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Minna Sunderman
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VIA OVERNIGHT DELIVERY

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December 13, 2019

DEC 16 2019

Ms. Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

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, Inc.'s financial statements for the end of October 2019, per order by the Commission in the above-referenced case.

Please date-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 Charquel Simien at (980) 373-6856.

Very Truly Yours,

Minna Sunderman

Enclosures

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PUBLIC SERVICE
COMMISSIONDuke Energy Kentucky, Inc.Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of October 31, 2019
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,582,296,584
Construction Work in Progress	133,695,474
Less: Accumulated Depreciation	<u>(1,011,637,174)</u>
Net Utility Plant	<u>1,704,354,884</u>
Nonutility Property	1,231,001
Other Investments	1,500
Other Special Funds	8,203,465
Long Term Portion of Derivative Instrument Assets	301,662
Total Other Property & Investments	<u>9,737,628</u>
Cash	7,094,018
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	4,485,906
Other Accounts Receivable	3,558,009
Less: Provision for Uncollectibles	(304,669)
Notes Receivable from Assoc. Co.	4,296,221
Accounts Receivable from Assoc. Co.	4,362,857
Fuel Stock	25,714,510
Gas Stored Underground Inventory	2,631,025
Plant Materials & Operating Supplies	18,119,165
Other Materials & Supplies	-
Stores Expense Undistributed	1,180,749
Prepayments	637,698
Emission Allowances	20,921
Derivative Instrument Assets	4,613,801
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,849,096
Accrued Utility Revenue	-
Rents Receivable	3,711
Total Current & Accrued Assets	<u>83,263,018</u>
Unamortized Debt Expense	3,133,481
Other Regulatory Assets	135,693,812
Preliminary Survey & Investigation	300,429
Clearing Accounts	140,812
Temporary Facilities	(4,319)
Miscellaneous Deferred Debits	2,394,451
Unamortized Loss on Reacquired Debt	722,228
Accumulated Deferred Income Taxes	72,421,256
Unrecovered Purchased Gas Costs	<u>(3,798,365)</u>
Total Deferred Debits	<u>211,003,785</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>2,008,359,315</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of October 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	408,391,013
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>634,665,143</u>
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(200,609)
Total Long-Term Debt	<u>661,519,391</u>
Obligations Under Capital Leases - Noncurrent	9,035,807
Asset Retirement Obligation	54,035,143
Long-Term Portion of Derivative Instrument Liabilities	4,865,842
Accum. Misc. Operating Provisions	28,499,638
Total Other Noncurrent Liabilities	<u>96,436,430</u>
Accounts Payable	40,569,094
Notes Payable to Assoc. Co.	40,951,000
Accounts Payable to Assoc. Co.	26,842,673
Customer Deposits	10,417,695
Taxes Accrued	13,791,652
Interest Accrued	4,109,064
Tax Collections Payable	1,477,467
Misc. Current & Accrued Liabilities	7,265,015
Obligations Under Capital Leases - Current	232,167
Derivative Instrument Liabilities	5,602,306
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,865,841)
Total Current & Accrued Liabilities	<u>146,392,292</u>
Customer Advances for Construction	1,609,612
Accum. Deferred Investment Tax Credits	3,688,311
Other Deferred Credits	15,422,962
Other Regulatory Liabilities	146,829,446
Accumulated Deferred Income Taxes	301,795,728
Total Deferred Credits	<u>469,346,059</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>2,008,359,315</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	139,258,379	67,909,948	207,168,327
Commercial Sales	127,568,237	25,258,510	152,826,747
Industrial Sales	61,146,418	2,016,168	63,162,586
Sales to Public Authorities	22,971,407	2,392,618	25,364,025
Public Street & Highway Lighting	1,660,823	687	1,661,510
Inter-Departmental Sales	70,881	28,568	99,449
Misc. Service Revenues	1,768,179	309,316	2,077,495
Revenues from Transportation	-	6,659,036	6,659,036
Sales for Resale	15,492,362	-	15,492,362
Rents from Property	1,532,531	(25)	1,532,506
Other Revenues	7,517,180	28,918	7,546,098
Total Revenues	378,986,397	104,603,744	483,590,141
<u>Operating Expenses</u>			
Operation Expense	201,978,586	64,310,213	266,288,799
Maintenance Expense	41,679,771	2,878,280	44,558,051
Depreciation Expense	64,116,957	10,596,361	74,713,318
Amortization and Depletion	2,572,995	3,277,807	5,850,802
Taxes Other than Income Taxes	12,234,101	3,625,112	15,859,213
Income Taxes - Federal & Other	(3,495,354)	(607,399)	(4,102,753)
Provision for Deferred Income Taxes - Net	8,556,716	2,915,706	11,472,422
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	327,643,772	86,996,080	414,639,852
NET OPERATING INCOME	51,342,625	17,607,664	68,950,289
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,016,705	50	1,016,755
Less: Expense of Merchandising, Jobbing and Contract Work	(32,955)	-	(32,955)
Revenues from Nonutility Operations	970,404	28,360	998,764
Interest & Dividend Income	1,342,976	414,846	1,757,822
AFUDC	1,905,443	432,597	2,338,040
Gain on Disposition of Property	158,544	-	158,544
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(2,354,841)	(821,152)	(3,175,993)
Taxes Other than Income Taxes	(84,455)	(28,695)	(113,150)
Income Taxes - Federal & Other	(3,003,326)	83,972	(2,919,354)
Provision for Deferred Income Taxes - Net	(390,858)	(80,994)	(471,852)
Total Other Income & Deductions	(472,363)	28,984	(443,379)
<u>Interest Charges</u>			
Interest on Long Term Debt	(16,698,424)	(5,974,329)	(22,672,753)
Amortization of Debt Disc. And Expense	(295,712)	(67,043)	(362,755)
Amortization of Loss on Reacquired Debt	(173,698)	(70,444)	(244,142)
Interest on Debt to Assoc. Co.	(1,348,072)	(546,012)	(1,894,084)
Other Interest Expense	(1,261,187)	(56,323)	(1,317,510)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,610,932	396,732	2,007,664
Net interest Charges	(18,166,161)	(6,317,419)	(24,483,580)
Extraordinary Items after Taxes	-	-	-
NET INCOME	32,704,101	11,319,229	44,023,330

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Capital Structure

October 31, 2019

(Unaudited)

	Actual September 2019	Activity	Actual October 2019
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,783,985	(12,387)	633,771,598
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,058,955	(23,148)	9,035,807
Total Long-term debt	667,842,940	(35,535)	667,807,405
 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	37,924,677	516,815	38,441,492
Total Common Stock Equity	634,148,328	516,815	634,665,143
TOTAL CAPITALIZATION	1,301,991,268	481,280	1,302,472,548

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.