ash AROs at the East Bend Station are included within Property, Plant and Equipment on the Balance Sheets.

The following table presents the changes in the liability associated with AROs.

(in thousands)	Years Ended December 31,	
	2017	2016
Balance at beginning of period	\$ 52,822	\$ 103,500
Accretion expense	2,044	4,034
Liabilities settled(a)	(7,435)	(4,757)
Liabilities incurred in the current year(b)	7,089	—
Revisions to estimates of cash flows(c)	62	(49,955)
Balance at end of period	\$ 54,582	\$ 52,822

(a) Settlement of liabilities primarily relate to ash basin closure costs at the East Bend Station.

(b) Additional liabilities incurred primarily relate to landfill closure costs at the East Bend Station.

(c) 2016 amount primarily related to ash basin closure costs based on additional site-specific information about related costs, methods and timing of work to be performed.

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Cost recovery related to ash basin and landfill closures will be pursued through the normal ratemaking process with the KPSC which permits recovery of necessary and prudently incurred costs associated with Duke Energy Kentucky's regulated operations.

6. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes property, plant and equipment.

(in thousands)	Estimated Useful Life (Years)	December 31,	
		2017	2016
Land		\$ 24,616	\$ 26,007
Plant(a)			
Electric generation, distribution and transmission	8 – 100	1,585,904	1,496,729
Natural gas transmission and distribution	12 – 50	488,871	459,165
Other buildings and improvements	15 – 100	11,958	11,554
Equipment	5 – 25	19,167	17,549
Construction in process		109,722	63,833
Other	5 – 10	51,847	41,382
Total property, plant and equipment		2,292,085	2,116,219
Accumulated depreciation and amortization(b)		(977,244)	(948,144)
Net property, plant and equipment(c)		\$ 1,314,841	\$ 1,168,075

- (a) Includes capitalized lease amounts of \$26.2 million and \$27.6 million at December 31, 2017 and 2016, respectively.
(b) Includes accumulated amortization of capitalized leases of \$6.8 million and \$7.1 million at December 31, 2017 and 2016, respectively.
(c) The debt component of AFUDC totaled \$1.3 million and \$0.5 million at December 31, 2017 and 2016, respectively.

7. OTHER INCOME AND EXPENSES, NET

The components of Other Income and Expenses, net on the Statements of Operations are as follows.

(in thousands)	Years Ended December 31,	
	2017	2016
Income/(Expense):		
Interest income	\$ 1,236	\$ 990
AFUDC equity	3,358	1,332
Other	5	(1)
Other Income and Expenses, net	\$ 4,599	\$ 2,321

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8. RELATED PARTY TRANSACTIONS

Duke Energy Kentucky engages in related party transactions, which are generally performed at cost and in accordance with KPSC and FERC regulations. Material amounts related to transactions with related parties included in the Statements of Operations are presented in the following table.

(in thousands)	Years Ended December 31,	
	2017	2016
Corporate governance and shared service expenses(a)	\$ 81,815	\$ 83,100

(a) Duke Energy Kentucky is charged its proportionate share of costs, primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs, from an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. These amounts are recorded in Operation, maintenance and other within Operating Expenses on the Statements of Operations.

In addition to the amounts presented above, Duke Energy Kentucky records the impact on net income of other affiliate transactions, including rental of office space, participation in a money pool arrangement with Duke Energy and certain of its subsidiaries, other operational transactions and its proportionate share of certain charged expenses. The net impact of these transactions was not material for each of the years ended December 31, 2017 and 2016.

Certain trade receivables have been sold by Duke Energy Kentucky to CRC, an unconsolidated entity formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price. See Notes 1 and 11 for further information related to the sales of these receivables.

See the Balance Sheets for amounts due to or due from related parties.

Intercompany Income Taxes

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and jurisdictional returns. Duke Energy Kentucky has a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts Duke Energy Kentucky would incur as a separate C-Corporation. Duke Energy Kentucky had an intercompany tax payable balance of \$2 million at December 31, 2017, and an immaterial intercompany tax payable balance at December 31, 2016.

9. DERIVATIVES AND HEDGING

COMMODITY PRICE RISK

Duke Energy Kentucky has limited exposure to market price changes of fuel and emission allowance costs incurred for its retail customers due to the use of cost tracking and recovery mechanisms. Duke Energy Kentucky does have exposure to the impact of market fluctuations in the prices of electricity, fuel and emission allowances associated with its generation output not utilized to serve retail operations or committed load (off-system, wholesale power sales). Duke Energy Kentucky's outstanding commodity derivatives are financial transmission rights.

See Note 10 for additional information on the fair value of commodity derivatives.

INTEREST RATE RISK

Duke Energy Kentucky is exposed to changes in interest rates as a result of its issuance or anticipated issuance of variable-rate and fixed-rate debt. Interest rate risk is managed by limiting variable-rate exposure to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, Duke Energy Kentucky may enter into financial contracts including interest rate swaps and U.S. Treasury lock agreements. The notional amount of interest rate swaps outstanding was \$26.7 million at December 31, 2017 and December 31, 2016. Financial contracts entered into by Duke Energy Kentucky are not designated as a hedge because they are accounted for under regulatory accounting. With regulatory accounting, the mark-to-market gains or losses are deferred as regulatory liabilities or assets. Regulatory assets and liabilities are amortized consistent with the treatment of related costs in the ratemaking process. The accrual of interest on swaps is recorded as Interest Expense on the Statements of Operations.

See Note 10 for additional information on the fair value of interest rate derivatives.

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CREDIT RISK

Duke Energy Kentucky analyzes the financial condition of counterparties prior to entering into agreements and establishes credit limits and monitors the appropriateness of those limits on an ongoing basis. Credit limits and collateral requirements for retail electric customers are established by the KPSC.

Duke Energy Kentucky's industry has historically operated under negotiated credit lines for physical delivery contracts. Duke Energy Kentucky may use master collateral agreements to mitigate certain credit exposures. The collateral agreements require certain counterparties to post cash or letters of credit for the amount of exposure in excess of an established threshold. The threshold amount represents an unsecured credit limit determined in accordance with the corporate credit policy. Collateral agreements also provide that the inability to post collateral is sufficient cause to terminate contracts and liquidate all positions.

Duke Energy Kentucky also obtains cash or letters of credit from customers to provide credit support outside of collateral agreements, where appropriate, based on its financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each transaction.

10. FAIR VALUE MEASUREMENTS

Fair value is the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. An active market is one in which transactions for an asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 – A fair value measurement utilizing inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly, for an asset or liability. Inputs include (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, and (iii) inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, and credit spreads. A Level 2 measurement cannot have more than an insignificant portion of its valuation based on unobservable inputs. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, swaps and options; certain marketable debt securities; and financial instruments traded in less than active markets.

Level 3 – Any fair value measurement which includes unobservable inputs for more than an insignificant portion of the valuation. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 measurements may include longer-term instruments that extend into periods in which observable inputs are not available.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. Duke Energy Kentucky has not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. Duke Energy Kentucky's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels 1, 2 or 3 during the years ended December 31, 2017 and 2016.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models which utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

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QUANTITATIVE DISCLOSURES

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Balance Sheets. Derivative amounts in the table below exclude cash collateral.

(in thousands)	December 31, 2017		
	Total Fair		
	Value	Level 2	Level 3
Derivative assets ^(a)	\$ 1,444	\$ —	\$ 1,444
Derivative liabilities ^(b)	(5,367)	(5,367)	—
Net (liabilities) assets	\$ (3,923)	\$ (5,367)	\$ 1,444

(in thousands)	December 31, 2016		
	Total Fair		
	Value	Level 2	Level 3
Derivative assets ^(a)	\$ 4,916	\$ —	\$ 4,916
Derivative liabilities ^(b)	(5,944)	(5,944)	—
Net (liabilities) assets	\$ (1,028)	\$ (5,944)	\$ 4,916

- (a) Included in Other within Current Assets and Other within Other Noncurrent Assets on the Balance Sheets. The amounts classified as Level 3 relate to financial transmission rights.
- (b) Included in Other within Current Liabilities and Other within Other Noncurrent Liabilities on the Balance Sheets. The amounts classified as Level 2 relate to interest rate swaps.

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3).

(in thousands)	Derivatives (net)	
	Years Ended December 31,	
	2017	2016
Balance at beginning of period	\$ 4,916	\$ 2,913
Purchases, sales, issuances and settlements:		
Purchases	3,343	4,921
Settlements	(4,135)	(4,441)
Total (losses) gains included on the Balance Sheets as regulatory assets or liabilities	(2,680)	1,523
Balance at end of period	\$ 1,444	\$ 4,916

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OTHER FAIR VALUE DISCLOSURES

The fair value of long-term debt, including current maturities, is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined are not necessarily indicative of the amounts Duke Energy Kentucky could have settled in current markets. The fair value of long-term debt is determined using Level 2 measurements.

(in thousands)	December 31, 2017		December 31, 2016	
	Book value	Fair value	Book value	Fair value
Long-Term debt, including current maturities	\$ 451,180	\$ 475,973	\$ 362,046	\$ 380,386

At both December 31, 2017 and December 31, 2016, the fair value of cash and cash equivalents, accounts and notes receivable, and accounts and notes payable are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

11. VARIABLE INTEREST ENTITIES

A variable interest entity (VIE) is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity, and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring reevaluation, such as a significant change in an entity's assets or activities. A qualitative analysis of control determines the party that consolidates a VIE. This assessment is based on (i) what party has the power to direct the most significant activities of the VIE that impact its economic performance and (ii) what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

Cinergy Receivables Company

CRC is a bankruptcy remote, special purpose entity that is an affiliate of Duke Energy Kentucky. As discussed below, Duke Energy Kentucky does not consolidate CRC as it is not the primary beneficiary. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Kentucky. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Kentucky. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Depending on experience with collections, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million. There were no infusions to CRC during the years ended December 31, 2017 and 2016.

The proceeds Duke Energy Kentucky receives from the sale of receivables to CRC are typically 75 percent cash and 25 percent in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Duke Energy Kentucky had receivables of \$19.7 million and \$18.4 million from CRC at December 31, 2017 and December 31, 2016, respectively. These balances are included in Receivables from affiliated companies on the Balance Sheets.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy consolidates CRC as it makes these decisions. Duke Energy Kentucky does not consolidate CRC. No financial support was provided to this non-consolidated VIE during the years ended December 31, 2017 or 2016, or is expected to be provided in the future, that was not previously contractually required.

The subordinated note held by Duke Energy Kentucky is stated at fair value. Carrying values of retained interests are determined by allocating carrying value of the receivables between assets sold and interests retained based on relative fair value. The allocated basis of the subordinated notes are not materially different than their face value because (i) the receivables generally turnover in less than two months, (ii) credit losses are reasonably predictable due to the broad customer base and lack of significant concentration and (iii) the equity in CRC is subordinate to all retained interests and thus would absorb losses first. The hypothetical effect on fair value of the retained interests assuming both a 10 percent and a 20 percent unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Kentucky on the retained interests using the acceptable yield method. This method generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both retained interests and purchased beneficial interest whenever it is determined that an other-than-temporary impairment has occurred. Duke Energy Kentucky's maximum exposure to loss does not exceed the carrying value.

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Key assumptions used in estimating fair value in 2017 and 2016 are detailed in the following table.

	2017	2016
Anticipated credit loss ratio	0.5%	0.5%
Discount rate	2.1%	1.5%
Receivables turnover rate	11.4%	11.5%

The following table presents gross and net receivables sold.

(in thousands)	December 31, 2017	December 31, 2016
Receivables sold	\$ 59,074	\$ 58,903
Less: Retained interests	19,736	18,390
Net receivables sold	\$ 39,338	\$ 40,513

The following table presents sales and cash flows related to receivables sold.

(in thousands)	Years Ended December 31,	
	2017	2016
Sales:		
Receivables sold	\$ 417,779	\$ 438,249
Loss recognized on sale	1,704	1,627
Cash flows:		
Cash proceeds from receivables sold	\$ 414,729	\$ 428,369
Collection fees received	209	219
Return received on retained interests	783	647

Cash flows from the sale of receivables are reflected within Operating Activities on the Statements of Cash Flows.

Collection fees received in connection with the servicing of transferred accounts receivable are included in Operation, maintenance, and other on the Statements of Operations. The loss recognized on the sale of receivables is calculated monthly by multiplying the receivables sold during the month by the required discount. The required discount is derived monthly utilizing a three-year weighted average formula that considers charge-off history, late charge history and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is calculated monthly by summing the prior month-end London Interbank Offered Rate (LIBOR) plus a fixed rate of 1.00 percent.

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12. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy Kentucky participates in qualified and non-qualified defined benefit retirement plans and other post-retirement benefit plans sponsored by Duke Energy. Duke Energy allocates pension and other post-retirement obligations and costs related to these plans to Duke Energy Kentucky. The plans cover most employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits based upon a percentage of current eligible earnings based on age and/or years of service and interest credits. Certain employees are covered under plans that use a final average earnings formula. Under these average earnings formulas, a plan participant accumulates a retirement benefit equal to the sum of percentages of their (i) highest three-year or four-year average earnings, (ii) highest three-year or four-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), and/or (iii) highest three-year average earnings times years of participation in excess of 35 years. Duke Energy also maintains, and Duke Energy Kentucky participates in, non-qualified, non-contributory defined benefit retirement plans which cover certain executives. As of January 1, 2014, the qualified and non-qualified non-contributory defined benefit plans are closed to new participants.

