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VIA OVERNIGHT DELIVERY

December 9, 2015

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

RECEIVED

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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.

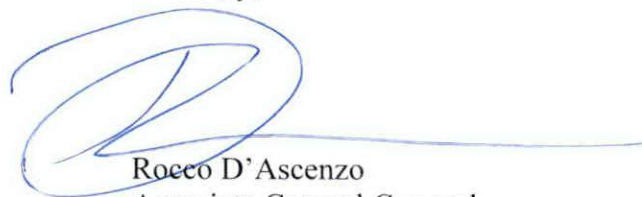
Dear Mr. Cline:

Enclosed please find Duke Energy Kentucky's financial statements for the end of October 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 October 31, 2015
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,042,543,163
Construction Work in Progress	29,987,608
Less: Accumulated Depreciation	(967,257,820)
Net Utility Plant	<u>1,105,272,951</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	724,754
Total Other Property & Investments	<u>728,460</u>
Cash	9,534,166
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,364,571
Other Accounts Receivable	4,644,946
Less: Provision for Uncollectibles	(269,294)
Notes Receivable from Assoc. Co.	4,955,155
Accounts Receivable from Assoc. Co.	581,324
Fuel Stock	22,901,716
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	22,016,778
Other Materials & Supplies	-
Stores Expense Undistributed	1,806,126
Prepayments	1,328,451
Emission Allowances	20,120
Derivative Instrument Assets	4,058,933
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	21,903,524
Rents Receivable	2,500
Total Current & Accrued Assets	<u>95,849,016</u>
Unamortized Debt Expense	1,771,031
Other Regulatory Assets	41,608,472
Preliminary Survey & Investigation	1,353,711
Clearing Accounts	18,652
Temporary Facilities	(2,125)
Miscellaneous Deferred Debits	25,328,741
Unamortized Loss on Reacquired Debt	1,765,792
Accumulated Deferred Income Taxes	48,221,567
Unrecovered Purchased Gas Costs	(395,414)
Total Deferred Debits	<u>119,670,427</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,321,520,854</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of October 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	239,115,686
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>415,389,816</u>
<u>Liabilities</u>	
Bonds	291,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(396,855)
Total Long-Term Debt	<u>316,323,145</u>
Obligations Under Capital Leases - Noncurrent	2,848,952
Asset Retirement Obligation	123,869,048
Long-Term Portion of Derivative Instrument Liabilities	5,829,987
Accum. Misc. Operating Provisions	7,470,156
Total Other Noncurrent Liabilities	<u>140,018,143</u>
Accounts Payable	22,648,210
Notes Payable to Assoc. Co.	26,387,000
Accounts Payable to Assoc. Co.	7,905,292
Customer Deposits	10,035,635
Taxes Accrued	19,179,287
Interest Accrued	1,411,776
Tax Collections Payable	1,191,075
Misc. Current & Accrued Liabilities	11,785,632
Obligations Under Capital Leases - Current	1,439,474
Derivative Instrument Liabilities	6,789,800
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,829,987)
Total Current & Accrued Liabilities	<u>102,943,194</u>
Customer Advances for Construction	828,264
Accum. Deferred Investment Tax Credits	921,289
Other Deferred Credits	24,187,959
Other Regulatory Liabilities	507,327
Accumulated Deferred Income Taxes	320,401,717
Total Deferred Credits	<u>346,846,556</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,321,520,854</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	128,563,249	77,762,518	206,325,767
Commercial Sales	113,936,144	27,301,293	141,237,437
Industrial Sales	54,473,999	2,231,174	56,705,173
Sales to Public Authorities	21,871,188	2,944,739	24,815,927
Public Street & Highway Lighting	1,683,573	969	1,684,542
Inter-Departmental Sales	58,891	34,483	93,374
Misc. Service Revenues	(1,721,606)	586,453	(1,135,153)
Revenues from Transportation	-	6,390,533	6,390,533
Sales for Resale	34,728,884	-	34,728,884
Rents from Property	661,712	181	661,893
Other Revenues	8,461,127	1,023	8,462,150
Total Revenues	<u>362,717,161</u>	<u>117,253,366</u>	<u>479,970,527</u>
<u>Operating Expenses</u>			
Operation Expense	227,512,256	71,455,899	298,968,155
Maintenance Expense	28,379,723	1,778,138	30,157,861
Depreciation Expense	30,790,858	12,981,396	43,772,254
Amortization and Depletion	2,290,950	829,718	3,120,668
Taxes Other than Income Taxes	9,520,557	4,296,779	13,817,336
Income Taxes - Federal & Other	(1,540,341)	10,487,314	8,946,973
Provision for Deferred Income Taxes - Net	22,097,433	(2,297,535)	19,799,898
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>319,051,436</u>	<u>99,531,709</u>	<u>418,583,145</u>
NET OPERATING INCOME	<u>43,665,725</u>	<u>17,721,657</u>	<u>61,387,382</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	547,024	-	547,024
Less: Expense of Merchandising, Jobbing and Contract Work	(250,251)	3,204	(247,047)
Revenues from Nonutility Operations	(109,103)	(1,631)	(110,734)
Interest & Dividend Income	895,530	263,627	1,159,157
AFUDC	422,041	45,560	467,601
Gain on Disposition of Property	4,290	241,021	245,311
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(1,328,994)	(406,529)	(1,735,523)
Taxes Other than Income Taxes	(81,837)	(29,485)	(111,322)
Income Taxes - Federal & Other	(3,375,726)	(146,457)	(3,522,183)
Provision for Deferred Income Taxes - Net	3,245,453	(248,818)	2,996,635
Total Other Income & Deductions	<u>(31,573)</u>	<u>(279,508)</u>	<u>(311,081)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(8,952,339)	(3,458,228)	(12,410,567)
Amortization of Debt Disc. And Expense	(285,782)	(80,263)	(366,045)
Amortization of Loss on Reacquired Debt	(191,835)	(74,639)	(266,474)
Interest on Debt to Assoc. Co.	(103,122)	(40,082)	(143,204)
Other Interest Expense	(1,676,592)	(86,988)	(1,763,580)
Less: Allowance for Borrowed Fund Used During Construction - Credit	153,058	16,251	169,309
Net interest Charges	<u>(11,056,612)</u>	<u>(3,723,949)</u>	<u>(14,780,561)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>32,577,540</u>	<u>13,718,200</u>	<u>46,295,740</u>

Duke Energy Kentucky, Inc.

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

	Actual September 2015	Activity	Actual October 2015
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	241,320,090	4,131	241,324,221
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	2,932,908	(83,956)	2,848,952
Total Long-term debt	269,252,998	(79,825)	269,173,173
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	36,531,974	601,912	37,133,886
Total Common Stock Equity	414,787,904	601,912	415,389,816
TOTAL CAPITALIZATION	684,040,902	522,087	684,562,989

NOTE:

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