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VIA OVERNIGHT DELIVERY

August 13, 2015

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

RECEIVED

AUG 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 June 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 June 30, 2015
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Assets				
Utility Plant in Service	1,594,578,570	436,849,565	11,488,866	2,042,917,001
Construction Work in Progress	24,621,340	1,942,360	-	26,563,700
Less: Accumulated Depreciation	(812,427,356)	(148,001,786)	(7,086,034)	(967,515,176)
Net Utility Plant	<u>806,772,554</u>	<u>290,790,139</u>	<u>4,402,832</u>	<u>1,101,965,525</u>
Nonutility Property	-	-	2,206	2,206
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	647,878	647,878
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>651,584</u>	<u>651,584</u>
Cash	7,988,545	3,278,977	(598,021)	10,667,501
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	655,291	211,264	-	866,555
Other Accounts Receivable	3,482,230	1,429,673	(260,744)	4,651,159
Less: Provision for Uncollectibles	(157,209)	(50,683)	-	(207,892)
Notes Receivable from Assoc. Co.	8,894,841	3,651,889	(666,032)	11,880,698
Accounts Receivable from Assoc. Co.	3,423,530	1,405,573	(256,349)	4,572,754
Fuel Stock	17,373,967	1,496,719	2,779,621	21,650,307
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	20,875,745	368,720	-	21,244,465
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,426,630	25,198	-	1,451,828
Prepayments	1,265,942	599,303	-	1,865,245
Emission Allowances	20,219	-	-	20,219
Derivative Instrument Assets	5,056,257	-	-	5,056,257
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	14,122,575	4,223,555	-	18,346,130
Rents Receivable	-	-	-	-
Total Current & Accrued Assets	<u>84,426,563</u>	<u>16,640,188</u>	<u>998,475</u>	<u>102,065,226</u>
Unamortized Debt Expense	1,374,996	564,522	(102,958)	1,836,560
Other Regulatory Assets	25,875,478	7,372,509	-	33,047,987
Preliminary Survey & Investigation	1,601,624	657,567	(119,927)	2,139,264
Clearing Accounts	4,907	1,862	-	6,769
Temporary Facilities	(4,125)	-	-	(4,125)
Miscellaneous Deferred Debits	20,218,422	8,300,928	(1,513,925)	27,005,425
Unamortized Loss on Reacquired Debt	1,388,515	570,072	(103,970)	1,854,617
Accumulated Deferred Income Taxes	43,037,707	3,398,967	-	46,436,674
Unrecovered Purchased Gas Costs	-	(1,318,223)	-	(1,318,223)
Total Deferred Debits	<u>93,297,524</u>	<u>19,548,204</u>	<u>(1,840,780)</u>	<u>111,004,948</u>
TOTAL ASSETS AND OTHER DEBITS	<u>984,496,641</u>	<u>326,978,531</u>	<u>4,212,111</u>	<u>1,315,687,283</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of June 30, 2015
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Proprietary Capital</u>				
Common Stock Issued	6,573,407	2,698,795	(492,207)	8,779,995
Premium on Capital Stock	14,104,342	5,790,715	(1,056,111)	18,838,946
Other Paid-in Capital Stock	111,295,167	45,693,632	(8,333,610)	148,655,189
Retained Earnings	234,464,395	53,919,491	(25,841,947)	262,541,939
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>366,437,311</u>	<u>108,102,633</u>	<u>(35,723,875)</u>	<u>438,816,069</u>
<u>Liabilities</u>				
Bonds	218,404,930	89,668,893	(16,353,823)	291,720,000
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	25,000,000
Less: Unamortized Discount on Long-Term Debt	(310,237)	(127,371)	23,230	(414,378)
Total Long-Term Debt	<u>236,811,693</u>	<u>97,226,022</u>	<u>(17,732,093)</u>	<u>316,305,622</u>
Obligations Under Capital Leases - Noncurrent	2,256,204	926,299	-	3,182,503
Asset Retirement Obligation	119,592,718	4,527,127	-	124,119,845
Long-Term Portion of Derivative Instrument Liabilities	3,796,639	1,440,105	-	5,236,744
Accum. Misc. Operating Provisions	7,640,907	2,898,275	-	10,539,182
Total Other Noncurrent Liabilities	<u>133,286,468</u>	<u>9,791,806</u>	<u>-</u>	<u>143,078,274</u>
Accounts Payable	14,412,278	5,917,142	(1,079,169)	19,250,251
Notes Payable to Assoc. Co.	3,627,355	1,489,256	(271,611)	4,845,000
Accounts Payable to Assoc. Co.	5,138,994	2,109,879	(384,800)	6,864,073
Customer Deposits	6,002,881	4,037,061	-	10,039,942
Taxes Accrued	7,284,904	5,828,613	(23,832)	13,089,685
Interest Accrued	2,509,850	1,030,451	(187,934)	3,352,367
Tax Collections Payable	989,842	455,019	7,730	1,452,591
Misc. Current & Accrued Liabilities	10,132,340	3,843,302	-	13,975,642
Obligations Under Capital Leases - Current	1,071,156	439,770	-	1,510,926
Derivative Instrument Liabilities	4,493,345	1,704,372	-	6,197,717
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,796,639)	(1,440,105)	-	(5,236,744)
Total Current & Accrued Liabilities	<u>51,866,306</u>	<u>25,414,760</u>	<u>(1,939,616)</u>	<u>75,341,450</u>
Customer Advances for Construction	-	803,013	-	803,013
Accum. Deferred Investment Tax Credits	(2,590,148)	741,467	2,839,403	990,722
Other Deferred Credits	17,435,707	5,548,352	-	22,984,059
Other Regulatory Liabilities	36,957	490,634	-	527,591
Accumulated Deferred Income Taxes	181,212,347	78,859,844	56,768,292	316,840,483
Total Deferred Credits	<u>196,094,863</u>	<u>86,443,310</u>	<u>59,607,695</u>	<u>342,145,868</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>984,496,641</u>	<u>326,978,531</u>	<u>4,212,111</u>	<u>1,315,687,283</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended June 30, 2015
(Unaudited)

