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**VIA OVERNIGHT DELIVERY**

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June 13, 2018

JUN 14 2018

Ms. Gwen R. Pinson  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
Frankfort, Kentucky 40602-0615

PUBLIC SERVICE  
COMMISSION

**Re: Case No. 2011-00124**

In the Matter of the Joint Application of Duke Energy Cooperation, 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 Ms. Pinson:

Enclosed please find Duke Energy Kentucky's financial statements for the end of April, 2018, 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 Anna Anderson at 980-373-2179.

Very Truly Yours,



Rocco O. D'Ascenzo

Enclosures

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Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of April 30, 2018  
(Unaudited)

PUBLIC SERVICE  
COMMISSION

	<u>Total Company</u>
<b>Assets</b>	
Utility Plant in Service	2,220,506,768
Construction Work in Progress	171,421,297
Less: Accumulated Depreciation	(1,037,479,017)
Net Utility Plant	<u>1,354,449,048</u>
Nonutility Property	305,235
Other Investments	1,500
Other Special Funds	7,794,952
Long Term Portion of Derivative Instrument Assets	318,323
Total Other Property & Investments	<u>8,420,010</u>
Cash	6,682,176
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,141,628
Other Accounts Receivable	1,060,135
Less: Provision for Uncollectibles	(222,354)
Notes Receivable from Assoc. Co.	12,447,740
Accounts Receivable from Assoc. Co.	(28,198)
Fuel Stock	14,785,886
Gas Stored Underground Inventory	995,417
Plant Materials & Operating Supplies	17,611,971
Other Materials & Supplies	-
Stores Expense Undistributed	585,879
Prepayments	3,199,581
Emission Allowances	29,804
Derivative Instrument Assets	707,601
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	5,517,644
Rents Receivable	-
Total Current & Accrued Assets	<u>65,514,910</u>
Unamortized Debt Expense	2,129,071
Other Regulatory Assets	136,918,412
Preliminary Survey & Investigation	76,473
Clearing Accounts	9,110
Temporary Facilities	5,177
Miscellaneous Deferred Debits	1,164,722
Unamortized Loss on Reacquired Debt	1,099,607
Accumulated Deferred Income Taxes	60,039,014
Unrecovered Purchased Gas Costs	(1,186,524)
Total Deferred Debits	<u>200,255,062</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u><u>1,628,639,030</u></u>

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Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of April 30, 2018  
(Unaudited)

