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**VIA OVERNIGHT DELIVERY**

April 15, 2019

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

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 Ms. Pinson:

Enclosed please find Duke Energy Kentucky's financial statements for the end of February 2019, 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 Connor S. Buker at 704-382-6245.

Very Truly Yours,



Rocco O. D'Ascenzo

Enclosures

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COMMISSION

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Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of February 28, 2019  
(Unaudited)

PUBLIC SERVICE  
COMMISSION

	<u>Total Company</u>
<b>Assets</b>	
Utility Plant in Service	2,420,126,611
Construction Work in Progress	134,505,833
Less: Accumulated Depreciation	(997,718,329)
Net Utility Plant	<u>1,556,914,115</u>
Nonutility Property	1,035,613
Other Investments	1,500
Other Special Funds	6,218,072
Long Term Portion of Derivative Instrument Assets	371,272
Total Other Property & Investments	<u>7,626,457</u>
Cash	7,371,897
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,379,582
Other Accounts Receivable	5,365,602
Less: Provision for Uncollectibles	(227,901)
Notes Receivable from Assoc. Co.	22,908,548
Accounts Receivable from Assoc. Co.	1,621,173
Fuel Stock	17,976,417
Gas Stored Underground Inventory	1,211,442
Plant Materials & Operating Supplies	17,163,222
Other Materials & Supplies	-
Stores Expense Undistributed	2,242,377
Prepayments	880,277
Emission Allowances	23,604
Derivative Instrument Assets	5,684,959
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	4,705,042
Rents Receivable	-
Total Current & Accrued Assets	<u>90,306,241</u>
Unamortized Debt Expense	2,318,469
Other Regulatory Assets	132,119,363
Preliminary Survey & Investigation	128,197
Clearing Accounts	11,096
Temporary Facilities	5,813
Miscellaneous Deferred Debits	3,354,634
Unamortized Loss on Reacquired Debt	877,546
Accumulated Deferred Income Taxes	75,345,645
Unrecovered Purchased Gas Costs	(3,316,522)
Total Deferred Debits	<u>210,844,241</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u><u>1,865,691,054</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of February 28, 2019  
(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	198,655,189
Retained Earnings	383,406,900
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>609,681,030</u>
<u>Liabilities</u>	
Bonds	526,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(230,546)
Total Long-Term Debt	<u>551,489,454</u>
Obligations Under Capital Leases - Noncurrent	9,399,715
Asset Retirement Obligation	62,838,144
Long-Term Portion of Derivative Instrument Liabilities	3,902,779
Accum. Misc. Operating Provisions	20,599,993
Total Other Noncurrent Liabilities	<u>96,740,631</u>
Accounts Payable	27,998,016
Notes Payable to Assoc. Co.	53,095,277
Accounts Payable to Assoc. Co.	13,165,204
Customer Deposits	10,225,706
Taxes Accrued	13,807,885
Interest Accrued	7,683,515
Tax Collections Payable	2,015,611
Misc. Current & Accrued Liabilities	12,313,467
Obligations Under Capital Leases - Current	640,294
Derivative Instrument Liabilities	4,487,277
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,902,779)
Total Current & Accrued Liabilities	<u>141,529,473</u>
Customer Advances for Construction	1,574,916
Accum. Deferred Investment Tax Credits	3,510,542
Other Deferred Credits	14,882,974
Other Regulatory Liabilities	152,677,912
Accumulated Deferred Income Taxes	293,604,122
Total Deferred Credits	<u>466,250,466</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,865,691,054</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended February 28, 2019  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	143,457,926	69,739,153	213,197,079
Commercial Sales	126,373,105	25,615,268	151,988,373
Industrial Sales	60,024,876	1,717,061	61,741,937
Sales to Public Authorities	23,309,791	2,483,246	25,793,037
Public Street & Highway Lighting	1,636,274	1,029	1,637,303
Inter-Departmental Sales	53,756	31,682	85,438
Misc. Service Revenues	2,394,605	355,605	2,750,210
Revenues from Transportation	-	6,482,577	6,482,577
Sales for Resale	8,911,693	-	8,911,693
Rents from Property	1,149,410	(36)	1,149,374
Other Revenues	15,167,882	(1,579,021)	13,588,861
Total Revenues	<u>382,479,318</u>	<u>104,846,564</u>	<u>487,325,882</u>
<u>Operating Expenses</u>			
Operation Expense	198,433,992	67,752,233	266,186,225
Maintenance Expense	45,948,633	2,928,999	48,877,632
Depreciation Expense	58,600,505	9,698,880	68,299,385
Amortization and Depletion	2,639,941	2,594,954	5,234,895
Taxes Other than Income Taxes	11,204,898	3,593,525	14,798,423
Income Taxes - Federal & Other	(17,443,982)	(1,694,240)	(19,138,222)
Provision for Deferred Income Taxes - Net	25,912,992	4,108,404	30,021,396
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>325,296,979</u>	<u>88,982,755</u>	<u>414,279,734</u>
NET OPERATING INCOME	<u>57,182,339</u>	<u>15,863,809</u>	<u>73,046,148</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	842,128	250	842,378
Less: Expense of Merchandising, Jobbing and Contract Work	(104,953)	-	(104,953)
Revenues from Nonutility Operations	857,747	69,535	927,282
Interest & Dividend Income	1,288,970	424,361	1,713,331
AFUDC	2,516,185	392,944	2,909,129
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	(78,681)	-	(78,681)
Misc. Income Deductions	(2,409,558)	(806,878)	(3,216,436)
Taxes Other than Income Taxes	(67,967)	(27,467)	(95,434)
Income Taxes - Federal & Other	(1,790,068)	70,757	(1,719,311)
Provision for Deferred Income Taxes - Net	(790,232)	(58,949)	(849,181)
Total Other Income & Deductions	<u>263,571</u>	<u>64,553</u>	<u>328,124</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(13,945,217)	(5,194,292)	(19,139,509)
Amortization of Debt Disc. And Expense	(274,684)	(60,656)	(335,340)
Amortization of Loss on Recquired Debt	(186,878)	(79,596)	(266,474)
Interest on Debt to Assoc. Co.	(1,317,957)	(562,277)	(1,880,234)
Other Interest Expense	(1,266,884)	(64,995)	(1,331,879)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,807,751	258,020	2,065,771
Net interest Charges	<u>(15,183,869)</u>	<u>(5,703,796)</u>	<u>(20,887,665)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>42,262,041</u>	<u>10,224,566</u>	<u>52,486,607</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
February 28, 2019  
(Unaudited)

	Actual January 2019	Activity	Actual February 2019
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
* Long-term debt	424,504,853	16,216	424,521,069
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,421,303	(21,588)	9,399,715
<b>Total Long-term debt</b>	<b>458,926,156</b>	<b>(5,372)</b>	<b>458,920,784</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	50,000,000	-	50,000,000
Unappropriated Retained Earnings Balance	369,949,521		369,949,521
Unappropriated Retained Earnings - Current Year Net Income	8,481,025	4,976,354	13,457,379
<b>Total Common Stock Equity</b>	<b>604,704,676</b>	<b>4,976,354</b>	<b>609,681,030</b>
<b>TOTAL CAPITALIZATION</b>	<b>1,063,630,832</b>	<b>4,970,982</b>	<b>1,068,601,814</b>

**NOTE:**

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

\*\*"Obligations under Capital Lease Noncurrent includes \$9.2M of lease liabilities resulting from the implementation of ASC 842 in January 2019.