Duke Energy approved plan amendments to restructure its qualified non-contributory defined benefit retirement plans, effective January 1, 2018. The restructuring involved (i) the spin-off of the majority of inactive participants from two plans into a separate inactive plan and (ii) the merger of the active participant portions of such plans. Benefits offered to the plan participants remain unchanged. Actuarial gains and losses associated with the inactive plan will be amortized over the remaining life expectancy of the inactive participants.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. Actual contributions for Duke Energy Kentucky were \$1,324 thousand and \$1,443 thousand for the years ended December 31, 2017 and 2016, respectively. A contribution of \$72 thousand for Duke Energy Kentucky was made on January 2, 2018; no further contributions are anticipated in 2018.

Net periodic benefit costs disclosed in the tables below represent the cost of the respective plan for the periods presented. However, portions of the net periodic benefit cost disclosed in the tables have been capitalized as a component of property, plant and equipment. Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated by Duke Energy for employees of Duke Energy Kentucky. Additionally, Duke Energy Kentucky is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Kentucky. These allocated amounts are included in the governance and shared services costs discussed in Note 8.

QUALIFIED PENSION PLANS

Components of Net Periodic Pension Costs

(In thousands)	Years Ended December 31,	
	2017	2016
Service cost	\$ 1,360	\$ 1,459
Interest cost on projected benefit obligation	4,274	4,368
Expected return on plan assets	(6,290)	(6,156)
Amortization of prior service cost	(95)	4
Amortization of loss	1,912	1,677
Other	91	91
Net periodic pension costs	\$ 1,252	\$ 1,443

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Amounts Recognized in Regulatory Assets

(in thousands)	December 31,	
	2017	2016
Regulatory assets, net increase	\$ 3,340	\$ 3,636

Reconciliation of Funded Status to Net Amount Recognized

(in thousands)	Years Ended December 31,	
	2017	2016
Change in Projected Benefit Obligation:		
Obligation at prior measurement date	\$ 106,067	\$ 100,829
Service cost	1,360	1,459
Interest cost	4,274	4,368
Actuarial losses	10,369	6,203
Transfers (a)	1,586	2,003
Plan amendments	—	(450)
Benefits paid	(6,679)	(8,345)
Obligation at measurement date	\$ 116,977	\$ 106,067
Accumulated Benefit Obligation	\$ 113,557	\$ 102,223
Change in Fair Value of Plan Assets:		
Plan assets at prior measurement date	\$ 98,252	\$ 96,373
Actual return on plan assets	11,674	6,778
Benefits paid	(6,679)	(8,345)
Employer contributions	1,324	1,443
Transfers (a)	1,586	2,003
Plan assets at measurement date	\$ 106,157	\$ 98,252

(a) Transfers represents net amounts associated with plan participants that have moved to/from other Duke Energy subsidiaries.

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Amounts Recognized in the Balance Sheets

(in thousands)	December 31,	
	2017	2016
Prefunded pension(a)	\$ 1,184	\$ 1,716
Noncurrent pension liability(b)	12,004	9,531
Net liability recognized	\$ (10,820)	\$ (7,815)
Regulatory assets	\$ 32,299	\$ 28,959
Amounts to be reported in net periodic pension expense in the next year:		
Unrecognized net actuarial loss	\$ 1,664	\$ 1,407
Unrecognized prior service credit	(100)	62

- (a) Included in Other within Investments and Other Assets on the Balance Sheets.
(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

(in thousands)	December 31,	
	2017	2016
Projected benefit obligation	\$ 102,755	\$ 92,663
Accumulated benefit obligation	99,335	88,820
Fair Value of plan assets	90,750	83,132

Assumptions Used for Pension Benefits Accounting

	December 31,	
	2017	2016
Benefit Obligations:		
Discount rate	3.60%	4.10%
Salary increase	3.50%	4.40%
Net Periodic Benefit Cost:		
Discount rate	4.10%	4.40%
Salary increase	4.40%	4.40%
Expected long-term rate of return on plan assets	6.50%	6.50%

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

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NON-QUALIFIED PENSION PLANS

Components of Net Periodic Pension Costs

(in thousands)	Years Ended December 31,	
	2017	2016
Interest cost on projected benefit obligation	\$ 6	\$ 6
Amortization of actuarial loss	4	5
Net periodic pension costs	\$ 10	\$ 11

Amounts Recognized in Regulatory Assets

(in thousands)	December 31,	
	2017	2016
Regulatory assets, net increase	\$ 1	\$ --

Reconciliation of Funded Status to Net Amount Recognized

(in thousands)	Years Ended December 31,	
	2017	2016
Change in Projected Benefit Obligation:		
Obligation at prior measurement date	\$ 140	\$ 141
Interest cost	6	6
Actuarial losses	6	4
Benefits paid	(11)	(11)
Obligation at measurement date	\$ 141	\$ 140
Accumulated Benefit Obligation	\$ 141	\$ 140
Change in Fair Value of Plan Assets:		
Plan assets at prior measurement date	\$ --	\$ --
Benefits paid	(11)	(11)
Employer contributions	11	11
Plan assets at measurement date	\$ --	\$ --

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Amounts Recognized in the Balance Sheets

(in thousands)	December 31,	
	2017	2016
Current pension liability(a)	\$ 10	\$ 10
Noncurrent pension liability(b)	131	130
Total accrued pension liability	\$ 141	\$ 140
Regulatory assets	\$ 52	\$ 51
Amounts to be recognized in net periodic pension expense in the next year:		
Unrecognized net actuarial loss	\$ 4	4

(a) Included in Other within Current Liabilities on the Balance Sheets.

(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

Information for Plans with Accumulated Benefit Obligation In Excess of Plan Assets

(in thousands)	December 31,	
	2017	2016
Projected benefit obligation	\$ 141	\$ 140
Accumulated benefit obligation	141	140

Assumptions Used for Pension Benefits Accounting

	December 31,	
	2017	2016
Benefit Obligations:		
Discount rate	3.60%	4.10%
Salary increase	3.50%	4.40%
Net Periodic Benefit Cost:		
Discount rate	4.10%	4.40%
Salary increase	4.40%	4.40%

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

OTHER POST-RETIREMENT BENEFIT PLANS

Duke Energy provides, and Duke Energy Kentucky participates in, some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans. The health care benefits include medical, dental, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments.

Duke Energy did not make any pre-funding contributions to its other post-retirement benefit plans during the years ended December 31, 2017 and 2016.

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Components of Net Periodic Other Post-Retirement Benefit Costs

(in thousands)	Years Ended December 31,	
	2017	2016
Service cost	\$ 82	\$ 91
Interest cost on projected benefit obligation	254	288
Expected return on plan assets	(78)	(61)
Amortization of prior service (credit) cost	(184)	175
Amortization of gain	(144)	(420)
Curtailment credit	(614)	—
Net periodic pension costs	\$ (684)	\$ 73

Amounts Recognized in Regulatory Assets and Regulatory Liabilities

(in thousands)	December 31,	
	2017	2016
Regulatory assets, net decrease	\$ (280)	\$ (305)
Regulatory liabilities, net (decrease) increase	(717)	612

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Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

(in thousands)	Years Ended December 31,	
	2017	2016
Change in Projected Benefit Obligation:		
Accumulated post-retirement benefit obligation at prior measurement date	\$ 6,556	\$ 6,845
Service cost	82	91
Interest cost	254	288
Plan participants' contributions	193	189
Actuarial losses (gains)	197	(107)
Transfers (a)	85	242
Plan amendments	(642)	(377)
Benefits paid	(673)	(615)
Accumulated post-retirement benefit obligation at measurement date	\$ 6,052	\$ 6,556
Change in Fair Value of Plan Assets:		
Plan assets at prior measurement date	\$ 1,519	\$ 1,198
Actual return on plan assets	160	86
Plan participants' contributions	193	189
Benefits paid	(673)	(615)
Transfers (a)	36	240
Employer contributions	198	421
Plan assets at measurement date	\$ 1,433	\$ 1,519

(a) Transfers represents net amounts associated with plan participants that have moved to/from other Duke Energy subsidiaries.

Amounts Recognized in the Balance Sheets

(In thousands)	December 31,	
	2017	2016
Current post-retirement liability(a)	\$ 159	\$ 165
Noncurrent post-retirement liability(b)	4,460	4,872
Total accrued post-retirement liability	\$ 4,619	\$ 5,037
Regulatory assets	\$ 2,330	\$ 2,610
Regulatory liabilities	\$ 4,833	\$ 5,550
Amounts to be recognized in net periodic pension expense in the next year:		
Unrecognized net actuarial loss	\$ 31	\$ (424)
Unrecognized prior service credit	\$ (236)	\$ (184)

(a) Included in Other within Current Liabilities on the Balance Sheets.

(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

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Assumptions Used for Other Post-Retirement Benefits Accounting

	December 31,	
	2017	2016
Benefit Obligations:		
Discount rate	3.60%	4.10%
Net Periodic Benefit Cost:		
Discount rate	4.10%	4.40%
Expected long-term rate of return on plan assets	6.50%	6.50%

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other postretirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumed Health Care Cost Trend Rate

	December 31,	
	2017	2016
Health care cost trend rate assumed for next year	7.00%	7.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75%	4.75%
Year that the rate reaches the ultimate trend rate	2024	2023

Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments to participants on behalf of Duke Energy Kentucky in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years. These benefit payments reflect expected future service, as appropriate.

(in thousands)	Other Post-			Total
	Qualified Plans	Non-Qualified Plans	Retirement Plans	
Years ending December 31,				
2018	\$ 7,106	\$ 11	\$ 864	\$ 7,981
2019	7,417	11	742	8,170
2020	8,188	11	633	8,832
2021	9,449	10	631	10,090
2022	8,489	10	616	9,115
2023-2027	40,475	50	2,526	43,051

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
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MASTER RETIREMENT TRUST (MASTER TRUST)

The assets for the Duke Energy Kentucky plans discussed above are derived from the Master Trust that is held by Duke Energy and, as such, Duke Energy Kentucky is allocated its proportionate share of assets discussed below. Assets for both the qualified pension and other post-retirement benefits are maintained in the Master Trust. Duke Energy also invests other post-retirement assets in Voluntary Employees' Beneficiary Association trusts. The investment objective is to achieve sufficient returns, subject to a prudent level of portfolio risk, for the purpose of promoting the security of plan benefits for participants. Duke Energy assumes pension and other post-retirement plan assets will generate a long-term rate of return of 6.50 percent. The expected long-term rate of return was developed using a weighted average calculation of expected returns based primarily on future expected returns across asset classes considering the use of active asset managers, where applicable. The asset allocation targets were set after considering the investment objective and the risk profile. Equity securities are held for their high expected return. Debt securities are primarily held to hedge the qualified pension plan liability. Hedge funds, real estate and other global securities are held for diversification. Investments within asset classes are diversified to achieve broad market participation and reduce the impact of individual managers or investments.

Duke Energy has a de-risking investment strategy for the Duke Energy Master Trust. As the funded status of the pension plans increase, the targeted allocation to return seeking assets may be reduced and the targeted allocation to fixed-income assets will be increased to better manage Duke Energy's pension liability and reduce funded status volatility. Duke Energy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate.

The following table presents target and actual asset allocations for the Master Trust at December 31, 2017 and 2016.

Asset Category	Target Allocation	Actual Allocation at	
		December 31,	
		2017	2016
U.S. equity securities	10%	11%	11%
Non-U.S. equity securities	8%	8%	8%
Global equity securities	10%	10%	10%
Global private equity securities	3%	2%	2%
Debt securities	63%	63%	63%
Hedge funds	2%	2%	2%
Real estate and cash	2%	2%	2%
Other global securities	2%	2%	2%
Total	100%	100%	100%

EMPLOYEE SAVINGS PLAN

Duke Energy Kentucky also participates in employee savings plans sponsored by Duke Energy. Most employees participate in a matching contribution formula where Duke Energy provides a matching contribution generally equal to 100 percent of employee before-tax and Roth 401(k) contributions and, as applicable, after-tax contributions of up to 6 percent of eligible pay per period.

As of January 1, 2014, for new and rehired non-union and certain unionized employees who are not eligible to participate in Duke Energy's defined benefit plans, an additional employer contribution of 4 percent of eligible pay per pay period, which is subject to a three-year vesting schedule, is provided to the employee's savings plan account.

Duke Energy Kentucky's expense related to its proportionate share of pretax employer contributions and the additional 4 percent employer contribution was \$1,035 thousand and \$720 thousand for the years ended December 31, 2017 and 2016, respectively.

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13. INCOME TAXES

Tax Act

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowers the corporate federal income tax rate from 35 percent to 21 percent and eliminates bonus depreciation for regulated utilities, effective January 1, 2018. The Tax Act also could be amended or subject to technical correction, which could change the financial impacts that were recorded at December 31, 2017, or are expected to be recorded in future periods. The FERC and KSPC will determine the regulatory treatment of the impacts of the Tax Act for Duke Energy Kentucky. Duke Energy Kentucky' future results of operations, financial condition and cash flows could be adversely impacted by the Tax Act, subsequent amendments or corrections or the actions of the FERC, KSPC or credit rating agencies related to the Tax Act. Duke Energy Kentucky is reviewing orders to address the rate treatment of the Tax Act by KSPC. See Note 2 for additional information. Beginning in January 2018, Duke Energy Kentucky will defer the estimated ongoing impacts of the Tax Act that are expected to be returned to customers.

