



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

November 13, 2015

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

RECEIVED

NOV 16 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 September 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 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 September 30, 2015
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Assets				
Utility Plant in Service	1,591,067,276	439,814,334	11,490,100	2,042,371,710
Construction Work in Progress	26,574,850	2,468,291	-	29,043,141
Less: Accumulated Depreciation	(809,482,062)	(150,703,247)	(7,125,032)	(967,310,341)
Net Utility Plant	<u>808,160,064</u>	<u>291,579,378</u>	<u>4,365,068</u>	<u>1,104,104,510</u>
Nonutility Property	-	-	2,206	2,206
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	705,535	705,535
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>709,241</u>	<u>709,241</u>
Cash	9,875,958	4,054,699	(739,496)	13,191,161
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	1,755,380	565,755	-	2,321,135
Other Accounts Receivable	3,486,066	1,431,248	(261,031)	4,656,283
Less: Provision for Uncollectibles	(172,784)	(55,688)	-	(228,472)
Notes Receivable from Assoc. Co.	7,218,172	2,963,512	(540,486)	9,641,198
Accounts Receivable from Assoc. Co.	262,895	107,935	(19,685)	351,145
Fuel Stock	17,024,394	1,597,411	2,966,620	21,588,425
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	21,513,247	476,339	-	21,989,586
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,624,451	35,968	-	1,660,419
Prepayments	817,422	386,972	-	1,204,394
Emission Allowances	19,986	-	-	19,986
Derivative Instrument Assets	4,058,933	-	-	4,058,933
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	14,365,838	6,950,690	-	21,316,528
Rents Receivable	2,500	-	-	2,500
Total Current & Accrued Assets	<u>81,852,458</u>	<u>18,514,841</u>	<u>1,405,922</u>	<u>101,773,221</u>
Unamortized Debt Expense	1,325,145	544,055	(99,225)	1,769,975
Other Regulatory Assets	31,691,733	7,609,552	-	39,301,285
Preliminary Survey & Investigation	1,013,287	416,018	(75,873)	1,353,432
Clearing Accounts	7,334	2,807	-	10,141
Temporary Facilities	-	-	-	0
Miscellaneous Deferred Debits	19,732,564	8,101,452	(1,477,544)	26,356,472
Unamortized Loss on Reacquired Debt	1,338,639	549,595	(100,236)	1,787,998
Accumulated Deferred Income Taxes	44,498,123	3,748,360	-	48,246,483
Unrecovered Purchased Gas Costs	-	(178,430)	-	(178,430)
Total Deferred Debits	<u>99,606,825</u>	<u>20,793,409</u>	<u>(1,752,878)</u>	<u>118,647,356</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>989,619,347</u></u>	<u><u>330,887,628</u></u>	<u><u>4,727,353</u></u>	<u><u>1,325,234,328</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of September 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	214,603,239	46,920,695	(23,010,160)	238,513,774
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>346,576,155</u>	<u>101,103,837</u>	<u>(32,892,088)</u>	<u>414,787,904</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	(300,397)	(123,332)	22,493	(401,236)
Total Long-Term Debt	<u>236,821,533</u>	<u>97,230,061</u>	<u>(17,732,830)</u>	<u>316,318,764</u>
Obligations Under Capital Leases - Noncurrent	2,079,256	853,652	-	2,932,908
Asset Retirement Obligation	119,261,675	4,592,193	-	123,853,868
Long-Term Portion of Derivative Instrument Liabilities	4,216,188	1,613,799	-	5,829,987
Accum. Misc. Operating Provisions	5,729,353	2,192,983	-	7,922,336
Total Other Noncurrent Liabilities	<u>131,286,472</u>	<u>9,252,627</u>	<u>-</u>	<u>140,539,099</u>
Accounts Payable	19,773,023	8,118,064	(1,480,573)	26,410,514
Notes Payable to Assoc. Co.	17,633,660	7,239,721	(1,320,381)	23,553,000
Accounts Payable to Assoc. Co.	7,975,883	3,274,600	(597,222)	10,653,261
Customer Deposits	5,976,785	4,019,510	-	9,996,295
Taxes Accrued	7,838,794	10,780,968	(1,730)	18,618,032
Interest Accrued	2,088,576	857,491	(156,389)	2,789,678
Tax Collections Payable	1,011,591	452,823	7,342	1,471,756
Misc. Current & Accrued Liabilities	8,868,501	3,394,529	-	12,263,030
Obligations Under Capital Leases - Current	1,033,443	424,287	-	1,457,730
Derivative Instrument Liabilities	4,908,373	1,878,741	-	6,787,114
