

**Goss
Samford**

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July 15, 2019

RECEIVED

JUL 15 2019

**PUBLIC SERVICE
COMMISSION**

Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

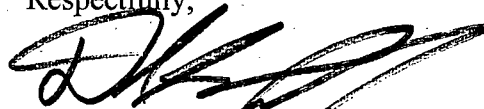
Re: In the Matter of: The Application of Duke Energy Kentucky, Inc. for an Order Seeking an Amendment to its Existing Financing Authority Authorizing the Issuance of Unsecured Debt and Long-Term Notes, Execution and Delivery of Long-Term Loan Agreements, and Use of Interest Rate Management Instruments;
Case No. 2019-00238

Dear Ms. Pinson:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten copies of Duke Energy Kentucky Inc.'s ("Duke Energy Kentucky") response to the Commission's July 11, 2019 Filing Deficiencies Letter. Please return a file-stamped copy to me.

Please do not hesitate to contact me with any questions or concerns.

Respectfully,



David S. Samford

Enclosures

2365 Harrodsburg Road, Suite B-325 | Lexington, Kentucky 40504



Matthew G. Bevin
Governor

Charles G. Snaveley
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
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Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

July 11, 2019

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PUBLIC SERVICE
COMMISSION

Rocco D'Ascenzo
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

RE: Duke Energy Kentucky, Inc.
Case No. 2019-00238 - Filing Deficiencies

Although the Commission initially issued a letter of No Deficiency on June 10, 2019, that letter was issued in error. This filing is rejected for the reasons set forth below.

Filing deficiencies pursuant to:

- (1) 807 KAR 5:001: Section 18 (2) (a)— Financial Exhibit (see below)
- (2) 807 KAR 5:001: Section 12 (1) (a)- For a utility that had \$5,000,000 or more in gross annual revenue in the immediate past calendar year, information required by Section 12(2) shall cover operations for a twelve (12) month period, the period ending not more than ninety (90) days prior to the date the application is filed.
- (3) 807 KAR 5:001 Section 12 (2) (i)- Detailed income statement and balance sheet

You are requested to submit the information necessary to cure the deficiencies within 10 days of the date of this letter.

If you need further assistance, please contact my staff at 502-564-3940.

Sincerely,

Gwen R. Pinson
Executive Director

*Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

*Rocco O D'Ascenzo
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

DUKE ENERGY KENTUCKY, INC.
Condensed Balance Sheets
(Unaudited)

(in thousands, except share amounts)	May 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	4,071	7,773
Receivables (net of allowance for doubtful accounts of \$297 at May 31, 2019 and \$221 at December 31, 2018)	7,372	9,450
Receivables from affiliated companies	2,922	29,195
Notes Receivables from affiliated companies	-	-
Inventory	45,849	40,595
Regulatory Assets	9,936	10,562
Other	14,553	11,961
Total Current Assets	84,703	109,536
Property, Plant and Equipment		
Cost	2,577,570	2,517,897
Less Accumulated Depreciation and Amortization	(959,054)	(965,124)
Net Property Plant and Equipment	1,618,516	1,552,773
Operating Lease Right of Use Assets		
Operating Lease Right of Use Assets	9,382	-
Operating Lease Right-of-Use Assets, net	9,382	-
Other Noncurrent Assets		
Regulatory Assets	112,485	113,652
Other	7,637	9,922
Total Other Noncurrent Assets	120,122	123,574
Total Assets	1,832,723	1,785,883
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	36,800	45,759
Accounts payable to affiliated companies	14,535	17,503
Notes payable to affiliated companies	67,918	38,875
Taxes Accrued	8,747	18,143
Interest Accrued	5,291	6,115
Current Maturities of Long-Term Debt	100,124	100,396
Asset Retirement Obligations	6,372	6,448
Regulatory Liabilities	11,709	14,294
Other	24,012	19,291
Total Current Liabilities	275,508	266,824
Long-Term Debt	424,586	424,714
Operating Lease Liabilities	9,150	-
Notes payable to affiliated companies	25,000	25,000
Other Noncurrent Liabilities		
Deferred Income Taxes	227,132	214,719
Asset Retirement Obligations	53,404	56,378
Regulatory Liabilities	151,982	156,115
Accrued Pension and Other Post-Retirement Benefit Costs	20,505	21,734
Investment Tax Credit	3,493	3,522
Other	21,038	20,653
Total Other Noncurrent Liabilities	477,554	473,121
Commitments and Contingencies		
Equity		
Common Stock, \$15.00 par value, 1,000,000 shares authorized and 585,333 shares outstanding at March 31, 2019 and December 31, 2018	8,780	8,780
Additional Paid in Capital	217,494	217,494
Retained Earnings	394,651	369,950
Total Duke Energy Corporation Stockholders' Equity	620,925	596,224
Noncontrolling Interests	-	-
Total Liabilities and Equity	1,832,723	1,785,883