As a result of the Tax Act, Duke Energy Kentucky revalued its existing deferred tax assets and deferred tax liabilities as of December 31, 2017, to account for the estimated future impact of lower corporate tax rates on these deferred tax amounts. For Duke Energy Kentucky's regulated operations, where the reduction in the net ADIT liability is expected to be returned to customers in future rates, the net remeasurement has been deferred as a regulatory liability. The regulatory liability for income taxes includes the effect of the reduction of the net deferred tax liability including the tax gross-up of the excess ADIT liabilities and the effect of the new tax rate on the previous regulatory asset for income taxes. Excess ADITs are generally classified as either "protected" or "unprotected" under Internal Revenue Service (IRS) rules. Protected excess ADIT, resulting from accumulated tax depreciation of public utility property, are required to utilize the average rate assumption method under the IRS normalization rules for determining the timing of the return to customers. The majority of the excess ADIT is related to protected amounts associated with public utility property. See Note 2 for additional information on the Tax Act's impact to the regulatory asset and liability accounts.

On December 22, 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118), which provides guidance on accounting for the Tax Act's impact. SAB 118 provides a measurement period, which in no case should extend beyond one year from the Tax Act enactment date, during which a company acting in good faith may complete the accounting for the impacts of the Tax Act under Accounting Standards Codification (ASC) Topic 740. In accordance with SAB 118, a company must reflect the income tax effects of the Tax Act in the reporting period in which the accounting under ASC Topic 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete, a company can determine a reasonable estimate for those effects and record a provisional estimate in the financial statements in the first reporting period in which a reasonable estimate can be determined.

Duke Energy Kentucky recorded a provisional net tax benefit of \$21.3 million related to the Tax Act in the period ending December 31, 2017. This net benefit primarily due to the remeasurement of deferred tax accounts to reflect the corporate rate reduction impact to net deferred tax balances. The majority of Duke Energy Kentucky's operations are regulated and it is expected that the savings associated with the amount representing the remeasurement of deferred tax balances related to regulated operations will ultimately be passed on to customers. Duke Energy Kentucky recorded a regulatory liability of \$133.3 million, representing the revaluation of those deferred tax balances. Duke Energy Kentucky will continue to respond to requests from KSPC to determine the timing and magnitude of savings they will pass on to customers.

The net provisional charge from deferred tax remeasurement and assessment of valuation allowance is based on currently available information and interpretations which are continuing to evolve. Duke Energy Kentucky continues to analyze additional information and guidance related to certain aspects of the Tax Act, such as conformity or decoupling by state legislatures in response to the Tax Act and the final determination of the net deferred tax liabilities subject to the remeasurement. The prospects of supplemental legislation or regulatory processes to address questions that arise because of the Tax Act, or evolving technical interpretations of the tax law, may also cause the final impact from the Tax Act to differ from the estimated amounts. Duke Energy Kentucky continues to appropriately refine such amounts within the measurement period allowed by SAB 118, which will be completed no later than the fourth quarter of 2018.

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INCOME TAX EXPENSE

Components of Income Tax (Benefit) Expense

(in thousands)	Years Ended December 31,	
	2017	2016
Current income taxes:		
Federal	\$ (13,442)	\$ (580)
State	(87)	(361)
Total current income taxes	(13,529)	(941)
Deferred income taxes:		
Federal	9,746	15,181
State	2,709	2,939
Total deferred income taxes	12,455	18,120
Investment tax credit amortization	(87)	(132)
Total income tax (benefit) expense included in Statements of Operations	\$ (1,161)	\$ 17,047

Statutory Rate Reconciliation

The following table presents a reconciliation of income tax expense at the U.S. federal statutory tax rate to actual tax expense.

(in thousands)	Years Ended December 31,	
	2017	2016
Income tax expense, computed at the statutory rate of 35 percent	\$ 20,383	\$ 20,871
State income tax, net of federal income tax effect	1,705	1,676
Federal true-up	(1,079)	(5,269)
Tax Act	(21,276)	—
Other items, net	(894)	(231)
Total income tax (benefit) expense	\$ (1,161)	\$ 17,047
Effective tax rates ^(a)	(2.0)%	28.6%

(a) The decrease in the effective tax rate was primarily due to the revaluation of deferred tax assets and liabilities as a result of the Tax Act.

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DEFERRED TAXES

Net Deferred Income Tax Liability Components

(in thousands)	Years Ended December 31,	
	2017	2016
Deferred credits and other liabilities	\$ 38	\$ 50
Tax credits and net operating loss carryforwards	4,059	3,668
Pension, postretirement and other employee benefits	4,970	6,436
Regulatory liabilities and deferred credits	7,104	—
Other	581	359
Investments and other liabilities	718	1,468
Total deferred income tax assets	17,470	11,981
Accelerated depreciation rates	(203,907)	(298,205)
Regulatory assets and deferred debits, net	—	(25,412)
Total deferred income tax liabilities	(203,907)	(323,617)
Net deferred income tax liabilities	\$ (186,437)	\$ (311,636)

As noted above, as a result of the Tax Act, Duke Energy Kentucky revalued its existing deferred tax assets and liabilities as of December 31, 2017, to account for the estimated future impact of lower corporate tax rates on these deferred amounts. Duke Energy Kentucky's net deferred income tax liabilities decreased \$156.7 million as a result of this revaluation.

UNRECOGNIZED TAX BENEFITS

The following table presents changes to unrecognized tax benefits.

(in thousands)	Years Ended December 31,	
	2017	2016
Unrecognized tax benefits – January 1	\$ —	\$ 52
Unrecognized tax benefits increases (decreases):		
Gross increases – tax positions in prior periods	143	4
Decreases due to settlements	—	(56)
Total changes	143	(52)
Unrecognized tax benefits – December 31	\$ 143	\$ —

OTHER TAX MATTERS

The following table includes interest recognized in the Statements of Operations and the Balance Sheets.

(in thousands)	As of December 31,	
	2017	2016
Net interest income recognized related to income taxes	\$ —	\$ 8

Duke Energy Kentucky is no longer subject to U.S. federal examination for years before 2015. With few exceptions, Duke Energy Kentucky is no longer subject to state, local or non-U.S. income tax examinations by tax authorities for years before 2014.

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14. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, commitments and contingencies, debt and credit facilities, asset retirement obligations, employee benefit plans and income taxes, see Notes 2, 3, 4, 5, 12 and 13.

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion					
Line No.	Item (a)	Total Company For the Current Quarter/Year			
1	UTILITY PLANT				
2	In Service				
3	Plant in Service (Classified)	1,876,872,626			
4	Property Under Capital Leases	19,459,822			
5	Plant Purchased or Sold				
6	Completed Construction not Classified	294,341,207			
7	Experimental Plant Unclassified				
8	TOTAL Utility Plant (Total of lines 3 thru 7)	2,190,673,655			
9	Leased to Others				
10	Held for Future Use	69,805			
11	Construction Work in Progress	109,390,337			
12	Acquisition Adjustments				
13	TOTAL Utility Plant (Total of lines 8 thru 12)	2,300,133,797			
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,032,028,167			
15	Net Utility Plant (Total of lines 13 and 14)	1,268,105,630			
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
17	In Service:				
18	Depreciation	988,067,522			
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights				
20	Amortization of Underground Storage Land and Land Rights				
21	Amortization of Other Utility Plant	43,960,645			
22	TOTAL In Service (Total of lines 18 thru 21)	1,032,028,167			
23	Leased to Others				
24	Depreciation				
25	Amortization and Depletion				
26	TOTAL Leased to Others (Total of lines 24 and 25)				
27	Held for Future Use				
28	Depreciation				
29	Amortization				
30	TOTAL Held for Future Use (Total of lines 28 and 29)				
31	Abandonment of Leases (Natural Gas)				
32	Amortization of Plant Acquisition Adjustment				
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	1,032,028,167			

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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)					
Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)	
1					
2					
3	1,480,052,147	353,950,050			42,870,429
4	1,993,137	17,466,685			
5					
6	161,545,988	131,811,913			983,306
7					
8	1,643,591,272	503,228,648			43,853,735
9					
10	69,805				
11	81,782,545	24,871,707			2,736,085
12					
13	1,725,443,622	528,100,355			46,589,820
14	828,065,736	165,758,008			38,204,423
15	897,377,886	362,342,347			8,385,397
16					
17					
18	817,393,972	159,768,239			10,905,311
19					
20					
21	10,671,765	5,989,768			27,299,112
22	828,065,737	165,758,007			38,204,423
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33	828,065,737	165,758,007			38,204,423

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Gas Plant in Service (Accounts 101, 102, 103, and 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
 2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
 3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
 4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
 5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant	6,220,856	5,058,596
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	6,220,856	5,058,596
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and		
27	TOTAL Production and Gathering Plant (Enter Total of lines 8		
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				
3				
4				11,279,452
5				11,279,452
6				
7				
8				
9				
10				
11				
12				
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Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	345 Compressor Equipment			
35	346 Gas Measuring and Regulating Equipment			
36	347 Other Equipment			
37	348 Asset Retirement Costs for Products Extraction Plant			
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)			
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and			
40	Manufactured Gas Production Plant (Submit Supplementary	7,820,130		3
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	7,820,130		3
42	NATURAL GAS STORAGE AND PROCESSING PLANT			
43	Underground Storage Plant			
44	350.1 Land			
45	350.2 Rights-of-Way			
46	351 Structures and Improvements			
47	352 Wells			
48	352.1 Storage Leaseholds and Rights			
49	352.2 Reservoirs			
50	352.3 Non-recoverable Natural Gas			
51	353 Lines			
52	354 Compressor Station Equipment			
53	355 Other Equipment			
54	356 Purification Equipment			
55	357 Other Equipment			
56	358 Asset Retirement Costs for Underground Storage Plant			
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru			
58	Other Storage Plant			
59	360 Land and Land Rights			
60	361 Structures and Improvements			
61	362 Gas Holders			
62	363 Purification Equipment			
63	363.1 Liquefaction Equipment			
64	363.2 Vaporizing Equipment			
65	363.3 Compressor Equipment			
66	363.4 Measuring and Regulating Equipment			
67	363.5 Other Equipment			
68	363.6 Asset Retirement Costs for Other Storage Plant			
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)			
70	Base Load Liquefied Natural Gas Terminating and Processing Plant			
71	364.1 Land and Land Rights			
72	364.2 Structures and Improvements			
73	364.3 LNG Processing Terminal Equipment			
74	364.4 LNG Transportation Equipment			
75	364.5 Measuring and Regulating Equipment			
76	364.6 Compressor Station Equipment			
77	364.7 Communications Equipment			
78	364.8 Other Equipment			
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas			
80	TOTAL Base Load Liquefied Nat'l Gas, Terminating and			

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39				
40				7,820,133
41				7,820,133
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
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Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,			
82	TRANSMISSION PLAN			
83	365.1 Land and Land Rights			
84	365.2 Rights-of-Way			
85	366 Structures and Improvements			
86	367 Mains			
87	368 Compressor Station Equipment			
88	369 Measuring and Regulating Station Equipment			
89	370 Communication Equipment			
90	371 Other Equipment			
91	372 Asset Retirement Costs for Transmission Plant			
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)			
93	DISTRIBUTION PLANT			
94	374 Land and Land Rights	1,138,477		
95	375 Structures and Improvements	394,194		161,794
96	376 Mains	262,835,596		4,770,527
97	377 Compressor Station Equipment			
98	378 Measuring and Regulating Station Equipment-General	10,160,866		(166,406)
99	379 Measuring and Regulating Station Equipment-City Gate			
100	380 Services	140,349,004		19,714,139
101	381 Meters	11,581,489		6,140,506
102	382 Meter Installations	10,424,840		
103	383 House Regulators	6,815,688		
104	384 House Regulator Installations	5,939,296		
105	385 Industrial Measuring and Regulating Station Equipment	519,875		
106	386 Other Property on Customers' Premises			
107	387 Other Equipment	49,737		
108	388 Asset Retirement Costs for Distribution Plant	2,242,135		1,207,324
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)	452,451,197		31,827,884
110	GENERAL PLANT			
111	389 Land and Land Rights			
112	390 Structures and Improvements			
113	391 Office Furniture and Equipment	188,474		178,126
114	392 Transportation Equipment	65,845		
115	393 Stores Equipment			
116	394 Tools, Shop, and Garage Equipment	1,301,033		24,441
117	395 Laboratory Equipment			
118	396 Power Operated Equipment			
119	397 Communication Equipment	44,502		369
120	398 Miscellaneous Equipment	83,592		(1)
121	Subtotal (Enter Total of lines 111 thru 120)	1,683,446		202,935
122	399 Other Tangible Property			
123	399.1 Asset Retirement Costs for General Plant			
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	1,683,446		202,935
125	TOTAL (Accounts 101 and 106)	468,175,629		37,089,418
126	Gas Plant Purchased (See Instruction 8)			
127	(Less) Gas Plant Sold (See Instruction 8)			
128	Experimental Gas Plant Unclassified			
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	468,175,629		37,089,418

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)					
Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	
81					
82					
83					
84					
85					
86					
87					
88					
89					
90					
91					
92					
93					
94					1,138,477
95					555,988
96	82,762				267,523,361
97					
98					9,994,460
99					
100	1,157,849				158,905,294
101	775,806				16,946,189
102					10,424,840
103	65,283				6,750,405
104					5,939,296
105					519,875
106					
107					49,737
108	(134,086)				3,583,545
109	1,947,614				482,331,467
110					
111					
112					
113	42,083				324,517
114					65,845
115					
116	46,702				1,278,772
117					
118					
119					44,871
120					83,591
121	88,785				1,797,596
122					
123					
124	88,785				1,797,596
125	2,036,399				503,228,648
126					
127					
128					
129	2,036,399				503,228,648

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Gas Property and Capacity Leased from Others

- Report below the information called for concerning gas property and capacity leased from others for gas operations.
- For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).

Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments for Current Year (d)
1	2009 Bank of America Leasing & Capital		Meters	431,579
2	2010 Bank of America Leasing & Capital		Meters	111,975
3	Erlanger		Service Center	254,257
4				
5				
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45	Total			797,811

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Construction Work in Progress-Gas (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	DISTRIBUTION PLANT		
2			
3	BIG BONE TO RICHWOOD FEEDER LINE	11,462,385	
4	INTEGRITY MANAGEMENT PROGRAM	3,869,786	
5	LARGE MEASURING AND REGULATING STATIONS	2,112,958	
6	SMARTGRID KENTUCKY ADVANCED METERING INFRASTRUCTURE (AMI)	1,820,993	
7	PROJECTS LESS THAN \$1 MILLION	1,953,892	
8	TOTAL DISTRIBUTION PLANT \$21,220,014		
9			
10	GENERAL PLANT		
11			
12	PROJECTS LESS THAN \$1 MILLION	333,515	
13	TOTAL GENERAL PLANT \$333,515		
14			
15	INTANGIBLE PLANT		
16			
17	IT DEMAND WORK FUNDING PROJECT	2,519,861	
18	PROJECTS LESS THAN \$1 MILLION	798,317	
19	TOTAL INTANGIBLE PLANT \$3,318,178		
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21			
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45	Total	24,871,707	

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
General Description of Construction Overhead Procedure			

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.

3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

1. CONSTRUCTION OVERHEAD COSTS INCLUDE ENGINEERING AND SUPERVISORY SALARIES, ADMINISTRATIVE AND GENERAL SALARIES AND ASSOCIATED PAYROLL TAXES AND BENEFITS AND EMPLOYEE EXPENSES.

IN GENERAL, IF ENGINEERS, SUPERVISORS, AND CLERICAL EMPLOYEES DEVOTE ALL OR SUBSTANTIALLY ALL OF THEIR TIME TO CAPITAL CONSTRUCTION PROJECTS, THE SALARIES AND RELATED EXPENSES ARE CHARGED DIRECTLY TO THE SPECIFIC CAPITAL CONSTRUCTION PROJECTS.

FOR POWER DELIVERY, CONSTRUCTION OVERHEAD COSTS ARE CHARGED TO THE ALLOCATION POOLS AND FROM THERE TRANSFERRED TO THE SPECIFIC CAPITAL CONSTRUCTION PROJECTS WHERE THE LABOR (INTERNAL AND CONTRACT) WAS CHARGED DURING THE MONTH.

2. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) IS APPLIED TO THE TOTAL CONSTRUCTION EXPENDITURES, LESS CERTAIN EXCLUSIONS, ON JOBS UNDER CONSTRUCTION. EFFECTIVE JULY 1, 1982, THE RESPONDENT ADOPTED THE PRACTICE OF UPDATING THE AFUDC RATE MONTHLY, AS AUTHORIZED BY THE FEDERAL ENERGY REGULATORY COMMISSION IN A LETTER DATED MAY 27, 1982. THE AVERAGE AFUDC RATE FOR 2017 WAS 6.55%. THE MONTHLY RATE DOES NOT INCLUDE A REDUCTION FOR THE INCOME TAX EFFECT ON THE COST OF DEBT.

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General Description of Construction Overhead Procedure (continued)

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

- For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.
- Identify, in a footnote, the specific entity used as the source for the capital structure figures.
- Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ratio (percent) (c)	Cost Rate Percentage (d)
(1)	Average Short-Term Debt	S		
(2)	Short-Term Interest			s
(3)	Long-Term Debt	D		d
(4)	Preferred Stock	P		p
(5)	Common Equity	C		c
(6)	Total Capitalization			
(7)	Average Construction Work In Progress Balance	W		

2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$

3. Rate for Other Funds $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$

4. Weighted Average Rate Actually Used for the Year:

- Rate for Borrowed Funds -
- Rate for Other Funds -

Empty space for providing the weighted average rate and other details.

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Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
Section A. BALANCES AND CHANGES DURING YEAR					
1	Balance Beginning of Year	151,560,065	151,560,065		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	11,591,542	11,591,542		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing				
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):	30,849	30,849		
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	11,622,391	11,622,391		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	(1,947,615)	(1,947,615)		
13	Cost of Removal	(1,201,588)	(1,201,588)		
14	Salvage (Credit)	2,120	2,120		
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	(3,151,323)	(3,151,323)		
16	Other Debit or Credit Items (Describe) (footnote details):	(262,894)	(262,894)		
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1,10,15,16 and 18)	159,768,239	159,768,239		
Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS					
21	Productions-Manufactured Gas	4,421,060	4,421,060		
22	Production and Gathering-Natural Gas				
23	Products Extraction-Natural Gas				
24	Underground Gas Storage				
25	Other Storage Plant				
26	Base Load LNG Terminating and Processing Plant				
27	Transmission				
28	Distribution	155,334,960	155,334,960		
29	General	12,219	12,219		
30	TOTAL (Total of lines 21 thru 29)	159,768,239	159,768,239		

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FOOTNOTE DATA			

Schedule Page: 219 Line No.: 8 Column: c	
ARO Gas Depreciation	30,849
Schedule Page: 219 Line No.: 16 Column: c	
Common Utility Plant Provision	(262,875)
Misc. Transfers/Adjustments	(19)
	(262,894)

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Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.
2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.
3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of					3,412,415			3,412,415
2	Gas Delivered to Storage					4,850,427			4,850,427
3	Gas Withdrawn from					5,303,962			5,303,962
4	Other Debits and Credits								
5	Balance at End of Year					2,958,880			2,958,880
6	Dth					931,935			931,935
7	Amount Per Dth					3.1750			3.1750

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Investments (Account 123, 124, and 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
2. Provide a subheading for each account and list thereunder the information called for:
 - (a) Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
 - (b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	124-9 Campbell County Business Dev. Corp		1,500	
2	Date Acquired 06/18/62			
3	Date of Maturity			
4	Capital Stock			
5				
6				
7	Total Account 124		1,500	
8				
9				
10				
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Investments (Account 123, 124, and 136) (continued)					
List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.					
3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.					
4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.					
5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.					
6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).					
Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1			1,500		
2					
3					
4					
5					
6					
7			1,500		
8					
9					
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Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Payment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	
2	Prepaid Rents	
3	Prepaid Taxes	
4	Prepaid Interest	
5	Miscellaneous Prepayments	491,801
6	TOTAL	491,801

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Other Regulatory Assets (Account 182.3)							
<p>1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).</p> <p>2. For regulatory assets being amortized, show period of amortization in column (a).</p> <p>3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.</p> <p>4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.</p> <p>5. Provide in a footnote, for each line item, the regulatory citation where authorization for the regulatory asset has been granted (e.g. Commission Order, state commission order, court decision).</p>							
Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Current Quarter/Year (g)
1	INCOME TAXES	2,178,393	18,557,822	Various	18,901,459		1,834,756
2	DEMAND SIDE MANAGEMENT COST (Amortized in accordance with rider revenue)	1,660,598	3,514,314	407.3, 557	2,948,606		2,226,306
4	-Order #2015-368						
5	ARO OTHER REGULATORY ASSET	2,362,433	6,959,600	182.3, 230	2,535,309		6,786,724
6	Gas ARO OTHER REGULATORY ASSET	4,624,019	354,495				4,978,514
7	COAL ASH DEFERRED SPEND	8,034,024	7,725,052	108	107,051		15,652,025
8	-Order #2015-187						
9	INTEREST RATE HEDGES (Amortized over life associated debt)	5,110,664	349,717	244	812,642		4,647,739
11	- Order # 2006-00563						
12	HURRICANE IKE REGULATORY ASSET	4,912,684					4,912,684
13	- Order # 2008-00476						
14	CARBON MANAGEMENT REGULATORY ASSET	1,600,000	250,000	232	50,000		1,800,000
15	-Order # 2008- 308						
16	EAST BEND PLANT O&M DEFERRAL	23,462,464	10,426,297				33,888,761
17	-Order # 2014-201						
18	COAL ASH ARO	3,636,612	5,546,821	Various	7,414,141		1,769,292
19	-Order # 2015-187						
20	EAST BEND DEPRECIATION DEFERRAL	8,804,745	2,936,162	403	144,427		11,596,480
21	- Order # 2015-120						
22	DEFERRED GAS INTEGRITY COSTS	2,172,195	921,510	Various	206,589		2,887,116
23	- Order #2 2016-0159						
24	OTHER REGULATORY ASSETS - GENERAL ACCOUNTING	24,082,123	4,950,228	Various	1,312,596		27,719,755
25	- FERC Docket No. A107-1-000						
26							
27	KO TRANSMISSION 2015-2016 RATE	348		930.2	348		
28	PENSION POST RETIRE PURCHASE ACCOUNTING - Q	4,876,416		Various	505,464		4,370,952
29	FERC Docket No. A107-1-000						
30	PENSION POST RETIRE PURCHASE ACCOUNTING- NQ	51,069	5,599	186	4,488		52,180
31	FERC Docket No. A107-1-000						
32	OPEB FAS 106 - MEDICAL	2,610,154		186	279,960		2,330,194
33	FERC docket No. A107-1-000						
34	Opt-Out IT Modification		161,678	Various	6,962		154,716
35	Oder # 2016-0152						
36							
37							
38							
39							
40	Total	100,178,941	62,659,295		35,230,042	0	127,608,194

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Miscellaneous Deferred Debits (Account 186)

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	Credits Account Charged (d)	Credits Amount (e)	Balance at End of Year (f)
1	Vacation accrual	1,348,263	45,858	146,242		1,394,121
2						
3	AMI		1,085,840	108		1,085,840
4						
5	DEK 2017 Rate Case		447,586	146,232	8,000	439,586
6						
7	Accrued pension post retire - FAS158		1,787,694	Various	1,579,265	208,429
8						
9	Other miscellaneous items	1,000				1,000
10						
11	Indirect overhead allocation	(410,442)	11,147,317	Various	10,764,223	(27,348)
12	pool - undistributed					
13						
14	Deferred coal ash remediation costs	(258,567)		182.3	442,088	(700,655)
15						
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39	Miscellaneous Work in Progress					
40	Total	680,254	14,514,295		12,793,576	2,400,973

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Accumulated Deferred Income Taxes (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric	26,526,493	10,723,409	6,475,167
3	Gas	3,471,890	360,801	3,969,519
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	29,998,383	11,084,210	10,444,686
6	Other - Non-Utility	2,004,245		
7	TOTAL Account 190 (Total of lines 5 thru 6)	32,002,628	11,084,210	10,444,686
8	Classification of TOTAL			
9	Federal Income Tax	28,145,969	10,378,001	9,364,547
10	State Income Tax	3,856,659	706,209	1,080,139
11	Local Income Tax			

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Accumulated Deferred Income Taxes (Account 190) (continued)

Line No.	Changes During Year	Changes During Year	Adjustments	Adjustments	Adjustments	Adjustments	Balance at End of Year
	Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits Account No. (g)	Debits Amount (h)	Credits Account No. (i)	Credits Amount (j)	
1							
2					BSO	20,180,149	42,458,400
3					BSO	8,832,671	15,913,279
4							
5						29,012,820	58,371,679
6	956,462		BSO	1,058,015			(10,232)
7	956,462			1,058,015		29,012,820	58,361,447
8							
9	823,582			910,282		21,512,880	46,911,531
10	132,880			147,733		7,499,940	11,449,916
11							

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Capital Stock (Accounts 201 and 204)

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value per Share (c)	Call Price at End of Year (d)
1	COMMON STOCK (ACCT 201)	1,000,000	15.00	
2	TOTAL COMMON STOCK	1,000,000		
3				
4	PREFERRED STOCK (ACCT 204)			
5	TOTAL PREFERRED STOCK			
6				
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Capital Stock (Accounts 201 and 204)

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1	585,333	8,779,995				
2	585,333	8,779,995				
3						
4						
5						
6						
7						
8						
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11						
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Received on (Accts 202, 203, 205, 206, 207, and 212)

- Show for each of the above accounts the amounts applying to each class and series of capital stock.
- For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
- Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of year.
- For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1	Accounts 202, 203, 205, 206, and 212			
2	Accounts 207 - Premium \$15 per Share on Capital Stock in 1955		62,419	936,287
3	Accounts 207 - Premium \$17 per Share on Capital Stock in 1957		104,000	1,768,003
4	Accounts 207 - Premium \$38 per Share on Capital Stock in 1961		69,333	2,634,656
5	Accounts 207 - Premium \$135 per Share on Capital Stock in 1992		100,000	13,500,000
6				
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40	Total		335,752	18,838,946

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Other Paid-In Capital (Accounts 208-211)				
<p>1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.</p> <p>(a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation. (b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related. (c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related. (d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.</p>				
Line No.	Item (a)	Amount (b)		
1	Account 208 Donations Received from Stockholders			
2	Balance - Beginning of Year	148,811,383		
3				
4				
5				
6				
7	Subtotal Balance - End of Year	148,811,383		
8				
9				
10	Account 211 - Miscellaneous Paid-In Capital			
11	Balance - Beginning of Year	(156,194)		
12	Equity Infusion	15,000,000		
13	Subtotal Balance - End of Year (Sharesaver)	14,843,806		
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40	Total	163,655,189		

