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VIA OVERNIGHT DELIVERY

July 13, 2015

Mr. Jeff Cline
Public Service Commission
Commonwealth of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

JUL 14 2015

PUBLIC SERVICE
COMMISSION

Re: Case No. 2011-124
In the Matter of the Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc.

Dear Mr. Cline:

Enclosed please find Duke Energy Kentucky's financial statements for the end of May 2015, per order by the Commission in the above-referenced case.

Please file-stamp the extra copy of this letter and return to me in the enclosed return-addressed envelope.

If you have any questions regarding the financial statements, please contact me Mai Xuan Zinchenko at 980-373-2167.

Sincerely,

Rocco D'Ascenzo
Associate General Counsel

Enclosures

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of May 31, 2015
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,016,374,485
Construction Work in Progress	33,527,239
Less: Accumulated Depreciation	<u>(952,672,325)</u>
Net Utility Plant	<u>1,097,229,399</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	628,659
Total Other Property & Investments	<u>632,365</u>
Cash	6,860,272
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	1,868,585
Other Accounts Receivable	4,586,595
Less: Provision for Uncollectibles	(208,761)
Notes Receivable from Assoc. Co.	22,265,451
Accounts Receivable from Assoc. Co.	(7,192,164)
Fuel Stock	21,606,941
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	21,296,482
Other Materials & Supplies	-
Stores Expense Undistributed	1,455,948
Prepayments	995,599
Emission Allowances	20,394
Derivative Instrument Assets	5,162,098
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	17,706,336
Rents Receivable	-
Total Current & Accrued Assets	<u>96,423,776</u>
Unamortized Debt Expense	1,858,756
Other Regulatory Assets	34,499,294
Preliminary Survey & Investigation	2,138,757
Clearing Accounts	5,644
Temporary Facilities	(4,875)
Miscellaneous Deferred Debits	30,991,020
Unamortized Loss on Reacquired Debt	1,876,823
Accumulated Deferred Income Taxes	41,753,109
Unrecovered Purchased Gas Costs	<u>(1,320,179)</u>
Total Deferred Debits	<u>111,798,349</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,306,083,889</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of May 31, 2015
(Unaudited)