	Actuals May 2019 YTD - Year-to-Date OTHER_REPORTING.CF_DE_KE NTUCKY - Other Reporting	Actuals Dec - December 2018 YTD - Year-to-Date OTHER_REPORTING.CF_DE_KE NTUCKY - Other Reporting		
CASHANDCASHEQUIV - Cash and Cash Equivalents	4,070,804.95	7,772,710.50		
SHORTTERMINV - Short Term Investments	-	-		
1210_ACCT_REC_TRADE - 1210_ACCT_REC_TRADE - A/R - Trade	50,413,005.34	71,476,661.52		
1215_ACCT_REC_AFDA - 1215_ACCT_REC_AFDA - Allowance For Doubtful Accounts A/R	(297,299.01)	(220,840.95)		
1231_ACCT_REC_OTHER - 1231_ACCT_REC_OTHER - A/R - Other	2,840,914.04	4,502,410.47		
1234_IC_VIE_ACCT_REC - 1234_IC_VIE_ACCT_REC - Intercompany Accounts Receivable for VIE	(45,584,568.98)	(66,308,163.73)		
1250_NOTE_REC - 1250_NOTE_REC - Notes Receivable Third Party	-	-		
1255_NOTE_REC_UNCOL - 1255_NOTE_REC_UNCOL - N/R Current - AFDA	-	-		
1260_INT_REC - 1260_INT_REC - Interest Receivable - Third Party	-	-		
TOTAL_RECEIVABLES - Receivables	7,372,051.39	9,450,067.31	(0)	-
VAR_INT_CURR_ASSET - Restricted Receivables of VIEs	-	-		
RECEIVABLES_AFFIL_CO - Receivables from affiliated companies	2,922,608.42	29,194,912.07		
NOTES_REC_AFFIL_CO - Notes receivable from affiliated companies	-	-		
TOTAL_INVENTORY - Inventory	45,848,548.46	40,595,513.19		
REG_ASSET_CURRNT - Regulatory Assets	9,935,690.81	10,561,959.15		
CURRENT_AHFS - Assets Held For Sale	-	-		
OTHER_CURRENT_ASSETS - Other	14,552,605.75	11,961,243.81		
CURRENT_ASSETS - Total Current Assets	84,702,309.78	109,536,406.03	-	-
TOTAL_COST - Cost	2,577,569,722.10	2,517,896,798.15		
ACCUM_DDA - Less Accumulated Depreciation and Amortization	(959,053,540.64)	(965,123,884.72)		
FAC_TOB_RETIRED - Generation Facilities To Be Retired	-	-		
PROP_PLANT_EQ_TOTAL - Net Property Plant and Equipment	1,618,516,181.46	1,552,772,913.43	-	-
1739_OP_LEASE_A - 1739_OP_LEASE_A - Oper Lease Right of Use Assets	9,382,361.45	-		
UNAMORT_GW - Goodwill	-	-		
REGULATORY_ASSETS - Regulatory Assets	112,485,417.63	113,651,620.02		
NUC_DECOM_TF - Nuclear Decommissioning Trust Funds	-	-		
INVEST_UNCONSOL_AFF - Investment in Equity Method Unconsolidated Affiliates	-	-		
NONCUR_AHFS - Assets Held For Sale	-	-		
LONG_TERM_RECEIVABLE - Notes Receivable	-	-		
INVEST_CONSOL_SUBS - Investment in Consolidated Subsidiaries	(0.00)	(0.00)		
INVESTMENT_REAL_EST - Investment in Residential, Commercial, and Multi-Family Real Estate	-	-		
OTHER_ASSETS - Other	7,636,852.13	9,922,127.35		
OTH_NONCURR_ASSETS - Total Other Noncurrent Assets	120,122,269.76	123,573,747.37	-	0
ASSETS - Total Assets	1,832,723,122.46	1,785,883,066.82	0	(0)
ACCOUNTS_PAYABLE - Accounts Payable	36,800,436.95	45,758,700.27		
ACCOUNTS_PAY_AFFIL - Accounts payable to affiliated companies	14,534,475.54	17,502,580.25		
NOTES_PAYABLE - Notes Payable and Commercial Paper	-	-		
ST_NOTES_PAY_AFFIL - Notes payable to affiliated companies	67,918,000.00	38,875,000.00		
TAXES_ACCRUED - Taxes Accrued	8,746,568.42	18,143,237.01		
INTEREST_ACCRUED - Interest Accrued	5,291,107.77	6,114,848.65		
CURRENT_LIAB_AHFS - Liabilities Associated with Assets Held for Sale	-	-		
CURRENT_LTD - Current Maturities of Long-Term Debt	100,124,069.68	100,396,477.18		
ARO_CURR - Asset Retirement Obligations	6,371,818.90	6,448,092.41		
REG_LIAB_CURRNT - Regulatory Liabilities	11,709,187.15	14,294,000.32		
OTHER - Other	24,012,362.33	19,290,583.35		
CURRENT_LIABILITIES - Total Current Liabilities	275,508,026.74	266,823,519.44	-	-
LONG_TERM_DEBT - Long-Term Debt	424,585,824.43	424,714,157.58		
2513_LTD_OP_LSE - 2513_LTD_OP_LSE - Operating Lease Liabilities	9,149,842.85	-		
Operating Lease Liabilities	9,149,842.85	-		hardcoded
NOTES_PAY_AFFIL_CO - Notes payable to affiliated companies	25,000,000.00	25,000,000.00		
DEFERRED_INCOME_TAX - Deferred Income Taxes	227,131,983.29	214,718,389.85		
ASSET_RET_OBL - Asset Retirement Obligations	53,403,930.91	56,378,207.49		
REGULATORY_LIAB - Regulatory Liabilities	151,981,851.81	156,115,488.89		
ACC_PEN_OTH_BEN_COST - Accrued Pension and Other Post-Retirement Benefit Costs	20,505,182.38	21,734,353.14		
INVEST_TAX_CR - Investment Tax Credit	3,493,184.00	3,522,114.00		
NONCUR_LIAB_AHFS - Liabilities Assoc with Assets Held For Sale	-	-		
OTHER_DEF_CR_LIAB - Other	21,037,938.31	20,653,185.65		
OTH_NONCURR_LIABILITIES - Total Other Noncurrent Liabilities	477,554,070.70	473,121,739.02	-	-
LIABILITIES - Total Liabilities	1,211,797,764.72	1,189,659,416.04	(0)	-
CMN_STOCK - Common Stock	8,779,995.00	8,779,995.00		
APIC - Additional Paid in Capital	217,494,135.00	217,494,135.00		
TOTAL_RE - Retained Earnings	394,651,227.74	369,949,520.78		
ACCUM_OCI - Accumulated Other Comprehensive Income	-	-		
SHARE_EQUITY - Equity	620,925,357.74	596,223,650.78		
MIN_INT - Noncontrolling Interest	-	-		
EQUITY - Total Equity Including Noncontrolling Interest	620,925,357.74	596,223,650.78	-	-
LIABILITIES_AND_EQ - Total Liabilities and Equity	1,832,723,122.46	1,785,883,066.82	-	-

