



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

**VIA 2ND DAY DELIVERY**

January 10, 2016

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

RECEIVED

JAN 11 2017

PUBLIC SERVICE  
COMMISSION

Re: Case No. 2011-00124  
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 November 2016, 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 November 30, 2016  
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,080,493,122
Construction Work in Progress	53,812,452
Less: Accumulated Depreciation	(1,004,235,650)
Net Utility Plant	<u>1,130,069,924</u>
Nonutility Property	2,206
Other Investments	1,500
Other Special Funds	1,379,741
Long Term Portion of Derivative Instrument Assets	441,442
Total Other Property & Investments	<u>1,824,889</u>
Cash	7,607,201
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	1,459,517
Other Accounts Receivable	1,579,766
Less: Provision for Uncollectibles	(139,455)
Notes Receivable from Assoc. Co.	7,481,064
Accounts Receivable from Assoc. Co.	1,637,015
Fuel Stock	23,800,868
Gas Stored Underground Inventory	4,019,290
Plant Materials & Operating Supplies	22,808,392
Other Materials & Supplies	-
Stores Expense Undistributed	853,190
Prepayments	448,087
Emission Allowances	53,344
Derivative Instrument Assets	2,489,273
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	14,828,240
Rents Receivable	2,500
Total Current & Accrued Assets	<u>88,928,292</u>
Unamortized Debt Expense	1,736,655
Other Regulatory Assets	67,851,434
Preliminary Survey & Investigation	143,148
Clearing Accounts	82,297
Temporary Facilities	(4,450)
Miscellaneous Deferred Debits	27,669,857
Unamortized Loss on Reacquired Debt	1,477,112
Accumulated Deferred Income Taxes	40,194,444
Unrecovered Purchased Gas Costs	2,534,520
Total Deferred Debits	<u>141,685,017</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,362,508,122</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 2

As of November 30, 2016

(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	258,565,181
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>434,839,311</u>
<u>Liabilities</u>	
Bonds	336,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(342,079)
Total Long-Term Debt	<u>361,377,921</u>
Obligations Under Capital Leases - Noncurrent	1,525,177
Asset Retirement Obligation	86,257,743
Long-Term Portion of Derivative Instrument Liabilities	6,670,881
Accum. Misc. Operating Provisions	11,545,344
Total Other Noncurrent Liabilities	<u>105,999,145</u>
Accounts Payable	22,209,369
Notes Payable to Assoc. Co.	6,838,000
Accounts Payable to Assoc. Co.	11,686,057
Customer Deposits	10,325,629
Taxes Accrued	8,389,589
Interest Accrued	3,177,846
Tax Collections Payable	1,268,170
Misc. Current & Accrued Liabilities	15,464,127
Obligations Under Capital Leases - Current	1,239,439
Derivative Instrument Liabilities	7,583,516
Less: Long-Term Portion of Derivative Instrument Liabilities	(6,670,881)
Total Current & Accrued Liabilities	<u>81,510,861</u>
Customer Advances for Construction	1,434,379
Accum. Deferred Investment Tax Credits	702,116
Other Deferred Credits	24,409,274
Other Regulatory Liabilities	445,521
Accumulated Deferred Income Taxes	351,789,594
Total Deferred Credits	<u>378,780,884</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,362,508,122</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended November 30, 2016  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	128,179,937	57,438,625	185,618,562
Commercial Sales	115,151,282	18,651,820	133,803,102
Industrial Sales	53,650,716	1,278,589	54,929,305
Sales to Public Authorities	21,966,011	2,008,079	23,974,090
Public Street & Highway Lighting	1,659,326	929	1,660,255
Inter-Departmental Sales	56,346	11,262	67,608
Misc. Service Revenues	(372,007)	723,153	351,146
Revenues from Transportation	-	6,300,865	6,300,865
Sales for Resale	18,826,324	-	18,826,324
Rents from Property	986,985	216	987,201
Other Revenues	3,227,623	1,193	3,228,816
Total Revenues	<u>343,332,543</u>	<u>86,414,731</u>	<u>429,747,274</u>
<u>Operating Expenses</u>			
Operation Expense	203,324,884	49,974,740	253,299,624
Maintenance Expense	32,029,781	1,820,224	33,850,005
Depreciation Expense	29,132,715	13,347,747	42,480,462
Amortization and Depletion	1,847,609	776,385	2,623,994
Taxes Other than Income Taxes	9,605,078	4,829,496	14,434,574
Income Taxes - Federal & Other	(22,694,844)	3,159,854	(19,534,990)
Provision for Deferred Income Taxes - Net	39,560,720	260,495	39,821,215
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>292,805,943</u>	<u>74,168,941</u>	<u>366,974,884</u>
NET OPERATING INCOME	<u>50,526,600</u>	<u>12,245,790</u>	<u>62,772,390</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	628,445	21,837	650,282
Less: Expense of Merchandising, Jobbing and Contract Work	(152,273)	2,121	(150,152)
Revenues from Nonutility Operations	(90,109)	32,644	(57,465)
Interest & Dividend Income	753,579	242,293	995,872
AFUDC	965,537	266,022	1,231,559
Gain on Disposition of Property	38,553	4,828	43,381
Loss on Disposition of Property	(6,021)	(9,664)	(15,685)
Misc. Income Deductions	(2,006,171)	(731,139)	(2,737,310)
Taxes Other than Income Taxes	(88,273)	(30,070)	(118,343)
Income Taxes - Federal & Other	(3,168,496)	831	(3,167,665)
Provision for Deferred Income Taxes - Net	3,373,992	(41,784)	3,332,208
Total Other Income & Deductions	<u>248,763</u>	<u>(242,081)</u>	<u>6,682</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(9,682,581)	(3,984,757)	(13,667,338)
Amortization of Debt Disc. And Expense	(555,675)	(251,971)	(807,646)
Amortization of Loss on Reacquired Debt	(187,005)	(79,469)	(266,474)
Interest on Debt to Assoc. Co.	(170,215)	(71,843)	(242,058)
Other Interest Expense	(1,503,402)	(67,047)	(1,570,449)
Less: Allowance for Borrowed Fund Used During Construction - Credit	409,902	92,642	502,544
Net interest Charges	<u>(11,688,976)</u>	<u>(4,362,445)</u>	<u>(16,051,421)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>39,086,387</u>	<u>7,641,264</u>	<u>46,727,651</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
November 30, 2016  
(Unaudited)

	Actual October 2016	Activity	Actual November 2016
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
* Long-term debt	285,108,296	49,788,698	334,896,994
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	1,583,068	(57,891)	1,525,177
<b>Total Long-term debt</b>	<b>311,691,364</b>	<b>49,730,807</b>	<b>361,422,171</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	218,157,431	-	218,157,431
Unappropriated Retained Earnings - Current Year Net Income	37,313,787	3,093,963	40,407,750
<b>Total Common Stock Equity</b>	<b>431,745,348</b>	<b>3,093,963</b>	<b>434,839,311</b>
<b>TOTAL CAPITALIZATION</b>	<b>743,436,712</b>	<b>52,824,770</b>	<b>796,261,482</b>

**NOTE:**

\* "Long-Term Debt" under Non-Current Liabilities does not include current portion of Long-Term Debt, Unamortized Discount, nor Unamortized Debt Expense.