



Mailing Address:  
139 East Fourth Street  
1303 Main / P.O. Box 960  
Cincinnati, Ohio 45202  
o 513-287-4320  
f 513-287-4385

**VIA OVERNIGHT DELIVERY**

September 11, 2015

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

RECEIVED

SEP 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 July 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 Sarah Danford at 980-373-2064.

Sincerely,

Rocco D'Ascenzo  
Associate General Counsel

Enclosures

Duke Energy Kentucky, Inc.

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

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,030,666,370
Construction Work in Progress	25,470,247
Less: Accumulated Depreciation	(954,696,736)
Net Utility Plant	<u>1,101,439,881</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	667,097
Total Other Property & Investments	<u>670,803</u>
Cash	12,018,653
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	1,252,315
Other Accounts Receivable	4,709,843
Less: Provision for Uncollectibles	(216,322)
Notes Receivable from Assoc. Co.	12,642,283
Accounts Receivable from Assoc. Co.	591,536
Fuel Stock	18,660,244
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	21,483,353
Other Materials & Supplies	-
Stores Expense Undistributed	1,519,874
Prepayments	1,633,949
Emission Allowances	20,158
Derivative Instrument Assets	5,056,257
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	19,038,614
Rents Receivable	-
Total Current & Accrued Assets	<u>98,410,757</u>
Unamortized Debt Expense	1,814,365
Other Regulatory Assets	33,854,075
Preliminary Survey & Investigation	1,351,848
Clearing Accounts	7,903
Temporary Facilities	(5,425)
Miscellaneous Deferred Debits	26,806,302
Unamortized Loss on Reacquired Debt	1,832,411
Accumulated Deferred Income Taxes	48,348,822
Unrecovered Purchased Gas Costs	(988,432)
Total Deferred Debits	<u>113,021,869</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,313,543,310</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of July 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	148,655,189
Retained Earnings	230,666,078
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>406,940,208</u>
<u>Liabilities</u>	
Bonds	291,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(409,998)
Total Long-Term Debt	<u>316,310,002</u>
Obligations Under Capital Leases - Noncurrent	3,099,682
Asset Retirement Obligation	124,251,386
Long-Term Portion of Derivative Instrument Liabilities	5,236,744
Accum. Misc. Operating Provisions	8,860,676
Total Other Noncurrent Liabilities	<u>141,448,488</u>
Accounts Payable	21,262,771
Notes Payable to Assoc. Co.	26,996,000
Accounts Payable to Assoc. Co.	10,306,377
Customer Deposits	10,018,907
Taxes Accrued	18,829,876
Interest Accrued	4,315,330
Tax Collections Payable	1,416,558
Misc. Current & Accrued Liabilities	13,079,492
Obligations Under Capital Leases - Current	1,493,263
Derivative Instrument Liabilities	6,197,717
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,236,744)
Total Current & Accrued Liabilities	<u>108,679,547</u>
Customer Advances for Construction	803,013
Accum. Deferred Investment Tax Credits	973,363
Other Deferred Credits	23,780,532
Other Regulatory Liabilities	522,526
Accumulated Deferred Income Taxes	314,085,631
Total Deferred Credits	<u>340,165,065</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,313,543,310</u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	129,973,993	78,096,151	208,070,144
Commercial Sales	116,588,728	27,449,909	144,038,637
Industrial Sales	56,572,528	2,232,500	58,805,028
Sales to Public Authorities	22,458,130	2,964,858	25,422,988
Public Street & Highway Lighting	1,720,476	991	1,721,467
Inter-Departmental Sales	62,260	35,053	97,313
Misc. Service Revenues	(2,319,617)	576,810	(1,742,807)
Revenues from Transportation	-	6,334,220	6,334,220
Sales for Resale	29,896,667	-	29,896,667
Rents from Property	702,260	141	702,401
Other Revenues	7,745,258	1,681	7,746,939
Total Revenues	<u>363,400,683</u>	<u>117,692,314</u>	<u>481,092,997</u>
<u>Operating Expenses</u>			
Operation Expense	232,211,498	72,873,700	305,085,198
Maintenance Expense	29,243,414	1,804,394	31,047,808
Depreciation Expense	31,250,314	13,035,361	44,285,675
Amortization and Depletion	2,186,138	905,958	3,092,096
Taxes Other than Income Taxes	9,325,561	4,309,492	13,635,053
Income Taxes - Federal & Other	5,707,786	10,370,294	16,078,080
Provision for Deferred Income Taxes - Net	11,768,850	(2,294,115)	9,474,735
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>321,693,561</u>	<u>101,005,084</u>	<u>422,698,645</u>
NET OPERATING INCOME	<u>41,707,122</u>	<u>16,687,230</u>	<u>58,394,352</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	517,858	-	517,858
Less: Expense of Merchandising, Jobbing and Contract Work	(277,261)	4,098	(273,163)
Revenues from Nonutility Operations	(144,062)	(1,790)	(145,852)
Interest & Dividend Income	806,215	272,487	1,078,702
AFUDC	271,743	32,800	304,543
Gain on Disposition of Property	4,289	236,189	240,478
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(1,364,712)	(429,682)	(1,794,394)
Taxes Other than Income Taxes	47,849	(29,413)	18,436
Income Taxes - Federal & Other	(4,105,280)	(123,872)	(4,229,152)
Provision for Deferred Income Taxes - Net	4,273,720	(2,848)	4,270,872
Total Other Income & Deductions	<u>30,359</u>	<u>(42,031)</u>	<u>(11,672)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(9,324,253)	(3,603,935)	(12,928,188)
Amortization of Debt Disc. And Expense	(298,282)	(85,935)	(384,217)
Amortization of Loss on Reacquired Debt	(191,715)	(74,759)	(266,474)
Interest on Debt to Assoc. Co.	(76,586)	(29,783)	(106,369)
Other Interest Expense	(1,632,419)	(94,908)	(1,727,327)
Less: Allowance for Borrowed Fund Used During Construction - Credit	100,763	11,581	112,344
Net interest Charges	<u>(11,422,492)</u>	<u>(3,877,739)</u>	<u>(15,300,231)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>30,314,989</u>	<u>12,767,460</u>	<u>43,082,449</u>

Duke Energy Kentucky, Inc.

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

	Actual June 2015	Activity	Actual July 2015
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
Long-term debt	241,307,697	4,131	241,311,828
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	3,182,503	(82,821)	3,099,682
<b>Total Long-term debt</b>	<b>269,490,200</b>	<b>(78,690)</b>	<b>269,411,510</b>
<b>Common Stock Equity</b>			
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	-	-	-
Unappropriated Retained Earnings Balance	236,981,800	(35,000,000)	201,981,800
Unappropriated Retained Earnings - Current Year Net Income	25,560,139	3,124,139	28,684,278
<b>Total Common Stock Equity</b>	<b>438,816,069</b>	<b>(31,875,861)</b>	<b>406,940,208</b>
<b>TOTAL CAPITALIZATION</b>	<b>708,306,269</b>	<b>(31,954,551)</b>	<b>676,351,718</b>