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VIA OVERNIGHT DELIVERY

August 20, 2019

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

RECEIVED

AUG 21 2019

PUBLIC SERVICE
COMMISSION

Re: Case No. 2019-00238

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

Dear Ms. Pinson:

Duke Energy Kentucky, Inc. hereby submits Commission Staff's First Request for Information being sent via overnight delivery. The original and ten (10) paper copies have been mailed to the Commission via overnight delivery.

Please date-stamp the two copies of the letter and return to me in the enclosed return envelope.

Sincerely,

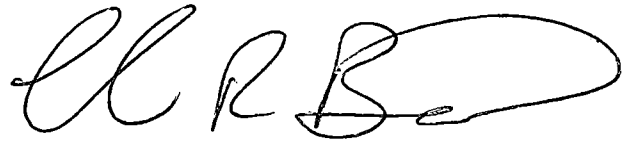
Rocco D'Ascenzo
Deputy General Counsel
Rocco.D'Ascenzo@duke-energy.com

cc: Rebecca W. Goodman (w/enclosure)

VERIFICATION

STATE OF NORTH CAROLINA)
) SS:
COUNTY OF MECKLENBURG)

The undersigned, Chris Bauer, Treasury Director, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Chris Bauer Affiant

Subscribed and sworn to before me by Chris Bauer on this 15 day of August 2019.


NOTARY PUBLIC

My Commission Expires: 06/08/2020

KyPSC Case No. 2019-00238

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Duke Energy Kentucky
Case No. 2019-00238
Staff First Set Data Requests
Date Received: August 8, 2019

STAFF-DR-01-001

REQUEST:

In the application, Duke Kentucky states that it expects to close on \$40,000,000 of securities that was authorized by the Commission in Case No. 2018-00323¹ on July 17, 2019.

- a. State whether the securities were issues.
- b. Provide the terms and costs associated with this issue.

RESPONSE:

- a. Yes, the securities were issued on July 17, 2019.
- b. The \$40,000,000 aggregate principal amount debentures, due 2049, have a coupon of 4.32%.

PERSON RESPONSIBLE: Chris Bauer

¹ Case No. 2018-00323 *Electronic Application of Duke Energy Kentucky, Inc. for an Order 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* (Ky. PSC Nov. 26, 2018)

**Duke Energy Kentucky
Case No. 2019-00238
Staff First Set Data Requests
Date Received: August 8, 2019**

STAFF-DR-01-002

REQUEST:

Duke Kentucky also proposes in the application that an additional \$170,000,000 will be issued in September 2019, if granted the authority herein. Explain whether this is still Duke Kentucky's expectation and whether any of the proposed terms or costs have changed since the filing of the application.

RESPONSE:

Yes, it is still the expectation to issue \$170,000,000 aggregate principal amount of unsecured debentures. None of the proposed terms or costs have changed since the filing of the application.

PERSON RESPONSIBLE: Chris Bauer

**Duke Energy Kentucky
Case No. 2019-00238
Staff First Set Data Requests
Date Received: August 8, 2019**

STAFF-DR-01-003

REQUEST:

Confirm that Duke Kentucky has not entered into any other transaction authorized by the Commission's Order in Case No. 2018-00323.

RESPONSE:

It is confirmed that Duke Kentucky has not entered into any other transaction authorized by the Commission's Order in Case No. 2018-00323.

PERSON RESPONSIBLE: Chris Bauer

**Duke Energy Kentucky
Case No. 2019-00238
Staff First Set Data Requests
Date Received: August 8, 2019**

STAFF-DR-01-004

REQUEST:

Provide the expected cost of secured and unsecured borrowing represented by the authority requested in this application.

RESPONSE:

Duke Kentucky has priced three tranches of unsecured indebtedness all totaling \$210,000,000. Tranche 1 is \$95,000,000 aggregate principal amount due 2025 at 3.23%, tranche 2 is for \$75,000,000 aggregate principal amount, due 2029 at 3.56%, and tranche 3 is for \$40,000,000 aggregate principal amount, due 2049 at 4.32%. Tranche 3 has already been issued.

PERSON RESPONSIBLE: Chris Bauer

**Duke Energy Kentucky
Case No. 2019-00238
Staff First Set Data Requests
Date Received: August 8, 2019**

STAFF-DR-01-005

REQUEST:

Explain whether the issuance of additional debt will affect Duke Kentucky's ability to secure additional financing in the future at competitive rates.

RESPONSE:

We continue to believe that the overall investment profile of Duke Kentucky remains attractive to fixed income investors and we do not believe that the issuance of additional debt will change the marketability or materially impact the credit profile of the utility.

PERSON RESPONSIBLE: Chris Bauer

**Duke Energy Kentucky
Case No. 2019-00238
Staff First Set Data Requests
Date Received: August 8, 2019**

STAFF-DR-01-006

REQUEST:

Explain how the issuance of additional debt will affect Duke Kentucky's equity position.

RESPONSE:

The issuance of additional debt will not affect Duke Kentucky's equity position. It will temporarily impact the capitalization ratio of debt to equity, but this ratio fluctuates over time due to the normal business cycle and other events such as capital market transactions. Duke Kentucky's objective is to manage to its regulated capital structure over the long-term.

PERSON RESPONSIBLE: Chris Bauer