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 253 Line No.: 12 Column: b
Equity infusion of \$15M from Parent.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Duke Energy Kentucky, Inc.			
Securities Issued or Assumed and Securities Refunded or Retired During the Year			

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

Issuances:

\$30M Debentures 3.35% due 09/15/2029
 Unamortized Expenses: \$124,475
 Unamortized Discount: \$0
 Unamortized Premium: \$0

\$30M Debentures 4.11% due 09/15/2047
 Unamortized Expenses: \$124,475
 Unamortized Discount: \$0
 Unamortized Premium: \$0

\$30M Debentures 4.26% due 09/15/2057
 Unamortized Expenses: \$124,475
 Unamortized Discount: \$0
 Unamortized Premium: \$0

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Long-Term Debt (Accounts 221, 222, 223, and 224)				
<p>1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p>				
Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for armts held by respondent) (d)
1	ACCOUNT 221 - NONE			
2				
3	INTERCOMPANY MONEYPOL NOTES PAYABLE- LONG TERM	12/15/2014	03/16/2022	25,000,000
4				
5	SUBTOTAL ACCOUNT 222 & 223			25,000,000
6				
7	ACCOUNT 224			
8	UNSECURED DEBENTURES 6.20% SERIES B DUE IN 2036	03/07/2006	03/10/2036	65,000,000
9	POLLUTION CONTROL REFUNDING BONDS 2008 SERIES A DUE IN 2027	12/11/2008	08/01/2027	50,000,000
10	POLLUTION CONTROL REFUNDING BONDS 2010 SERIES B DUE IN 2027	11/24/2010	08/01/2027	26,720,000
11	UNSECURED DEBENTURES 4.65% SERIES DUE IN 2019	09/22/2009	10/01/2019	100,000,000
12	UNSECURED DEBENTURES 3.42% SERIES A DUE IN 2026	01/05/2016	01/15/2026	45,000,000
13	UNSECURED DEBENTURES 4.45% SERIES A DUE IN 2046	01/05/2016	01/15/2046	50,000,000
14	UNSECURED DEBENTURES 3.35% SERIES DUE IN 2029	09/07/2017	09/15/2029	30,000,000
15	UNSECURED DEBENTURES 4.11% SERIES DUE IN 2047	09/07/2017	09/15/2047	30,000,000
16	UNSECURED DEBENTURES 4.26% SERIES DUE IN 2057	09/07/2017	09/15/2057	30,000,000
17				
18	SUBTOTAL ACCOUNT 224			426,720,000
19				
20	SEE FOOTNOTE			
21				
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40	TOTAL			451,720,000

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Long-Term Debt (Accounts 221, 222, 223, and 224)					
<p>5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.</p> <p>7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.</p> <p>8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.</p> <p>9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.</p>					
Line No.	Interest for Year Rate (in %) (e)	Interest for Year Amount (f)	Held by Respondent Reacquired Bonds (Acct 222) (g)	Held by Respondent Sinking and Other Funds (h)	Redemption Price per \$100 at End of Year (i)
1					
2					
3	1.664	453,674			
4					
5		453,674			
6					
7					
8	6.200	4,030,000			0.30
9	1.740	770,352			1.00
10	1.730	290,791			1.00
11	4.650	4,650,000			0.25
12	3.420	1,539,000			0.50
13	4.450	2,225,000			0.50
14	3.350	318,250			0.50
15	4.110	390,450			0.50
16	4.260	404,700			0.50
17					
18		14,618,543			
19					
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40		15,072,217			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
Duke Energy Kentucky, Inc.			
FOOTNOTE DATA			

Schedule Page: 256 Line No.: 20 Column: a

On December 16, 2016 the Kentucky PSC approved Duke Energy Kentucky's long-term financing application authorizing the issuance of up to \$200 million of secured and/or unsecured notes, and \$76.72 million of tax-exempt private activity bonds to refund existing tax exempt bonds. Authorization expires 12/31/2018.

Schedule Page: 256 Line No.: 3 Column: e

The interest rate varies on this bond. The interest rate is as of December 31, 2017.

Schedule Page: 256 Line No.: 10 Column: e

The interest rate varies on this bond. The interest rate is as of December 31, 2017.

Schedule Page: 256 Line No.: 9 Column: e

The interest rate varies on this bond. The interest rate is as of December 31, 2017.

Schedule Page: 256 Line No.: 9 Column: i

This PCB is redeemable at par (\$100) and is not subject to the redemption calculation.

Schedule Page: 256 Line No.: 10 Column: i

This PCB is redeemable at par (\$100) and is not subject to the redemption calculation.

Schedule Page: 256 Line No.: 8 Column: i

Footnote for Lines 8,11,12,13,14,15,16 Column i:

Redemption price of the Debenture is based on the present value of the future interest and principal payments discounted at a rate equal to the yield of US government securities with a maturity similar to the Debenture plus a certain spread. This spread is presented in Column (i) and is shown as basis points in percentages. The calculated redemption price can never be less than \$100.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period	
				Date From (d)	Date To (e)
1	UNAMORTIZED EXPENSE:				
2					
3	MASTER CREDIT FACILITY		454,094	11/18/2011	03/16/2022
4					
5	UNSECURED DEBENTURES 6.20% SERIES B DUE IN 2036	65,000,000	653,550	03/10/2006	03/10/2036
6	UNSECURED DEBENTURES 4.650% SERIES DUE IN 2019	100,000,000	756,468	09/22/2009	10/01/2019
7	POLLUTION CONTROL BONDS 2010 SERIES B DUE IN 2027	26,720,000	939,966	11/24/2010	08/01/2027
8	POLLUTION CONTROL BONDS 2008 SERIES A DUE IN 2027	50,000,000	691,754	12/03/2008	08/01/2027
9	UNSECURED DEBENTURES 3.42% SERIES A DUE IN 2026	45,000,000	220,191	01/05/2016	01/15/2026
10	UNSECURED DEBENTURES 4.45% SERIES A DUE IN 2046	50,000,000	247,535	01/05/2016	01/15/2046
11	UNSECURED DEBENTURES 3.35% SERIES DUE IN 2029	30,000,000	124,475	09/07/2017	09/15/2029
12	UNSECURED DEBENTURES 4.11% SERIES DUE IN 2047	30,000,000	124,475	09/07/2017	09/15/2047
13	UNSECURED DEBENTURES 4.26% SERIES DUE IN 2057	30,000,000	124,475	09/07/2017	09/15/2057
14					
15	TOTAL ACCOUNT 181	426,720,000	4,336,983		
16					
17					
18	UNAMORTIZED PREMIUM ON LONG-TERM DEBT:				
19					
20	TOTAL ACCOUNT 225- NONE				
21					
22					
23	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT:				
24					
25	UNSECURED DEBENTURES 6.20% SERIES B DUE IN 2036	65,000,000	367,900	03/10/2006	03/10/2036
26	UNSECURED DEBENTURES 4.650% SERIES DUE IN 2019	100,000,000	374,000	09/22/2009	10/01/2019
27					
28	TOTAL ACCOUNT 226	165,000,000	741,900		
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
1				
2				
3	249,972	198,019	84,966	363,025
4				
5	418,100		21,785	396,315
6	115,896		42,144	73,752
7	238,637		33,083	205,554
8	224,287	23,616	22,999	224,904
9	248,298	13,756	70,640	191,414
10	241,439	15,512	8,360	248,591
11		126,857	3,279	123,578
12		126,857	1,313	125,544
13		126,856	985	125,871
14				
15	1,736,629	631,473	289,554	2,078,548
16				
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23				
24				
25	235,356		12,263	223,093
26	102,592		37,307	65,285
27				
28	337,948		49,570	288,378
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 258 Line No.: 4 Column: a

In March 2017, Duke Energy amended its Master Credit Facility to increase its capacity from \$7.5 billion to \$8 billion, and to extend the termination date of the facility from January 30, 2020, to March 16, 2022. The amendment also added Piedmont as a borrower within the Master Credit Facility. Piedmont's separate \$850 million credit facility was terminated in connection with the amendment. With the amendment, Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to specified sublimits for each borrower.

Duke Energy Kentucky has a \$150 million borrowing limit as of December 31, 2017.

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Unamortized Loss and Gain on Recquired Debt (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Recquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Recquired Debt, or credited to Account 429.1, Amortization of Gain on Recquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	10-1/4% SERIES	06/01/1995	15,000,000	(925,479)	(134,193)	(94,917)
2	9.7% SERIES	09/01/1995	20,000,000	(1,596,748)	(167,490)	(100,494)
3	10-1/4% SERIES	02/15/1996	15,000,000	(917,675)	(145,128)	(107,648)
4						
5	7.65 SERIES	04/06/2006	15,000,000	(1,230,503)	(545,956)	(482,019)
6	5.5% SERIES	09/01/2006	48,000,000	(669,996)	(270,576)	(231,922)
7	6.5% SERIES	09/01/2006	12,720,663	(73,931)	(26,794)	(22,231)
8	2006A SERIES	12/26/2008	50,000,000	(289,319)	(164,769)	(149,201)
9						
10						
11	TOTAL 189		175,720,663	(5,703,651)	(1,454,906)	(1,188,432)
12						
13	TOTAL 257					
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 116)	59,398,930
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Contributions in Aid of Construction	68,165
6		
7		
8	TOTAL	68,165
9	Deductions Recorded on Books Not Deducted for Return	
10	Federal and State Income Tax Deducted for Books	(1,161,108)
11	Other Deductions Recorded on Books Not Deducted for Return	103,235,836
12		
13	TOTAL	102,074,728
14	Income Recorded on Books Not Included in Return	
15	Allowance for Funds Used During Construction	4,658,166
16		
17		
18	TOTAL	4,658,166
19	Deductions on Return Not Charged Against Book Income	
20	Deductions on Return Not Charged Against Book Income	192,603,189
21		
22		
23		
24		
25		
26	TOTAL	192,603,189
27	Federal Tax Net Income	(35,719,532)
28	Show Computation of Tax:	
29	Provision for Federal Income Tax @ 35%	(12,501,836)
30	True Up Entries	2,526,314
31	NOLs	(3,609,315)
32	Other Benefits	142,965
33		
34	Total Federal Income Tax Provision	(13,441,872)
35		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.		04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 261 Line No.: 11 Column: b	
Book Depreciation/Amortization	47,666,813
Reg Asset - Accr Pension FAS 158 - FAS 87 Qual	22,515,608
Adjustment To Book Depreciation	8,878,680
Reg Asset - Accr Pension FAS 158 - FAS 106/112	6,593,562
Asset Retirement Obligation	6,018,830
Tax Interest Capitalized	2,498,533
Asset Retirement Costs - Coal Ash	2,284,895
Unbilled Revenue - Fuel	1,847,679
Impairment of Plant Assets	1,190,000
Other	3,741,236
	103,235,836

Schedule Page: 261 Line No.: 20 Column: b	
Tax Depreciation/Amortization	79,291,005
Reg Asset - Pension Post Retirement PAA-FAS 87 Qual and Oth	24,680,956
Regulatory Asset - Deferred Plant Costs	19,304,977
Equipment Repairs - Annual Adj	17,000,000
T & D Repairs - Annual Adj.	13,000,000
Reg Asset/Liab Def Revenue	5,780,245
ARO Regulatory Asset - Coal Ash	5,308,593
ARO Regulatory Asset	4,778,786
Tax Gains/Losses	4,400,000
Asset Retirement Obligation - Coal Ash	4,259,409
Reg Asset - Transition from MISO to PJM	3,086,364
Reg Asset - Pension Post Retirement PAA-FAS 106 and Oth	2,330,194
Retirement Plan Expense - Underfunded	1,537,936
Asset Retirement Costs - ARO	1,240,045
Reg Asset - Accr Pension FAS 158 - FAS 87 NQ	1,172,016
Other	5,432,663
	192,603,189

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	Balance at Beg. of Year Taxes Accrued (b)	Balance at Beg. of Year Prepaid Taxes (c)
1			
2	FEDERAL TAXES:		
3			
4	INCOME	1,604,407	
5	FUEL TAXES		
6	FEDERAL INSURANCE	64,654	
7	UNEMPLOYMENT	428	
8			
9			
10	STATE TAXES:		
11			
12	INCOME	(1,208,913)	
13	UNEMPLOYMENT	(2,140)	
14	PROPERTY	1,750,000	
15	SALES & USE TAX	196,842	
16	FRANCHISE		
17			
18			
19			
20	OTHER:		
21			
22	PROPERTY	8,697,690	
23			
24			
25			
26			
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39			
TOTAL		11,102,968	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report Page 10 of 149 End of 2017/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
 (continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3					
4	(13,441,872)	(13,191,825)	1,262,344	2,616,704	
5	793	793			
6	2,481,263	2,481,334		64,583	
7	10,193	10,339		282	
8					
9					
10					
11					
12	(86,604)	(2,576,780)		1,281,263	
13	17,585	14,951		494	
14	1,955,725	1,783,470	(3,261)	1,918,994	
15	153,649	(283,098)		633,589	
16	45	45			
17					
18					
19					
20					
21					
22	9,720,166	8,864,039	(16,207)	9,537,610	
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
TOTAL	810,943	(2,896,732)	1,242,876	16,053,519	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2				
3				
4	(7,634,080)	(7,656,112)		1,848,320
5	592	201		
6	1,877,672	603,591		
7	7,507	2,686		
8				
9				
10				
11				
12	520,667	(896,836)		289,565
13	12,941	4,644		
14	1,495,231	460,494		
15	31,917	4,557		117,175
16	34	11		
17				
18				
19				
20				
21				
22	7,431,462	2,288,704		
23				
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25				
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39				
TOTAL	3,743,943	(5,188,060)		2,255,060

