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VIA OVERNIGHT DELIVERY

June 9, 2017

Dr. Talina Rose Mathews
Public Service Commission
Commonwealth of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

JUN 12 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 Dr. Mathews

Enclosed please find Duke Energy Kentucky's financial statements for the end of April 2017, 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 Oyinate Taylor at 980-373-1816.

Sincerely,



Rocco D'Ascenzo
Associate General Counsel

Enclosures

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of April 30, 2017
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,067,214,722
Construction Work in Progress	84,031,228
Less: Accumulated Depreciation	<u>(1,017,291,593)</u>
Net Utility Plant	<u>1,133,954,357</u>
Nonutility Property	119,537
Other Investments	1,500
Other Special Funds	1,832,549
Long Term Portion of Derivative Instrument Assets	<u>955,550</u>
Total Other Property & Investments	<u>2,909,136</u>
Cash	2,432,860
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	944,849
Other Accounts Receivable	878,649
Less: Provision for Uncollectibles	(145,989)
Notes Receivable from Assoc. Co.	9,637,605
Accounts Receivable from Assoc. Co.	(61,910)
Fuel Stock	21,861,442
Gas Stored Underground Inventory	1,772,266
Plant Materials & Operating Supplies	19,700,232
Other Materials & Supplies	-
Stores Expense Undistributed	241,886
Prepayments	1,642,679
Emission Allowances	45,786
Derivative Instrument Assets	413,996
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	7,926,776
Rents Receivable	<u>2,500</u>
Total Current & Accrued Assets	<u>67,293,627</u>
Unamortized Debt Expense	1,861,543
Other Regulatory Assets	106,244,364
Preliminary Survey & Investigation	233,555
Clearing Accounts	7,446
Temporary Facilities	(3,519)
Miscellaneous Deferred Debits	863,577
Unamortized Loss on Reacquired Debt	1,366,081
Accumulated Deferred Income Taxes	32,519,029
Unrecovered Purchased Gas Costs	<u>(2,063,777)</u>
Total Deferred Debits	<u>141,028,299</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,345,185,419</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of April 30, 2017
(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	275,882,630
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>452,156,760</u>
<u>Liabilities</u>	
Bonds	336,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(321,425)
Total Long-Term Debt	<u>361,398,575</u>
Obligations Under Capital Leases - Noncurrent	1,361,525
Asset Retirement Obligation	51,711,887
Long-Term Portion of Derivative Instrument Liabilities	4,670,462
Accum. Misc. Operating Provisions	14,789,318
Total Other Noncurrent Liabilities	<u>72,533,192</u>
Accounts Payable	22,258,060
Notes Payable to Assoc. Co.	10,801,000
Accounts Payable to Assoc. Co.	14,459,531
Customer Deposits	10,220,719
Taxes Accrued	2,255,148
Interest Accrued	2,189,144
Tax Collections Payable	1,257,339
Misc. Current & Accrued Liabilities	11,546,085
Obligations Under Capital Leases - Current	565,880
Derivative Instrument Liabilities	5,487,091
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,670,462)
Total Current & Accrued Liabilities	<u>76,369,535</u>
Customer Advances for Construction	1,477,813
Accum. Deferred Investment Tax Credits	659,852
Other Deferred Credits	19,607,205
Other Regulatory Liabilities	5,770,939
Accumulated Deferred Income Taxes	355,211,548
Total Deferred Credits	<u>382,727,357</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,345,185,419</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended April 30, 2017
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	126,932,064	60,944,310	187,876,374
Commercial Sales	113,832,373	20,928,319	134,760,692
Industrial Sales	52,633,558	1,514,977	54,148,535
Sales to Public Authorities	21,490,716	2,224,251	23,714,967
Public Street & Highway Lighting	1,619,073	960	1,620,033
Inter-Departmental Sales	56,683	23,676	80,359
Misc. Service Revenues	(527,066)	541,668	14,602
Revenues from Transportation	-	6,250,567	6,250,567
Sales for Resale	23,290,114		23,290,114
Rents from Property	1,060,218	240	1,060,458
Other Revenues	4,699,273	776	4,700,049
Total Revenues	<u>345,087,006</u>	<u>92,429,744</u>	<u>437,516,750</u>
<u>Operating Expenses</u>			
Operation Expense	218,431,178	57,332,562	275,763,740
Maintenance Expense	26,238,771	2,036,987	28,275,758
Depreciation Expense	29,221,240	12,286,627	41,507,867
Amortization and Depletion	1,854,338	943,681	2,798,019
Taxes Other than Income Taxes	9,981,587	4,502,373	14,483,960
Income Taxes - Federal & Other	(12,599,264)	6,641,818	(5,957,446)
Provision for Deferred Income Taxes - Net	26,765,209	(2,702,858)	24,062,351
Investment Tax Credit Adjustment			
Total Operating Expenses	<u>299,893,059</u>	<u>81,041,190</u>	<u>380,934,249</u>
NET OPERATING INCOME	<u>45,193,947</u>	<u>11,388,554</u>	<u>56,582,501</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	854,064	156,767	1,010,831
Less: Expense of Merchandising, Jobbing and Contract Work	(279,836)	(108)	(279,944)
Revenues from Nonutility Operations	(93,206)	64,952	(28,254)
Interest & Dividend Income	748,160	248,201	996,361
AFUDC	1,386,634	399,241	1,785,875
Gain on Disposition of Property	38,552	4,828	43,380
Loss on Disposition of Property		(9,664)	(9,664)
Misc. Income Deductions	(1,888,091)	(640,395)	(2,528,486)
Taxes Other than Income Taxes	(76,351)	(26,170)	(102,521)
Income Taxes - Federal & Other	(5,540,922)	(343,770)	(5,884,692)
Provision for Deferred Income Taxes - Net	3,350,082	(49,392)	3,300,690
Total Other Income & Deductions	<u>(1,500,914)</u>	<u>(195,510)</u>	<u>(1,696,424)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(9,538,433)	(3,783,018)	(13,321,451)
Amortization of Debt Disc. And Expense	(307,730)	(241,728)	(549,458)
Amortization of Loss on Reacquired Debt	(186,789)	(79,685)	(266,474)
Interest on Debt to Assoc. Co.	(181,479)	(77,333)	(258,812)
Other Interest Expense	(1,401,396)	(49,750)	(1,451,146)
Less: Allowance for Borrowed Fund Used During Construction - Credit	566,158	128,655	694,813
Net interest Charges	<u>(11,049,669)</u>	<u>(4,102,859)</u>	<u>(15,152,528)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>32,643,364</u>	<u>7,090,185</u>	<u>39,733,549</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
April 30, 2017
(Unaudited)

	Actual March 2017	Activity	Actual April 2017
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	334,939,899	16,667	334,956,566
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	1,389,245	(27,719)	1,361,526
Total Long-term debt	361,329,144	(11,052)	361,318,092
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	260,741,369	-	260,741,369
Unappropriated Retained Earnings - Current Year Net Income	12,413,868	2,727,393	15,141,261
Total Common Stock Equity	449,429,367	2,727,393	452,156,760
TOTAL CAPITALIZATION	810,758,511	2,716,341	813,474,852

NOTE:

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