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	130,347,558	78,337,558	-	208,685,116
Commercial Sales	117,805,527	27,462,175	-	145,267,702
Industrial Sales	57,521,650	2,264,303	-	59,785,953
Sales to Public Authorities	22,712,876	2,941,585	-	25,654,461
Public Street & Highway Lighting	1,732,847	999	-	1,733,846
Inter-Departmental Sales	62,933	35,145	-	98,078
Misc. Service Revenues	(2,200,877)	40,436	534,648	(1,625,793)
Revenues from Transportation	-	6,335,915	-	6,335,915
Sales for Resale	29,605,935	-	-	29,605,935
Rents from Property	698,617	127	-	698,744
Other Revenues	7,580,910	1,715	-	7,582,625
Total Revenues	<u>365,867,976</u>	<u>117,419,958</u>	<u>534,648</u>	<u>483,822,582</u>
<u>Operating Expenses</u>				
Operation Expense	234,405,871	73,190,475	347,585	307,943,931
Maintenance Expense	28,671,748	1,709,099	186,007	30,566,854
Depreciation Expense	30,101,295	12,833,467	-	42,934,762
Amortization and Depletion	2,207,940	909,427	-	3,117,367
Taxes Other than Income Taxes	9,227,949	4,241,987	72,061	13,541,997
Income Taxes - Federal & Other	5,139,662	7,253,462	(119,064)	12,274,060
Provision for Deferred Income Taxes - Net	12,572,627	1,518,756	(704,363)	13,387,020
Investment Tax Credit Adjustment	-	(20)	20	-
Total Operating Expenses	<u>322,327,092</u>	<u>101,656,653</u>	<u>(217,754)</u>	<u>423,765,991</u>
NET OPERATING INCOME	<u>43,540,884</u>	<u>15,763,305</u>	<u>752,402</u>	<u>60,056,591</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	488,145	488,145
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(277,259)	(277,259)
Revenues from Nonutility Operations	-	-	(135,701)	(135,701)
Interest & Dividend Income	-	-	1,095,794	1,095,794
AFUDC	256,335	28,555	-	284,890
Gain on Disposition of Property	-	-	234,645	234,645
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(1,781,251)	(1,781,251)
Taxes Other than Income Taxes	-	-	(121,494)	(121,494)
Income Taxes - Federal & Other	-	-	(7,268,577)	(7,268,577)
Provision for Deferred Income Taxes - Net	-	-	6,229,816	6,229,816
Total Other Income & Deductions	<u>256,335</u>	<u>28,555</u>	<u>(1,535,882)</u>	<u>(1,250,992)</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(9,788,632)	(4,018,846)	732,958	(13,074,520)
Amortization of Debt Disc. And Expense	(292,191)	(119,962)	21,879	(390,274)
Amortization of Loss on Reacquired Debt	(199,504)	(81,909)	14,939	(266,474)
Interest on Debt to Assoc. Co.	(73,433)	(30,149)	5,499	(98,083)
Other Interest Expense	(1,297,719)	(532,795)	97,171	(1,733,343)
Less: Allowance for Borrowed Fund Used During Construction - Credit	99,800	10,653	-	110,453
Net interest Charges	<u>(11,551,679)</u>	<u>(4,773,008)</u>	<u>872,446</u>	<u>(15,452,241)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>32,245,540</u>	<u>11,018,852</u>	<u>88,966</u>	<u>43,353,358</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
June 30, 2015
(Unaudited)

	Actual May-15	Activity	Actual Jun-15
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	241,303,566	4,131	241,307,697
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	3,264,950	(82,447)	3,182,503
Total Long-term debt	269,568,516	(78,316)	269,490,200
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	23,545,656	2,014,483	25,560,139
Total Common Stock Equity	437,603,282	1,212,787	438,816,069
TOTAL CAPITALIZATION	707,171,798	1,134,471	708,306,269