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
 (continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)
1					
2					
3					
4					
5					
6					
7					
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TOTAL					

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Miscellaneous Current and Accrued Liabilities (Account 242)

- Describe and report the amount of other current and accrued liabilities at the end of year.
- Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Vacation Entitlement Reserve	1,646,312
2	Accrued Payable - Other	1,511,899
3	Ratepayer Sharing Provisions	1,405,258
4	MISO MTEP - Short Term Accrual	1,056,745
5	Retirement Bank Accrual	908,320
6	Wages Payable	808,000
7	Provision for Incentive Ben Prog	675,281
8	FAS 158 Current Liabilities	256,472
9	Native Deferred MTM Liability	33,317
10	Retirement Savings Plan Accrual	29,122
11	Severance Reserve/Accrual	13,475
12		
13		
14		
15		
16		
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45	Total	8,344,201

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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Other Deferred Credits (Account 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	Debit Contra Account (c)	Debit Amount (d)	Credits (e)	Balance at End of Year (f)
1	MISO MTEP Accrual	18,287,428	146,561	3,763,122	785,013	15,309,319
2						
3	MGP Reserve	670,000	146,228	194,036	194,036	670,000
4						
5	Gas Refunds	354,896	191,431	1,175,849	396,840	(424,113)
6						
7	FTR MTM gains/losses	440,056	175	155,040		285,016
8						
9	Deferred Revenue - Outdoor Lighting	128,637	Various	144,246	165,899	150,290
10						
11	Merger - Related Donation Accrual	165,000	146,232	165,000		
12						
13	Sch M Tax and S/L for Surplus	32	514	32		
14	Mat'ls					
15						
16	Misc Deferred Credits and Other		146	33,864	33,864	
17						
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45	Total	20,046,049		5,631,189	1,575,652	15,990,512

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Accumulated Deferred Income Taxes-Other Property (Account 282)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
- At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	189,199,531	34,677,087	29,261,257
3	Gas	77,796,496	21,622,555	5,827,745
4	Other (Define) (footnote details)			
5	Total (Enter Total of lines 2 thru 4)	266,996,027	56,299,642	35,089,002
6	Other - Non-Utility	51,881,082		
7	TOTAL Account 282 (Enter Total of lines 5 thr	318,877,109	56,299,642	35,089,002
8	Classification of TOTAL			
9	Federal Income Tax	281,901,253	48,552,464	28,709,020
10	State Income Tax	36,975,856	7,747,178	6,379,982
11	Local Income Tax			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year	Changes during Year	Adjustments		Adjustments		Balance at End of Year (k)
	Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits Acct. No. (g)	Debits Amount (h)	Credits Account No. (i)	Credits Amount (j)	
1							
2	421,073				BSO	65,378,467	129,657,967
3	79,251				BSO	32,791,935	60,878,622
4							
5	500,324					98,170,402	190,536,589
6		24,991,931			BSO	(1,233,136)	28,122,287
7	500,324	24,991,931				96,937,266	218,658,876
8							
9	430,815	24,475,645				98,983,803	178,716,064
10	69,509	516,286				(2,046,537)	39,942,812
11							

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Accumulated Deferred Income Taxes-Other (Account 283)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
- At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric	19,381,034	21,930,040	8,630,710
3	Gas	5,232,389	3,052,378	2,521,257
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	24,613,423	24,982,418	11,151,967
6	Other - Non-Utility	(32,916)		
7	TOTAL Account 283 (Total of lines 5 thru 6)	24,580,507	24,982,418	11,151,967
8	Classification of TOTAL			
9	Federal Income Tax	21,156,368	21,272,952	9,429,100
10	State Income Tax	3,424,139	3,709,466	1,722,867
11	Local Income Tax			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Accumulated Deferred Income Taxes-Other (Account 283) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2					BSO	10,898,014	21,782,350
3					BSO	1,901,037	3,862,473
4							
5						12,799,051	25,644,823
6			BSO	40,726	BSO	2,690	5,120
7				40,726		12,801,741	25,649,943
8							
9				35,069		12,816,674	20,218,615
10				5,657		(14,933)	5,431,328
11							

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Other Regulatory Liabilities (Account 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	Written off during Quarter/Period Account Credited (c)	Written off During Period Amount Refunded (d)	Written off During Period Amount Deemed Non-Refundable (e)	Credits (f)	Balance at End of Current Quarter/Year (g)
1	INCOME TAXES	436,402	Various	7,973,085		8,814,178	1,277,495
2							
3	PENSION COSTS	5,549,676	228.3, 146	1,244,559		527,536	4,832,653
4							
5	REG LIAB-EXCESS FED ADIT					133,277,803	133,277,803
6							
7							
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45	Total	5,986,078		9,217,644	0	142,619,517	139,387,951

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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Monthly Quantity & Revenue Data by Rate Schedule

- Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
- Total Quantities and Revenues in whole numbers
- Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule.
- Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495.
- Enter footnotes as appropriate.

Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
1	Total Sales (480-488)	416,451			4,626,385	4,626,385
2	Transportation of Gas for Others (489.2 and 489..3)					
3	Rate Case #PRO8-27				43,506	43,506
4	Rate FT	217,435			391,829	391,829
5	Rate IT	154,766			142,058	142,058
6						
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Monthly Quantity & Revenue Data by Rate Schedule

1. Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
2. Total Quantities and Revenues in whole numbers
3. Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule.
4. Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495.
5. Enter footnotes as appropriate.

Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
1	1,072,050			8,975,165	8,975,165	2,049,543			15,129,833	15,129,833
2										
3				43,506	43,506				43,506	43,506
4	309,819			541,556	541,556	328,867			553,839	553,839
5	161,706			148,348	148,348	151,292			139,934	139,934
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32										
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Monthly Quantity & Revenue Data by Rate Schedule (continued)						
Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
48						
49						
50						
51						
52						
53						
54						
55						
56						
57						
58						
59						
60						
61						
62						
63	Total Transportation (Other than Gathering)	372,201			577,393	577,393
64	Storage (489.4)					
65						
66						
67						
68						
69						
70						
71						
72						
73						
74						
75						
76						
77						
78						
79						
80						
81						
82						
83						
84						
85						
86						
87						
88						
89						
90	Total Storage					
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible					
94	Total Gathering (489.1)					
95	Additional Revenues					
96	Products Sales and Extraction (490-492)					
97	Rents (493-494)					
98	Other Gas Revenues (495)				64	64
99	(Less) Provision for Rate Refunds					
100	Total Additional Revenues				64	64
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	788,652			5,203,842	5,203,842

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Monthly Quantity & Revenue Data by Rate Schedule (continued)										
Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
48										
49										
50										
51										
52										
53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63	471,525			733,410	733,410		480,159		737,279	737,279
64										
65										
66										
67										
68										
69										
70										
71										
72										
73										
74										
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87										
88										
89										
90										
91										
92										
93										
94										
95										
96										
97										
98					572				218	218
99										
100					572				218	218
101	1,543,575			9,709,147	9,709,147		2,529,702		15,867,330	15,867,330

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Gas Operating Revenues

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by Others				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:				
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:				

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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Gas Operating Revenues

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1	61,825,680	62,214,654	61,825,680	62,214,654	5,751,960	5,889,555
2	23,056,885	21,689,871	23,056,885	21,689,871	3,155,100	3,176,300
3	2,300,905	2,135,670	2,300,905	2,135,670	350,988	354,047
4						
5	27,474	9,411	27,474	9,411	4,549	1,873
6						
7						
8	600,263	552,436	600,263	552,436		
9						
10	522,072	522,072	522,072	522,072		
11	5,829,497	5,884,561	5,829,497	5,884,561	4,037,069	4,058,298
12						
13						
14						
15						
16						
17						
18	1,438	1,193	1,438	1,193		
19	94,164,214	93,009,868	94,164,214	93,009,868		
20						
21	94,164,214	93,009,868	94,164,214	93,009,868		

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)

1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).

Line No.	Zone of Delivery, Rate Schedule (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Previous Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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16					
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24					
25					

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
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Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)

4. Delivered Dth of gas must not be adjusted for discounting.
 5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.
 6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

Line No.	Other Revenues Amount for Current Year (f)	Other Revenues Amount for Previous Year (g)	Total Operating Revenues Amount for Current Year (h)	Total Operating Revenues Amount for Previous Year (i)	Dekatherm of Natural Gas Amount for Current Year (j)	Dekatherm of Natural Gas Amount for Previous Year (k)
1	522,072	522,072	522,072	522,072	12,320,860	10,266,352
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Other Gas Revenues (Account 495)

Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.

Line No.	Description of Transaction (a)	Amount (in dollars) (b)
1	Commissions on Sale or Distribution of Gas of Others	
2	Compensation for Minor or Incidental Services Provided for Others	
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale	
4	Sales of Stream, Water, or Electricity, including Sales or Transfers to Other Departments	
5	Miscellaneous Royalties	
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the Instructions to Account 495	
7	Revenues for Right and/or Benefits Received from Others which are Realized Through Research, Development, and Demonstration Ventures	
8	Gains on Settlements of Imbalance Receivables and Payables	
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements	
10	Revenues from Shipper Supplied Gas	
11	Other revenues (Specify):	1,438
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
	Total	1,438

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 308 Line No.: 11 Column: b
Gas Losses Damaged Lines

