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VIA OVERNIGHT DELIVERY

RECEIVED

October 11, 2019

OCT 14 2019

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

**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.

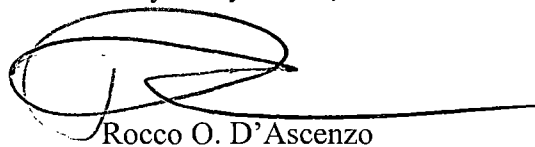
Dear Ms. Pinson:

Enclosed please find Duke Energy Kentucky's financial statements for the end of August 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 Khanh Ton at (980) 373-3987.

Very Truly Yours,



Rocco O. D'Ascenzo

Enclosures

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of August 31, 2019
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,576,729,839
Construction Work in Progress	91,180,576
Less: Accumulated Depreciation	<u>(1,013,084,005)</u>
Net Utility Plant	<u>1,654,826,410</u>
Nonutility Property	1,230,993
Other Investments	1,500
Other Special Funds	7,346,450
Long Term Portion of Derivative Instrument Assets	92,067
Total Other Property & Investments	<u>8,671,010</u>
Cash	6,271,416
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,936,457
Other Accounts Receivable	3,381,915
Less: Provision for Uncollectibles	(341,868)
Notes Receivable from Assoc. Co.	9,905,059
Accounts Receivable from Assoc. Co.	5,826,693
Fuel Stock	22,225,091
Gas Stored Underground Inventory	2,709,390
Plant Materials & Operating Supplies	18,266,310
Other Materials & Supplies	-
Stores Expense Undistributed	1,454,133
Prepayments	874,378
Emission Allowances	21,853
Derivative Instrument Assets	6,952,833
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,279,183
Accrued Utility Revenue	-
Rents Receivable	3,711
Total Current & Accrued Assets	<u>86,766,554</u>
Unamortized Debt Expense	2,295,275
Other Regulatory Assets	134,340,772
Preliminary Survey & Investigation	231,637
Clearing Accounts	127,237
Temporary Facilities	9,506
Miscellaneous Deferred Debits	2,280,328
Unamortized Loss on Reacquired Debt	755,474
Accumulated Deferred Income Taxes	73,590,851
Unrecovered Purchased Gas Costs	<u>(4,543,103)</u>
Total Deferred Debits	<u>209,087,977</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,959,351,951</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of August 31, 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	404,536,386
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>630,810,516</u>
<u>Liabilities</u>	
Bonds	566,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(205,761)
Total Long-Term Debt	<u>591,514,239</u>
Obligations Under Capital Leases - Noncurrent	9,082,020
Asset Retirement Obligation	56,380,506
Long-Term Portion of Derivative Instrument Liabilities	4,796,791
Accum. Misc. Operating Provisions	25,248,188
Total Other Noncurrent Liabilities	<u>95,507,505</u>
Accounts Payable	35,337,879
Notes Payable to Assoc. Co.	73,080,000
Accounts Payable to Assoc. Co.	17,257,736
Customer Deposits	10,345,893
Taxes Accrued	11,039,893
Interest Accrued	7,900,026
Tax Collections Payable	1,507,839
Misc. Current & Accrued Liabilities	13,078,003
Obligations Under Capital Leases - Current	228,280
Derivative Instrument Liabilities	5,447,373
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,796,791)
Total Current & Accrued Liabilities	<u>170,426,131</u>
Customer Advances for Construction	1,609,612
Accum. Deferred Investment Tax Credits	3,694,097
Other Deferred Credits	15,312,965
Other Regulatory Liabilities	147,686,026
Accumulated Deferred Income Taxes	302,790,860
Total Deferred Credits	<u>471,093,560</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,959,351,951</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended August 31, 2019
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	140,825,142	68,705,465	209,530,607
Commercial Sales	127,934,520	25,452,099	153,386,619
Industrial Sales	61,361,194	1,849,393	63,210,587
Sales to Public Authorities	23,239,612	2,411,805	25,651,417
Public Street & Highway Lighting	1,639,443	847	1,640,290
Inter-Departmental Sales	70,840	28,570	99,410
Misc. Service Revenues	1,385,043	321,322	1,706,365
Revenues from Transportation	-	6,678,416	6,678,416
Sales for Resale	14,985,355	-	14,985,355
Rents from Property	1,436,276	(54)	1,436,222
Other Revenues	1,582,343	201,168	1,783,511
Total Revenues	<u>374,459,768</u>	<u>105,649,031</u>	<u>480,108,799</u>
<u>Operating Expenses</u>			
Operation Expense	192,996,103	65,799,666	258,795,769
Maintenance Expense	40,373,093	3,006,884	43,379,977
Depreciation Expense	64,043,738	10,278,496	74,322,234
Amortization and Depletion	2,603,965	3,230,564	5,834,529
Taxes Other than Income Taxes	11,918,267	3,624,182	15,542,449
Income Taxes - Federal & Other	(15,277,716)	(571,220)	(15,848,936)
Provision for Deferred Income Taxes - Net	21,966,342	3,042,133	25,008,475
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>318,623,792</u>	<u>88,410,705</u>	<u>407,034,497</u>
NET OPERATING INCOME	<u>55,835,976</u>	<u>17,238,326</u>	<u>73,074,302</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	938,186	100	938,286
Less: Expense of Merchandising, Jobbing and Contract Work	(39,357)	-	(39,357)
Revenues from Nonutility Operations	935,293	40,015	975,308
Interest & Dividend Income	1,356,119	416,593	1,772,712
AFUDC	1,715,346	363,231	2,078,577
Gain on Disposition of Property	79,863	-	79,863
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(2,344,562)	(787,531)	(3,132,093)
Taxes Other than Income Taxes	(83,139)	(28,388)	(111,527)
Income Taxes - Federal & Other	(2,882,617)	86,902	(2,795,715)
Provision for Deferred Income Taxes - Net	(464,087)	(82,233)	(546,320)
Total Other Income & Deductions	<u>(788,955)</u>	<u>8,689</u>	<u>(780,266)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(15,940,957)	(5,743,185)	(21,684,142)
Amortization of Debt Disc. And Expense	(289,195)	(65,224)	(354,419)
Amortization of Loss on Recquired Debt	(180,981)	(74,327)	(255,308)
Interest on Debt to Assoc. Co.	(1,446,435)	(584,921)	(2,031,356)
Other Interest Expense	(1,262,496)	(57,855)	(1,320,351)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,603,090	350,261	1,953,351
Net interest Charges	<u>(17,516,974)</u>	<u>(6,175,251)</u>	<u>(23,692,225)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>37,530,047</u>	<u>11,071,764</u>	<u>48,601,811</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
August 31, 2019
(Unaudited)

	Actual July 2019	Activity	Actual August 2019
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	464,596,630	21,716	464,618,346
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,105,002	(22,982)	9,082,020
Total Long-term debt	498,701,632	(1,266)	498,700,366
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	50,000,000	-	50,000,000
Unappropriated Retained Earnings Balance	369,949,521	-	369,949,521
Unappropriated Retained Earnings - Current Year Net Income	32,259,333	2,327,532	34,586,865
Total Common Stock Equity	628,482,984	2,327,532	630,810,516
TOTAL CAPITALIZATION	1,127,184,616	2,326,266	1,129,510,882

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.