PUBLIC SERVICE  
COMMISSION

	<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	163,655,189
Retained Earnings	333,691,564
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>524,965,694</u>
<u>Liabilities</u>	
Bonds	426,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(271,855)
Total Long-Term Debt	<u>451,448,145</u>
Obligations Under Capital Leases - Noncurrent	468,767
Asset Retirement Obligation	53,856,829
Long-Term Portion of Derivative Instrument Liabilities	3,750,541
Accum. Misc. Operating Provisions	27,626,344
Total Other Noncurrent Liabilities	<u>85,702,481</u>
Accounts Payable	46,927,529
Notes Payable to Assoc. Co.	59,967,000
Accounts Payable to Assoc. Co.	18,258,128
Customer Deposits	9,886,934
Taxes Accrued	11,585,519
Interest Accrued	2,732,248
Tax Collections Payable	1,485,762
Misc. Current & Accrued Liabilities	2,283,304
Obligations Under Capital Leases - Current	322,698
Derivative Instrument Liabilities	4,435,156
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,750,541)
Total Current & Accrued Liabilities	<u>154,133,737</u>
Customer Advances for Construction	1,583,742
Accum. Deferred Investment Tax Credits	3,817,322
Other Deferred Credits	16,376,686
Other Regulatory Liabilities	139,312,890
Accumulated Deferred Income Taxes	251,298,333
Total Deferred Credits	<u>412,388,973</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,628,639,030</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended April 30, 2018  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	127,127,872	66,542,133	193,670,005
Commercial Sales	108,609,195	23,834,102	132,443,297
Industrial Sales	51,350,332	1,674,229	53,024,561
Sales to Public Authorities	20,160,401	2,420,230	22,580,631
Public Street & Highway Lighting	1,591,952	962	1,592,914
Inter-Departmental Sales	71,527	32,264	103,791
Misc. Service Revenues	(555,575)	567,945	12,370
Revenues from Transportation	-	6,619,608	6,619,608
Sales for Resale	16,243,099	-	16,243,099
Rents from Property	1,191,923	(67)	1,191,856
Other Revenues	14,873,281	(1,977,803)	12,895,478
<b>Total Revenues</b>	<b>340,664,007</b>	<b>99,713,603</b>	<b>440,377,610</b>
<u>Operating Expenses</u>			
Operation Expense	206,630,214	62,215,590	268,845,804
Maintenance Expense	40,927,777	2,253,301	43,181,078
Depreciation Expense	33,728,940	10,344,339	44,073,279
Amortization and Depletion	2,605,091	1,659,094	4,264,185
Taxes Other than Income Taxes	11,180,290	3,464,965	14,645,255
Income Taxes - Federal & Other	(4,755,032)	(8,714,177)	(13,469,209)
Provision for Deferred Income Taxes - Net	16,972,644	12,260,417	29,233,061
Investment Tax Credit Adjustment	-	-	-
<b>Total Operating Expenses</b>	<b>307,289,924</b>	<b>83,483,529</b>	<b>390,773,453</b>
<b>NET OPERATING INCOME</b>	<b>33,374,083</b>	<b>16,230,074</b>	<b>49,604,157</b>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,111,228	(123,443)	987,785
Less: Expense of Merchandising, Jobbing and Contract Work	(386,506)	(1,600)	(388,106)
Revenues from Nonutility Operations	(125,244)	73,308	(51,936)
Interest & Dividend Income	1,038,060	365,623	1,403,683
AFUDC	3,500,405	895,281	4,395,686
Gain on Disposition of Property	17,045	-	17,045
Loss on Disposition of Property	(115,628)	(1,187)	(116,815)
Misc. Income Deductions	(3,383,434)	(770,667)	(4,154,101)
Taxes Other than Income Taxes	(86,584)	(28,755)	(115,339)
Income Taxes - Federal & Other	(333,995)	173,731	(160,264)
Provision for Deferred Income Taxes - Net	23,302,627	(94,524)	23,208,103
<b>Total Other Income &amp; Deductions</b>	<b>24,537,974</b>	<b>487,767</b>	<b>25,025,741</b>
<u>Interest Charges</u>			
Interest on Long Term Debt	(11,612,266)	(4,400,331)	(16,012,597)
Amortization of Debt Disc. And Expense	(258,150)	(53,892)	(312,042)
Amortization of Loss on Reacquired Debt	(186,896)	(79,578)	(266,474)
Interest on Debt to Assoc. Co.	(418,824)	(178,639)	(597,463)
Other Interest Expense	(1,309,100)	(59,368)	(1,368,468)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,418,282	317,798	1,736,080
<b>Net interest Charges</b>	<b>(12,366,954)</b>	<b>(4,454,010)</b>	<b>(16,820,964)</b>
Extraordinary Items after Taxes	-	-	-
<b>NET INCOME</b>	<b>45,545,103</b>	<b>12,263,831</b>	<b>57,808,934</b>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
April 30, 2018  
(Unaudited)

	Actual March 2018	Activity	Actual April 2018
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
* Long-term debt	424,724,012	17,535	424,741,547
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	496,669	(27,902)	468,767
Total Long-term debt	450,220,681	(10,367)	450,210,314
<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	15,000,000	-	15,000,000
Unappropriated Retained Earnings Balance	320,140,299	-	320,140,299
Unappropriated Retained Earnings - Current Year Net Income	12,662,728	888,537	13,551,265
Total Common Stock Equity	524,077,157	888,537	524,965,694
TOTAL CAPITALIZATION	974,297,838	878,170	975,176,008

**NOTE:**

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