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Rocco O. D'Ascenzo  
Deputy General Counsel

**VIA OVERNIGHT DELIVERY**

January 11, 2019

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

RECEIVED

JAN 14 2019

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 November 2018, 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 Tiffany Etheredge at 980-373-2369.

Very Truly Yours,



Rocco O. D'Ascenzo

Enclosures

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JAN 14 2019

PUBLIC SERVICE  
COMMISSION

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of November 30, 2018  
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,382,072,068
Construction Work in Progress	113,416,925
Less: Accumulated Depreciation	<u>(992,945,317)</u>
Net Utility Plant	<u>1,502,543,676</u>
Nonutility Property	894,867
Other Investments	1,500
Other Special Funds	8,291,714
Long Term Portion of Derivative Instrument Assets	<u>368,524</u>
Total Other Property & Investments	<u>9,556,605</u>
Cash	5,076,690
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,747,228
Other Accounts Receivable	6,659,780
Less: Provision for Uncollectibles	(230,842)
Notes Receivable from Assoc. Co.	12,433,361
Accounts Receivable from Assoc. Co.	19,602,469
Fuel Stock	20,329,484
Gas Stored Underground Inventory	2,159,576
Plant Materials & Operating Supplies	17,429,137
Other Materials & Supplies	-
Stores Expense Undistributed	1,603,933
Prepayments	524,843
Emission Allowances	24,193
Derivative Instrument Assets	8,083,175
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	4,898,458
Accrued Utility Revenue	-
Rents Receivable	-
Total Current & Accrued Assets	<u>101,341,485</u>
Unamortized Debt Expense	2,021,178
Other Regulatory Assets	129,059,714
Preliminary Survey & Investigation	86,999
Clearing Accounts	40,917
Temporary Facilities	2,862
Miscellaneous Deferred Debits	4,421,035
Unamortized Loss on Reacquired Debt	944,164
Accumulated Deferred Income Taxes	64,442,978
Unrecovered Purchased Gas Costs	816,302
Total Deferred Debits	<u>201,836,149</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,815,277,915</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of November 30, 2018  
(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	368,152,365
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>594,426,495</u>
<u>Liabilities</u>	
Bonds	491,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(242,939)
Total Long-Term Debt	<u>516,477,061</u>
Obligations Under Capital Leases - Noncurrent	204,824
Asset Retirement Obligation	62,998,243
Long-Term Portion of Derivative Instrument Liabilities	3,151,469
Accum. Misc. Operating Provisions	25,167,939
Total Other Noncurrent Liabilities	<u>91,522,475</u>
Accounts Payable	42,551,009
Notes Payable to Assoc. Co.	71,316,000
Accounts Payable to Assoc. Co.	10,246,987
Customer Deposits	9,895,727
Taxes Accrued	12,647,401
Interest Accrued	4,461,397
Tax Collections Payable	1,710,202
Misc. Current & Accrued Liabilities	13,781,285
Obligations Under Capital Leases - Current	402,599
Derivative Instrument Liabilities	3,686,235
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,151,469)
Total Current & Accrued Liabilities	<u>167,547,373</u>
Customer Advances for Construction	1,574,916
Accum. Deferred Investment Tax Credits	3,528,661
Other Deferred Credits	14,785,925
Other Regulatory Liabilities	146,686,096
Accumulated Deferred Income Taxes	278,728,913
Total Deferred Credits	<u>445,304,511</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,815,277,915</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended November 30, 2018  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	142,392,944	68,514,526	210,907,470
Commercial Sales	122,186,797	24,598,414	146,785,211
Industrial Sales	57,630,913	1,593,522	59,224,435
Sales to Public Authorities	22,580,171	2,432,069	25,012,240
Public Street & Highway Lighting	1,601,934	1,010	1,602,944
Inter-Departmental Sales	83,811	34,095	117,906
Misc. Service Revenues	1,203,283	506,866	1,710,149
Revenues from Transportation	-	6,585,639	6,585,639
Sales for Resale	10,241,783	-	10,241,783
Rents from Property	1,053,642	7	1,053,649
Other Revenues	24,340,319	(2,623,532)	21,716,787
Total Revenues	<u>383,315,597</u>	<u>101,642,616</u>	<u>484,958,213</u>
<u>Operating Expenses</u>			
Operation Expense	208,101,037	63,056,008	271,157,045
Maintenance Expense	45,051,289	2,827,535	47,878,824
Depreciation Expense	48,203,384	10,786,137	58,989,521
Amortization and Depletion	5,104,709	2,249,649	7,354,358
Taxes Other than Income Taxes	11,237,500	3,505,875	14,743,375
Income Taxes - Federal & Other	(19,879,127)	3,889,289	(15,989,838)
Provision for Deferred Income Taxes - Net	29,707,814	1,418,033	31,125,847
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>327,526,606</u>	<u>87,732,526</u>	<u>415,259,132</u>
NET OPERATING INCOME	<u>55,788,991</u>	<u>13,910,090</u>	<u>69,699,081</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	891,224	400	891,624
Less: Expense of Merchandising, Jobbing and Contract Work	(128,428)	(1,600)	(130,028)
Revenues from Nonutility Operations	587,207	69,701	656,908
Interest & Dividend Income	1,186,345	404,650	1,590,995
AFUDC	2,742,558	567,749	3,310,307
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	(78,681)	(1,187)	(79,868)
Misc. Income Deductions	(2,356,573)	(806,840)	(3,163,413)
Taxes Other than Income Taxes	(81,941)	(29,233)	(111,174)
Income Taxes - Federal & Other	(627,236)	213,829	(413,407)
Provision for Deferred Income Taxes - Net	20,586,843	(71,155)	20,515,688
Total Other Income & Deductions	<u>22,721,318</u>	<u>346,314</u>	<u>23,067,632</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(13,038,203)	(4,933,256)	(17,971,459)
Amortization of Debt Disc. And Expense	(262,482)	(55,879)	(318,361)
Amortization of Loss on Reacquired Debt	(186,274)	(80,200)	(266,474)
Interest on Debt to Assoc. Co.	(1,088,404)	(469,158)	(1,557,562)
Other Interest Expense	(1,315,232)	(65,585)	(1,380,817)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,703,951	292,683	1,996,634
Net interest Charges	<u>(14,186,644)</u>	<u>(5,311,395)</u>	<u>(19,498,039)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>64,323,665</u>	<u>8,945,009</u>	<u>73,268,674</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
November 30, 2018  
(Unaudited)

	Actual October 2018	Activity	Actual November 2018
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
* Long-term debt	489,849,697	(22,010)	489,827,687
Advances from Associated Companies	25,000,000	-	25,000,000
Obligations under Capital Lease-Noncurrent	223,790	(18,966)	204,824
<b>Total Long-term debt</b>	<u>515,073,487</u>	<u>(40,976)</u>	<u>515,032,511</u>
	-		0
<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	320,140,299	-	320,140,299
Unappropriated Retained Earnings - Current Year Net Income	44,227,384	3,784,682	48,012,066
<b>Total Common Stock Equity</b>	<u>590,641,813</u>	<u>3,784,682</u>	<u>594,426,495</u>
<b>TOTAL CAPITALIZATION</b>	<u>1,105,715,300</u>	<u>3,743,706</u>	<u>1,109,459,006</u>

**NOTE:**

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