DUKE ENERGY KENTUCKY, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands)

Twelve Months Ended
May 31
2019

Operating Revenues	
Electric	385,065
Gas	107,543
Total operating revenues	492,608 -
Operating Expenses	
Fuel used in electric generation and purchased power	131,575
Natural gas purchased	45,618
Operation, maintenance and other	143,558
Depreciation and amortization	69,869
Property and other taxes	15,348
Goodwill and other impairment charges	-
Total operating expenses	405,968 -
Gains on Sales of Other Assets and Other, net	6
Operating Income	86,646 -
Other Income and Expenses, net	6,199
Interest Expense	20,907
Income Before Income Taxes	71,938 -
Income Tax Expense	15,459
Income From Continuing Operations	56,479 -
Income From Discontinued Operations, net of tax	-
Net Income	56,479 -

Tie-point

	Twelve Months Ended					
	5.31.2019	12.31.2018	5.31.2018	5.31.2018		
Operating Revenues						
Electric	147,574	378,507	141,016	385,065	-	
Gas	58,495	104,548	55,500	107,543	-	
Total operating revenues	206,069	483,055	196,516	492,608	-	-
Operating Expenses						
Fuel used in electric generation and purchased power	47,145	140,465	56,035	131,575	-	
Natural gas purchased	26,305	43,006	23,693	45,618	-	
Operation, maintenance and other	62,380	144,519	63,341	143,558	-	
Depreciation and amortization	29,887	64,893	24,911	69,869	-	
Property and other taxes	6,528	15,094	6,274	15,348	-	
Goodwill and other impairment charges	-	-	-	-	-	
Total operating expenses	172,245	407,977	174,254	405,968	-	-
Gains on Sales of Other Assets and Other, net	78	(74)	(2)	6	-	
Operating Income	33,902	75,004	22,260	86,646	-	-
Other Income and Expenses, net	3,352	6,627	3,779	6,200	-	1
Interest Expense	9,141	18,347	6,580	20,908	-	1
Income Before Income Taxes	28,113	63,284	19,459	71,938	-	-
Income Tax Expense	4,863	13,474	2,878	15,459	-	
Income From Continuing Operations	23,250	49,810	16,581	56,479	-	-
Income From Discontinued Operations, net of tax	-	-	-	-	-	
Net Income	23,250	49,810	16,581	56,479	-	-