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,216,188)	(1,613,799)	-	(5,829,987)
Total Current & Accrued Liabilities	<u>72,892,441</u>	<u>38,826,935</u>	<u>(3,548,953)</u>	<u>108,170,423</u>
Customer Advances for Construction	-	828,264	-	828,264
Accum. Deferred Investment Tax Credits	(2,624,934)	724,178	2,839,403	938,647
Other Deferred Credits	18,379,085	5,848,552	-	24,227,637
Other Regulatory Liabilities	32,570	479,823	-	512,393
Accumulated Deferred Income Taxes	186,256,025	76,593,351	56,061,821	318,911,197
Total Deferred Credits	<u>202,042,746</u>	<u>84,474,168</u>	<u>58,901,224</u>	<u>345,418,138</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>989,619,347</u>	<u>330,887,628</u>	<u>4,727,353</u>	<u>1,325,234,328</u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	129,663,208	77,808,132	-	207,471,340
Commercial Sales	115,049,869	27,325,559	-	142,375,428
Industrial Sales	55,424,700	2,219,558	-	57,644,258
Sales to Public Authorities	22,122,592	2,961,021	-	25,083,613
Public Street & Highway Lighting	1,692,903	975	-	1,693,878
Inter-Departmental Sales	62,236	34,975	-	97,211
Misc. Service Revenues	(1,717,376)	36,632	544,926	(1,135,818)
Revenues from Transportation	-	6,383,130	-	6,383,130
Sales for Resale	33,545,584	-	-	33,545,584
Rents from Property	675,228	168	-	675,396
Other Revenues	7,480,892	1,249	-	7,482,141
Total Revenues	363,999,836	116,771,399	544,926	461,316,161
<u>Operating Expenses</u>				
Operation Expense	227,568,553	71,975,215	343,993	299,887,761
Maintenance Expense	28,176,502	1,714,074	127,239	30,017,815
Depreciation Expense	30,317,709	12,871,315	-	43,189,024
Amortization and Depletion	2,327,901	844,182	-	3,172,083
Taxes Other than Income Taxes	9,456,769	4,233,179	68,632	13,758,580
Income Taxes - Federal & Other	993,964	10,140,079	(70,938)	11,063,105
Provision for Deferred Income Taxes - Net	20,175,530	(1,299,090)	(849,503)	18,026,937
Investment Tax Credit Adjustment	-	(105)	105	-
Total Operating Expenses	319,016,928	100,478,849	(380,472)	419,115,305
NET OPERATING INCOME	44,982,908	16,292,550	925,398	62,200,856
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	531,628	531,628
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(265,650)	(265,650)
Revenues from Nonutility Operations	-	-	(164,370)	(164,370)
Interest & Dividend Income	-	-	1,173,566	1,173,566
AFUDC	377,080	41,764	-	418,844
Gain on Disposition of Property	-	-	240,478	240,478
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(1,734,414)	(1,734,414)
Taxes Other than Income Taxes	-	-	(119,487)	(119,487)
Income Taxes - Federal & Other	-	-	(2,750,230)	(2,750,230)
Provision for Deferred Income Taxes - Net	-	-	2,979,827	2,979,827
Total Other Income & Deductions	377,080	41,764	(108,652)	310,192
<u>Interest Charges</u>				
Interest on Long Term Debt	(9,430,361)	(3,871,753)	706,131	(12,595,983)
Amortization of Debt Disc. And Expense	(278,585)	(114,377)	20,860	(372,102)
Amortization of Loss on Recquired Debt	(199,504)	(81,909)	14,939	(266,474)
Interest on Debt to Assoc. Co.	(97,216)	(39,913)	7,279	(129,850)
Other Interest Expense	(1,325,858)	(544,348)	99,278	(1,770,928)
Less: Allowance for Borrowed Fund Used During Construction - Credit	138,080	14,741	-	152,821
Net Interest Charges	(11,193,444)	(4,637,559)	848,487	(14,982,516)
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	34,166,544	11,696,755	1,665,233	47,528,532

Duke Energy Kentucky, Inc.

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

	<u>Actual Aug-15</u>	<u>Activity</u>	<u>Actual Sep-15</u>
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	241,315,959	4,131	241,320,090
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	3,016,484	(83,576)	2,932,908
Total Long-term debt	<u>269,332,443</u>	<u>(79,445)</u>	<u>269,252,998</u>
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	-	-	-
Unappropriated Retained Earnings Balance	201,981,800	-	201,981,800
Unappropriated Retained Earnings - Current Year Net Income	33,708,727	2,823,247	36,531,974
Total Common Stock Equity	<u>411,964,657</u>	<u>2,823,247</u>	<u>414,787,904</u>
TOTAL CAPITALIZATION	681,297,100	2,743,802	684,040,902

NOTE:

* "Long-Term Debt" under Non-Current Liabilities does not include current portion of Long-Term Debt and Unamortized Discount.