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Gas Operation and Maintenance Expenses				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production			
3	Manufactured Gas Production (Submit Supplemental Statement)	793,792	1,064,480	
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation			
7	750 Operation Supervision and Engineering	0	0	
8	751 Production Maps and Records	0	0	
9	752 Gas Well Expenses	0	0	
10	753 Field Lines Expenses	0	0	
11	754 Field Compressor Station Expenses	0	0	
12	755 Field Compressor Station Fuel and Power	0	0	
13	756 Field Measuring and Regulating Station Expenses	0	0	
14	757 Purification Expenses	0	0	
15	758 Gas Well Royalties	0	0	
16	759 Other Expenses	0	0	
17	760 Rents	0	0	
18	TOTAL Operation (Total of lines 7 thru 17)	0	0	
19	Maintenance			
20	761 Maintenance Supervision and Engineering	0	0	
21	762 Maintenance of Structures and Improvements	0	0	
22	763 Maintenance of Producing Gas Wells	0	0	
23	764 Maintenance of Field Lines	0	0	
24	765 Maintenance of Field Compressor Station Equipment	0	0	
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0	
26	767 Maintenance of Purification Equipment	0	0	
27	768 Maintenance of Drilling and Cleaning Equipment	0	0	
28	769 Maintenance of Other Equipment	0	0	
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0	
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering	0	0	
34	771 Operation Labor	0	0	
35	772 Gas Shrinkage	0	0	
36	773 Fuel	0	0	
37	774 Power	0	0	
38	775 Materials	0	0	
39	776 Operation Supplies and Expenses	0	0	
40	777 Gas Processed by Others	0	0	
41	778 Royalties on Products Extracted	0	0	
42	779 Marketing Expenses	0	0	
43	780 Products Purchased for Resale	0	0	
44	781 Variation in Products Inventory	0	0	
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0	
46	783 Rents	0	0	
47	TOTAL Operation (Total of lines 33 thru 46)	0	0	
48	Maintenance			
49	784 Maintenance Supervision and Engineering	0	0	
50	785 Maintenance of Structures and Improvements	0	0	
51	786 Maintenance of Extraction and Refining Equipment	0	0	
52	787 Maintenance of Pipe Lines	0	0	
53	788 Maintenance of Extracted Products Storage Equipment	0	0	
54	789 Maintenance of Compressor Equipment	0	0	
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0	
56	791 Maintenance of Other Equipment	0	0	
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0	
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals	0	0	
62	796 Nonproductive Well Drilling	0	0	
63	797 Abandoned Leases	0	0	
64	798 Other Exploration	0	0	
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases	0	0	
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0	
70	801 Natural Gas Field Line Purchases	37,161,991	34,678,066	
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0	
72	803 Natural Gas Transmission Line Purchases	0	0	
73	804 Natural Gas City Gate Purchases	0	0	
74	804.1 Liquefied Natural Gas Purchases	0	0	
75	805 Other Gas Purchases	86,609	(2,066,943)	
76	(Less) 805.1 Purchases Gas Cost Adjustments	0	0	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	37,248,600	32,611,123	
78	806 Exchange Gas	0	0	
79	Purchased Gas Expenses			
80	807.1 Well Expense-Purchased Gas	0	0	
81	807.2 Operation of Purchased Gas Measuring Stations	166,931	173,653	
82	807.3 Maintenance of Purchased Gas Measuring Stations	79,109	35,735	
83	807.4 Purchased Gas Calculations Expenses	0	0	
84	807.5 Other Purchased Gas Expenses	184,440	169,534	
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	430,480	378,922	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage-Debit	0	0	
87	(Less) 808.2 Gas Delivered to Storage-Credit	0	0	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0	
90	Gas used in Utility Operation-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	0	0	
92	811 Gas Used for Products Extraction-Credit	0	0	
93	812 Gas Used for Other Utility Operations-Credit	0	0	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	0	0	
95	813 Other Gas Supply Expenses	523,005	875,719	
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	38,202,085	33,865,764	
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	38,995,877	34,930,244	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	0	0	
102	815 Maps and Records	0	0	
103	816 Wells Expenses	0	0	
104	817 Lines Expense	0	0	
105	818 Compressor Station Expenses	0	0	
106	819 Compressor Station Fuel and Power	0	0	
107	820 Measuring and Regulating Station Expenses	0	0	
108	821 Purification Expenses	0	0	
109	822 Exploration and Development	0	0	
110	823 Gas Losses	0	0	
111	824 Other Expenses	0	0	
112	825 Storage Well Royalties	0	0	
113	826 Rents	0	0	
114	TOTAL Operation (Total of lines of 101 thru 113)	0	0	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	0	0	
117	831 Maintenance of Structures and Improvements	0	0	
118	832 Maintenance of Reservoirs and Wells	0	0	
119	833 Maintenance of Lines	0	0	
120	834 Maintenance of Compressor Station Equipment	0	0	
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0	
122	836 Maintenance of Purification Equipment	0	0	
123	837 Maintenance of Other Equipment	0	0	
124	TOTAL Maintenance (Total of lines 116 thru 123)	0	0	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	0	0	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	0	0	
129	841 Operation Labor and Expenses	0	0	
130	842 Rents	0	0	
131	842.1 Fuel	0	0	
132	842.2 Power	0	0	
133	842.3 Gas Losses	0	0	
134	TOTAL Operation (Total of lines 128 thru 133)	0	0	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	0	0	
137	843.2 Maintenance of Structures	0	0	
138	843.3 Maintenance of Gas Holders	0	0	
139	843.4 Maintenance of Purification Equipment	0	0	
140	843.5 Maintenance of Liquefaction Equipment	0	0	
141	843.6 Maintenance of Vaporizing Equipment	0	0	
142	843.7 Maintenance of Compressor Equipment	0	0	
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0	
144	843.9 Maintenance of Other Equipment	0	0	
145	TOTAL Maintenance (Total of lines 136 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminating and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering	0	0	
150	844.2 LNG Processing Terminal Labor and Expenses	0	0	
151	844.3 Liquefaction Processing Labor and Expenses	0	0	
152	844.4 Liquefaction Transportation Labor and Expenses	0	0	
153	844.5 Measuring and Regulating Labor and Expenses	0	0	
154	844.6 Compressor Station Labor and Expenses	0	0	
155	844.7 Communication System Expenses	0	0	
156	844.8 System Control and Load Dispatching	0	0	
157	845.1 Fuel	0	0	
158	845.2 Power	0	0	
159	845.3 Rents	0	0	
160	845.4 Demurrage Charges	0	0	
161	(less) 845.5 Wharfage Receipts-Credit	0	0	
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0	
163	846.1 Gas Losses	0	0	
164	846.2 Other Expenses	0	0	
165	TOTAL Operation (Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering	0	0	
168	847.2 Maintenance of Structures and Improvements	0	0	
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0	
170	847.4 Maintenance of LNG Transportation Equipment	0	0	
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0	
172	847.6 Maintenance of Compressor Station Equipment	0	0	
173	847.7 Maintenance of Communication Equipment	0	0	
174	847.8 Maintenance of Other Equipment	0	0	
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 and 175)	0	0	
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	0	0	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	481	0	
181	851 System Control and Load Dispatching	0	0	
182	852 Communication System Expenses	0	0	
183	853 Compressor Station Labor and Expenses	0	0	
184	854 Gas for Compressor Station Fuel	0	0	
185	855 Other Fuel and Power for Compressor Stations	0	0	
186	856 Mains Expenses	0	0	
187	857 Measuring and Regulating Station Expenses	0	0	
188	858 Transmission and Compression of Gas by Others	0	0	
189	859 Other Expenses	2,235	6,885	
190	860 Rents	0	0	
191	TOTAL Operation (Total of lines 180 thru 190)	2,716	6,885	
192	Maintenance			
193	861 Maintenance Supervision and Engineering	0	0	
194	862 Maintenance of Structures and Improvements	0	0	
195	863 Maintenance of Mains	0	0	
196	864 Maintenance of Compressor Station Equipment	0	0	
197	865 Maintenance of Measuring and Regulating Station Equipment	0	0	
198	866 Maintenance of Communication Equipment	0	0	
199	867 Maintenance of Other Equipment	0	0	
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	0	
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	2,716	6,885	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	0	(1,491)	
205	871 Distribution Load Dispatching	155,692	191,978	
206	872 Compressor Station Labor and Expenses	0	0	
207	873 Compressor Station Fuel and Power	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of <u>2017/Q4</u>
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	2,596,130	2,608,224	
209	875 Measuring and Regulating Station Expenses-General	1,523	69,269	
210	876 Measuring and Regulating Station Expenses-Industrial	20,754	40,548	
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0	
212	878 Meter and House Regulator Expenses	2,448,922	1,116,219	
213	879 Customer Installations Expenses	1,264,352	1,340,845	
214	880 Other Expenses	2,597,986	2,619,290	
215	881 Rents	0	0	
216	TOTAL Operation (Total of lines 204 thru 215)	9,085,359	7,984,882	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	0	(2,635)	
219	886 Maintenance of Structures and Improvements	0	0	
220	887 Maintenance of Mains	922,883	761,041	
221	888 Maintenance of Compressor Station Equipment	0	0	
222	889 Maintenance of Measuring and Regulating Station Equipment-General	47,473	45,377	
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	0	1,097	
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0	
225	892 Maintenance of Services	759,836	400,857	
226	893 Maintenance of Meters and House Regulators	284,008	543,580	
227	894 Maintenance of Other Equipment	5,825	45,930	
228	TOTAL Maintenance (Total of lines 218 thru 227)	2,020,025	1,795,247	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	11,105,384	9,780,129	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	587,612	404,392	
233	902 Meter Reading Expenses	467,970	618,439	
234	903 Customer Records and Collection Expenses	2,568,495	2,798,436	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	3,920	185,695	
236	905 Miscellaneous Customer Accounts Expenses	314	318	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	3,628,311	4,007,280	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	0	
241	908 Customer Assistance Expenses	139,343	166,854	
242	909 Informational and Instructional Expenses	1,310	200	
243	910 Miscellaneous Customer Service and Informational Expenses	310,786	338,705	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	451,439	505,759	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	19	0	
248	912 Demonstrating and Selling Expenses	99,009	90,223	
249	913 Advertising Expenses	7,303	3,768	
250	916 Miscellaneous Sales Expenses	0	0	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	106,331	93,991	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	1,750,117	1,910,444	
255	921 Office Supplies and Expenses	1,014,537	908,525	
256	(Less) 922 Administrative Expenses Transferred-Credit	(331)	(475)	
257	923 Outside Services Employed	1,092,343	536,163	
258	924 Property Insurance	128,252	129,250	
259	925 Injuries and Damages	423,476	513,100	
260	926 Employee Pensions and Benefits	1,815,518	1,642,940	
261	927 Franchise Requirements	0	0	
262	928 Regulatory Commission Expenses	194,195	218,031	
263	(Less) 929 Duplicate Charges-Credit	266,488	270,461	
264	930.1 General Advertising Expenses	8,689	7,162	
265	930.2 Miscellaneous General Expenses	215,142	323,575	
266	931 Rents	439,855	574,016	
267	TOTAL Operation (Total of lines 254 thru 266)	6,815,967	6,493,220	
268	Maintenance			
269	932 Maintenance of General Plant	2,527	5,666	
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	6,818,494	6,498,886	
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	61,108,552	55,823,174	

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FOOTNOTE DATA			

Schedule Page: 317 Line No.: 3 Column: b

OPERATION:		2017 Q4	2016 Q4
711	Gas Boiler Labor	5,663	4,770
712	Other Power Expenses	17,096	7,792
717	Liquified Petroleum Gas Expense	83,244	96,515
728	Liquified Petroleum Gas	588,951	834,050
735	Misc. Production Expense	45,911	50,313
736	Gas Raw Material - Rents	-	-
	Total Operation	740,865	993,440
MAINTENANCE:			
742	Production Equipment	52,927	71,040
	Total Maintenance	52,927	71,040
Total Manufactured Gas Production		793,792	1,064,480

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Other Gas Supply Expenses (Account 813)

1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117.4, and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of \$250,000 or more.

Line No.	Description (a)	Amount (in dollars) (b)
1	DSM Gas Expense	523,005
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25	Total	523,005

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Miscellaneous General Expenses (Account 930.2)

1. Provide the information requested below on miscellaneous general expenses.
 2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	21,983
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	1,321
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Other expenses	
5	Business and Service Company Support	158,753
6	Director's Fees and Expenses	18,149
7	Shareholder's Communications/Systems	(185)
8	Account Analysis Reconciliation Adjustments	15,121
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10		
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25	Total	215,142

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
 2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				
2	Production plant, manufactured gas	151,932			
3	Production and gathering plant, natural gas				
4	Products extraction plant				
5	Underground gas storage plant				
6	Other storage plant				
7	Base load LNG terminaling and processing plant				
8	Transmission plant				
9	Distribution plant	11,176,735			
10	General plant				
11	Common plant-gas	262,875			
12	TOTAL	11,591,542			

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)
1	982,996		982,996	Intangible plant
2			151,932	Production plant, manufactured gas
3				Production and gathering plant, natural gas
4				Products extraction plant
5				Underground gas storage plant
6				Other storage plant
7				Base load LNG terminaling and processing plant
8				Transmission plant
9			11,176,735	Distribution plant
10	96,710		96,710	General plant
11	342,868		605,743	Common plant-gas
12	1,422,574		13,014,116	TOTAL

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

Section B. Factors Used in Estimating Depreciation Charges

Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore (footnote details)		
3	Onshore (footnote details)		
4	Underground Gas Storage Plant (footnote details)		
5	Transmission Plant		
6	Offshore (footnote details)		
7	Onshore (footnote details)		
8	General Plant (footnote details)		
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11			
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Particulars Concerning Certain Income Deductions and Interest Charges Accounts

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1		
2	Account 421.2 - Loss On Disposal of Property	115,629
3		
4	Account 426.1 - Donations	
5	Customer Assistance Programs	53,043
6	Items Under Threshold	397,248
7		
8	Account 426.3 - Penalties	
9	Items Under Threshold	25,003
10		
11	Account 426.4 - Expenditures	
12	Civic, Political & Related Activities	642,878
13		
14	Account 426.5 - Other Deductions	
15	Sale of A/R Fees	1,630,026
16	Meter Impairment	1,190,000
17	Items Under Threshold	85,812
18		
19	Total Account 426	4,139,639
20		
21	Account 430 - Interest on Debt to Associated Companies	
22	Money Pool - Duke Energy Kentucky to Duke Energy Corporation	412,704
23	Money Pool - Duke Energy Kentucky to Duke Energy Florida	25,815
24	Money Pool - Duke Energy Kentucky to Duke Energy Indiana	6,954
25	Money Pool - Duke Energy Kentucky to Duke Energy Ohio	6,774
26	Money Pool - Duke Energy Kentucky to Duke Energy Progress	942
27	Money Pool - Duke Energy Kentucky to Duke Energy Carolinas	482
28	Money Pool - Duke Energy Kentucky to Duke Energy Business Services	3
29		
30	Total Account 430	453,674
31		
32	Account 431 - Other Interest Expense:	
33	Swap Net Interest	835,273
34	Credit Facility	394,911
35	Interest - Assigned from Service Company	141,004

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Particulars Concerning Certain Income Deductions and Interest Charges Accounts (continued)

Line No.	Item (a)	Amount (b)
1	Customer Service Deposits @ .66% Annum	67,886
2	Cox Avenue Office Lease	62,645
3	Capital Meter Lease Interest	48,857
4	Deferred Compensation for Board of Directors	5,878
5	Coal Ash Equity Return	(172,364)
6	Items Under Threshold	210
7		
8	Total Account 431	1,384,300
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Regulatory Commission Expenses (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Kentucky Public Service Commission Expense				
2	Gas Related				
3	Electric Related				
4					
5					
6					
7					
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9					
10					
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24					
25	Total		892,883	892,883	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Regulatory Commission Expenses (Account 928)

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA).
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than \$250,000) may be grouped.