	<u>Total Company</u>
<u>Proprietary Capital</u>	
Common Stock Issued	8,779,995
Premium on Capital Stock	18,838,946
Other Paid-in Capital Stock	149,456,885
Retained Earnings	260,527,456
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>437,603,282</u>
<u>Liabilities</u>	
Bonds	291,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(418,759)
Total Long-Term Debt	<u>316,301,241</u>
Obligations Under Capital Leases - Noncurrent	3,264,950
Asset Retirement Obligation	124,302,578
Long-Term Portion of Derivative Instrument Liabilities	5,999,744
Accum. Misc. Operating Provisions	10,373,545
Total Other Noncurrent Liabilities	<u>143,940,817</u>
Accounts Payable	15,708,224
Notes Payable to Assoc. Co.	-
Accounts Payable to Assoc. Co.	13,499,305
Customer Deposits	10,062,053
Taxes Accrued	10,098,703
Interest Accrued	2,389,463
Tax Collections Payable	1,148,998
Misc. Current & Accrued Liabilities	15,215,613
Obligations Under Capital Leases - Current	1,528,520
Derivative Instrument Liabilities	6,969,721
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,999,744)
Total Current & Accrued Liabilities	<u>70,620,856</u>
Customer Advances for Construction	803,013
Accum. Deferred Investment Tax Credits	1,008,079
Other Deferred Credits	22,981,379
Other Regulatory Liabilities	532,658
Accumulated Deferred Income Taxes	312,292,564
Total Deferred Credits	<u>337,617,693</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,306,083,889</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended May 31, 2015
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	131,313,101	78,700,907	210,014,008
Commercial Sales	118,646,229	27,598,757	146,244,986
Industrial Sales	58,129,575	2,278,235	60,407,810
Sales to Public Authorities	22,901,011	2,965,396	25,866,407
Public Street & Highway Lighting	1,756,906	1,008	1,757,914
Inter-Departmental Sales	63,280	33,033	96,313
Misc. Service Revenues	(1,403,216)	572,290	(830,926)
Revenues from Transportation	-	6,321,502	6,321,502
Sales for Resale	28,909,408	-	28,909,408
Rents from Property	720,560	113	720,673
Other Revenues	7,220,325	1,790	7,222,115
Total Revenues	<u>368,257,179</u>	<u>118,473,031</u>	<u>486,730,210</u>
<u>Operating Expenses</u>			
Operation Expense	236,930,292	73,721,754	310,652,046
Maintenance Expense	28,703,395	1,918,181	30,621,576
Depreciation Expense	29,087,444	12,566,924	41,654,368
Amortization and Depletion	2,210,079	909,387	3,119,466
Taxes Other than Income Taxes	9,334,620	4,330,503	13,665,123
Income Taxes - Federal & Other	6,970,820	4,765,290	11,736,110
Provision for Deferred Income Taxes - Net	11,109,877	3,386,212	14,496,089
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>324,346,527</u>	<u>101,598,251</u>	<u>425,944,778</u>
NET OPERATING INCOME	<u>43,910,652</u>	<u>16,874,780</u>	<u>60,785,432</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	475,607	-	475,607
Less: Expense of Merchandising, Jobbing and Contract Work	(290,008)	3,164	(286,844)
Revenues from Nonutility Operations	(123,483)	(3,355)	(126,838)
Interest & Dividend Income	823,632	276,638	1,100,270
AFUDC	232,259	27,976	260,235
Gain on Disposition of Property	-	234,645	234,645
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(753,614)	(391,833)	(1,145,447)
Taxes Other than Income Taxes	(92,818)	(29,365)	(122,183)
Income Taxes - Federal & Other	(5,243,636)	(320,615)	(5,564,251)
Provision for Deferred Income Taxes - Net	5,364,333	244,328	5,608,661
Total Other Income & Deductions	<u>392,272</u>	<u>41,583</u>	<u>433,855</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(9,539,048)	(3,700,844)	(13,239,892)
Amortization of Debt Disc. And Expense	(306,615)	(89,716)	(396,331)
Amortization of Loss on Reacquired Debt	(191,635)	(74,839)	(266,474)
Interest on Debt to Assoc. Co.	(63,214)	(24,599)	(87,813)
Other Interest Expense	(1,648,669)	(100,570)	(1,749,239)
Less: Allowance for Borrowed Fund Used During Construction - Credit	97,239	11,013	108,252
Net interest Charges	<u>(11,651,942)</u>	<u>(3,979,555)</u>	<u>(15,631,497)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>32,650,982</u>	<u>12,936,808</u>	<u>45,587,790</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
May 31, 2015
(Unaudited)

	Actual April 2015	Activity	Actual May 2015
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	241,299,435	4,131	241,303,566
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	3,347,024	(82,074)	3,264,950
Total Long-term debt	269,646,459	(77,943)	269,568,516
Common Stock Equity			
Common Stock	8,779,995	-	8,779,995
Premium On Capital Stock Common	18,838,946	-	18,838,946
Donations Received From Stockholders	143,211,362	-	143,211,362
Donations Received From Stockholders Tax	5,600,021	-	5,600,021
Other Miscellaneous PIC	(156,194)	-	(156,194)
Miscellaneous PIC	-	801,696	801,696
Unappropriated Retained Earnings Balance	236,981,800	-	236,981,800
Unappropriated Retained Earnings - Current Year Net Income	20,661,017	2,884,639	23,545,656
Total Common Stock Equity	433,916,947	3,686,335	437,603,282
TOTAL CAPITALIZATION	703,563,406	3,608,392	707,171,798