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Rocco O. D'Ascenzo
Deputy General Counsel

VIA OVERNIGHT DELIVERY

April 30, 2019

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

RECEIVED

MAY 01 2019

PUBLIC SERVICE
COMMISSION

Re: Case No. 2012-00575

In the Matter of the 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

Dear Ms. Pinson:

Pursuant to the February 12, 2013, Order in the above-referenced case, Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company) hereby reports the following Statement of Long-term Debt Issuance:

In March 2019, Duke Energy Corporation priced a total of \$1.6 billion aggregate principal amount of debt and equity securities comprised of \$600 million aggregate principal amount of Senior Unsecured Notes due 2022, two tranches of \$300 million each, one at a fixed rate of 3.227% and the other as a floating rate; and \$1.0 billion - \$25-par, fixed-for-life, perpetual, non-call 5-year, preferred stock offering at 5.75%. The aggregate net proceeds from the sale of the securities, after deducting the respective underwriting discounts and related offering expenses and giving effect to the underwriters' payment to us, will be approximately \$1.57 billion. We intend to use the aggregate net proceeds to repay a portion of our outstanding commercial paper and for general corporate purposes.

Ms. Gwen R. Pinson

April 30, 2019

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| | <u>2022 Senior Notes</u> | <u>2022 Senior Notes</u> | <u>Perpetual Preferred Stock</u> |
|------------------------------------|---------------------------------------|---------------------------------------|--|
| Principal | \$300 Million | \$300 Million | \$1.0 Billion |
| Ratings | Baa1/BBB+/BBB+ (Moody's/S&P/Fitch) | Baa1/BBB+/BBB+ (Moody's/S&P/Fitch) | Baa3/BBB/BBB (Moody's/S&P/Fitch) |
| Maturity | March 11, 2022 | March 11, 2022 | N/A |
| Coupon / Dividend | 3.227% Fixed | 3 Month LIBOR plus 65 bps Floating | 5.75% Fixed |
| U.S. Treasury Yield | 2.497% | N/A | N/A |
| Credit Spread | 73 bps | N/A | N/A |
| Fees | 27.5 bps | 27.5 bps | 262.6 bps |
| Joint Book- Running Managers | J.P. Morgan, Scotiabank | J.P. Morgan, Scotiabank | Morgan Stanley, BofA, Merrill Lynch, RBC Capital Markets, Wells Fargo Securities |
| Joint Lead Managers | N/A | N/A | Barclays, Citigroup, Goldman Sachs, J.P. Morgan |
| Co-Managers | KeyBanc Capital Markets | KeyBanc Capital Markets | BB&T, BNY Mellon, TD Securities |
| Junior Co- Managers | N/A | N/A | Academy Securities, CastleOak, C.L. King & Associates, Drexel Hamilton, Great Pacific Securities, Loop Capital, Mischler Financial, Samuel A. Rameriz & Company, Siebert Cisneros Shank & Co., The Williams Capital Group |

Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Duke Energy Kentucky will continue to provide ongoing reporting as required under the Order. Thank you for your consideration in this matter.

Very truly yours,



Rocco D'Ascenzo
Deputy General Counsel

cc: Rebecca W. Goodman