Line No.	Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Deferred to Account 182.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred in Account 182.3 End of Year (l)
1							
2	Gas	928	194,195				
3	Electric	928	698,688				
4							
5							
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25			892,883				

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Employee Pensions and Benefits (Account 926)

1. Report below the items contained in Account 926, Employee Pensions and Benefits.

Line No.	Expense (a)	Amount (b)
1	Pensions – defined benefit plans	1,425,821
2	Pensions – other	1,133,826
3	Post-retirement benefits other than pensions (PBOP)	(685,137)
4	Post- employment benefit plans	650,523
5	Other (Specify)	
6	Medical and Dental	2,177,029
7	Life Insurance	21,093
8	Service/Safety Awards	6,758
9	Other Work/Family Benefits/Tuition	13,695
10	Benefits Distribution	3,095,925
11	Other	9,186
12		
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	Total	7,848,719

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Distribution of Salaries and Wages

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production	3,210,602	3,083,273	418,625	6,712,500
4	Transmission	23,666	638,024	44,011	705,701
5	Distribution	1,236,883	1,306,761	169,186	2,712,830
6	Customer Accounts	912,868	1,858,617	184,340	2,955,825
7	Customer Service and Informational	3,456	168,559	11,441	183,456
8	Sales				
9	Administrative and General	731,377	6,277,361	466,172	7,474,910
10	TOTAL Operation (Total of lines 3 thru 9)	6,118,852	13,332,595	1,293,775	20,745,222
11	Maintenance				
12	Production	3,129,907	2,919,719		6,049,626
13	Transmission	57,700	257,524		315,224
14	Distribution	1,553,542	827,061		2,380,603
15	Administrative and General	2,015	549		2,564
16	TOTAL Maintenance (Total of lines 12 thru 15)	4,743,164	4,004,853		8,748,017
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)	6,340,509	6,002,992	418,625	12,762,126
19	Transmission (Total of lines 4 and 13)	81,366	895,548	44,011	1,020,925
20	Distribution (Total of lines 5 and 14)	2,790,425	2,133,822	169,186	5,093,433
21	Customer Accounts (line 6)	912,868	1,858,617	184,340	2,955,825
22	Customer Service and Informational (line 7)	3,456	168,559	11,441	183,456
23	Sales (line 8)				
24	Administrative and General (Total of lines 9 and 15)	733,392	6,277,910	466,172	7,477,474
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	10,862,016	17,337,448	1,293,775	29,493,239
26	Gas				
27	Operation				
28	Production - Manufactured Gas	298,921	28,434	4,965	332,320
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply	524	314,169	4,773	319,466
31	Storage, LNG Terminating and Processing				
32	Transmission				
33	Distribution	1,958,808	1,526,498	52,861	3,538,167
34	Customer Accounts	523,681	1,277,116	27,312	1,828,109
35	Customer Service and Informational	2,393	155,189	2,390	159,972
36	Sales				
37	Administrative and General	4,984	1,386,004	21,097	1,412,085
38	TOTAL Operation (Total of lines 28 thru 37)	2,789,311	4,687,410	113,398	7,590,119
39	Maintenance				
40	Production - Manufactured Gas	42,119	33,962		76,081
41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminating and Processing				
44	Transmission				
45	Distribution	358,890	429,953		788,843

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Distribution of Salaries and Wages (continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
46	Administrative and General	1,624	402		2,026
47	TOTAL Maintenance (Total of lines 40 thru 46)	402,633	464,317		866,950
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)	341,040	62,396	4,965	408,401
51	Production - Natural Gas (Including Expl. and Dev.)(ll. 29 and 41)				
52	Other Gas Supply (Total of lines 30 and 42)	524	314,169	4,773	319,466
53	Storage, LNG Terminaling and Processing (Total of ll. 31 and 43)				
54	Transmission (Total of lines 32 and 44)				
55	Distribution (Total of lines 33 and 45)	2,317,698	1,956,451	52,861	4,327,010
56	Customer Accounts (Total of line 34)	523,681	1,277,116	27,312	1,828,109
57	Customer Service and Informational (Total of line 35)	2,393	155,189	2,390	159,972
58	Sales (Total of line 36)				
59	Administrative and General (Total of lines 37 and 46)	6,608	1,386,406	21,097	1,414,111
60	Total Operation and Maintenance (Total of lines 50 thru 59)	3,191,944	5,151,727	113,398	8,457,069
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	14,053,960	22,489,175	1,407,173	37,950,308
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant	4,215,719	5,762,499		9,978,218
67	Gas Plant	1,094,413	3,911,644		5,006,057
68	Other				
69	TOTAL Construction (Total of lines 66 thru 68)	5,310,132	9,674,143		14,984,275
70	Plant Removal (By Utility Departments)				
71	Electric Plant	569,108	1,398,309		1,967,417
72	Gas Plant	117,779	165,498		283,277
73	Other				
74	TOTAL Plant Removal (Total of lines 71 thru 73)	686,887	1,563,807		2,250,694
75	Other Accounts (Specify) (footnote details)	(2,364,326)	4,010,448		1,646,122
76	TOTAL Other Accounts	(2,364,326)	4,010,448		1,646,122
77	TOTAL SALARIES AND WAGES	17,686,653	37,737,573	1,407,173	56,831,399

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Schedule Page: 354 Line No.: 75 Column: b

Projects For Duke's Subsidiaries & Merchandising	\$ 218
Other Work in Progress	(2,428,569)
Other Accounts	<u>64,025</u>
Total	\$ (2,364,326)

Schedule Page: 354 Line No.: 75 Column: c

Projects For Duke's Subsidiaries & Merchandising	\$ 25,244
Other Work in Progress	3,017,424
Other Accounts	<u>967,780</u>
Total	\$ 4,010,448

Schedule Page: 354 Line No.: 75 Column: e

Projects For Duke's Subsidiaries & Merchandising	\$ 25,462
Other Work in Progress	588,855
Other Accounts	<u>1,031,805</u>
Total	\$ 1,646,122

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Charges for Outside Professional and Other Consultative Services

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.
 (a) Name of person or organization rendering services.
 (b) Total charges for the year.

2. Sum under a description "Other", all of the aforementioned services amounting to \$250,000 or less.

3. Total under a description "Total", the total of all of the aforementioned services.

4. Charges for outside professional and other consultative services provided by associated (affiliated) companies should be excluded from this schedule and be reported on Page 358, according to the instructions for that schedule.

Line No.	Description (a)	Amount (in dollars) (b)
1	ACCENTURE LLP - CONSULTING - FINANCE, IT	3,695,845
2	ELECTRIC POWER RESEARCH INSTITUTE EPRI - CONSULTING - IT	395,990
3	INTERNATIONAL BUSINESS MACHINES CORP - CONSULTING - RESEARCH &	337,979
4	DEVELOPMENT	
5	Other	2,173,131
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10	TOTAL	6,602,945
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Transactions with Associated (Affiliated) Companies

1. Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies amounting to more than \$250,000.
2. Sum under a description "Other", all of the aforementioned goods and services amounting to \$250,000 or less.
3. Total under a description "Total", the total of all of the aforementioned goods and services.
4. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	Services provided by Duke Energy Business Services	Duke Energy Business Services, LLC	Various	128,253,754
3	Customer and Market Services	Duke Energy Ohio, Inc.	Various	1,576,137
4	Gas Distribution Services	Duke Energy Ohio, Inc.	Various	3,996,945
5	Other Goods and Services	Duke Energy Ohio, Inc.	Various	30,144
6	Transmission and Distribution Services	Duke Energy Ohio, Inc.	Various	12,879,391
7	Customer and Market Services	Duke Energy Florida, LLC	Various	66,892
8	Generation Services	Duke Energy Florida, LLC	Various	37,560
9	Other Goods and Services	Duke Energy Florida, LLC	Various	54,931
10	Transmission and Distribution Services	Duke Energy Florida, LLC	Various	92,963
11	Customer and Market Services	Duke Energy Carolinas, LLC	Various	5,447,988
12	Generation Services	Duke Energy Carolinas, LLC	Various	13,030,245
13	Other Goods and Services	Duke Energy Carolinas, LLC	Various	1,796,092
14	Transmission and Distribution Services	Duke Energy Carolinas, LLC	Various	2,642,573
15	Customer and Market Services	Duke Energy Progress, LLC	Various	299,400
16	Generation Services	Duke Energy Progress, LLC	Various	317,354
17	Other Goods and Services	Duke Energy Progress, LLC	Various	210,846
18	Transmission and Distribution Services	Duke Energy Progress, LLC	Various	262,275
19				
20	Goods or Services Provided for Affiliated Company			
21	Customer and Market Services	Duke Energy Florida, LLC	Various	43,870
22	Gas Distribution Services	Duke Energy Florida, LLC	Various	42,400
23	Generation Services	Duke Energy Florida, LLC	Various	4,782
24	Transmission and Distribution Services	Duke Energy Florida, LLC	Various	466,354
25	Customer and Market Services	Duke Energy Indiana, LLC	Various	106
26	Gas Distribution Services	Duke Energy Indiana, LLC	Various	20,188
27	Generation Services	Duke Energy Indiana, LLC	Various	1,237,556
28	Other Goods and Services	Duke Energy Indiana, LLC	Various	73
29	Transmission and Distribution Services	Duke Energy Indiana, LLC	Various	(23,341)
30	Customer and Market Services	Duke Energy Ohio, Inc.	Various	220,255
31	Gas Distribution Services	Duke Energy Ohio, Inc.	Various	815,197
32	Generation Services	Duke Energy Ohio, Inc.	Various	277
33	Other Goods and Services	Duke Energy Ohio, Inc.	Various	493,000
34	Transmission and Distribution Services	Duke Energy Ohio, Inc.	Various	1,005,967
35	Duke Energy Kentucky Provided Services to KO Transmission Company	KO Transmission Company	Various	1,403,981
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Transactions with Associated (Affiliated) Companies (continued)

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	Customer and Market Services	Duke Energy Indiana, LLC	Various	170,328
3	Generation Services	Duke Energy Indiana, LLC	Various	12,485,079
4	Other Goods and Services	Duke Energy Indiana, LLC	Various	54,151
5	Transmission and Distribution Services	Duke Energy Indiana, LLC	Various	42,792
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7	Gas Distribution Services	Piedmont Natural Gas Company, Inc.	Various	545,803
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20	Goods or Services Provided for Affiliated Company			
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Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/12/2018	2017/Q4
FOOTNOTE DATA			

Schedule Page: 358 Line No.: 2 Column: a

When an employee of the Service Company performs services for a Client Company, costs will be directly assigned or distributed or allocated. For allocated services, the allocation method will be on a basis reasonably related to the service performed. The Service Company Utility Service Agreement prescribes 23 Service Company functions and approximately 20 allocation methods.

Functions and Allocation Methods:

Information Systems

- Number of Central Processing Unit Seconds Ratio/Millions of Instructions per Second
- Number of Personal Computer Workstations Ratio
- Number of Information Systems Servers Ratio
- Number of Employees Ratio

Meters

- Number of Customers Ratio

Transportation

- Number of Employees Ratio
- Three Factor Formula

Electric System Maintenance

- Circuit Miles of Electric Transmission Lines Ratio
- Circuit Miles of Electric Distribution Lines Ratio

Marketing and Customer Relations and Grid Solutions

- Number of Customers Ratio

Electric Transmission & Distribution Engineering & Construction

- Electric Transmission Plant's Construction - Expenditures Ratio
- Electric Distribution Plant's Construction - Expenditures Ratio

Power Engineering & Construction

- Electric Production Plant's Construction - Expenditures Ratio

Human Resources

- Number of Employees Ratio

Supply Chain

- Procurement Spending Ratio
- Inventory Ratio

Facilities

- Square Footage Ratio

Accounting

- Three Factor Formula
- Generating Unit MW Capability Ratio

Power Planning and Operations

- Electric Peak Load Ratio
- Weighted Avg of the Circuit Miles of Electric Distribution Lines Ratio and the Electric Peak Load Ratio
- Sales Ratio
- Weighted Avg of the Circuit Miles of Electric Transmission Lines Ratio and the Electric Peak Load Ratio
- Generating Unit MW Capability Ratio

Public Affairs

- Three Factor Formula
- Weighted Avg of Number of Customers Ratio and Number of Employees Ratio

Legal

- Three Factor Formula

Rates

- Sales Ratio

Finance

- Three Factor Formula

Rights of Way

- Circuit Miles of Electric Transmission Lines Ratio

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

- Circuit Miles of Electric Distribution Lines Ratio
- Electric Peak Load Ratio
- Internal Auditing**
- Three Factor Formula
- Environmental, Health and Safety**
- Three Factor Formula
- Sales Ratio
- Fuels**
- Sales Ratio
- Investor Relations**
- Three Factor Formula
- Planning**
- Three Factor Formula
- Executive**
- Three Factor Formula

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Auxiliary Peaking Facilities

- Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
- For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
- For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?
1	Erlanger (KY)	Liquid Petroleum	25,060	7,849,480	Yes
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Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/12/2018	Year/Period of Report End of 2017/Q4
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Gas Account - Natural Gas

- The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
- Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
- Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
- If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
- Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
- Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
- Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
- Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only
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01 Name of System:

2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)		9,556,071	
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305	12,320,860	
6	Gas of Others Received for Distribution (Account 489.3)	301	4,069,819	
7	Gas of Others Received for Contract Storage (Account 489.4)	307		
8	Gas of Others Received for Production/Extraction/Processing (Account 490 and 491)			
9	Exchanged Gas Received from Others (Account 806)	328		
10	Gas Received as Imbalances (Account 806)	328		
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)			
13	Gas Received from Shippers as Compressor Station Fuel			
14	Gas Received from Shippers as Lost and Unaccounted for			
15	Other Receipts (Specify) (footnote details)		56,688	
16	Total Receipts (Total of lines 3 thru 15)		26,003,438	
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		9,262,589	
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305	12,320,860	
21	Deliveries of Gas Distributed for Others (Account 489.3)	301	4,037,069	
22	Deliveries of Contract Storage Gas (Account 489.4)	307		
23	Gas of Others Delivered for Production/Extraction/Processing (Account 490 and 491)			
24	Exchange Gas Delivered to Others (Account 806)	328		
25	Gas Delivered as Imbalances (Account 806)	328		
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)			
28	Gas Used for Compressor Station Fuel	509		
29	Other Deliveries and Gas Used for Other Operations		6,652	
30	Total Deliveries (Total of lines 18 thru 29)		25,627,170	
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		376,268	
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		26,003,438	