



139 East Fourth Street-1303-Main
Cincinnati, Ohio 45202
Tel: 513-287-4320
Fax: 513-287-4385
Rocco.D'Ascenzo@duke-energy.com

Rocco O. D'Ascenzo
Deputy General Counsel

VIA OVERNIGHT DELIVERY

May 16, 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 March 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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MAY 17 2019

**PUBLIC SERVICE
COMMISSION**

Duke Energy Kentucky, Inc.

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

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Assets				
Utility Plant in Service	1,850,694,994	581,739,351	15,385,745	2,447,820,090
Construction Work in Progress	96,874,554	19,258,071	-	116,132,625
Less: Accumulated Depreciation	(815,608,743)	(172,466,648)	(8,316,911)	(996,392,302)
Net Utility Plant	<u>1,131,960,805</u>	<u>428,530,774</u>	<u>7,068,834</u>	<u>1,567,560,413</u>
Nonutility Property	-	-	1,072,843	1,072,843
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	7,894,787	7,894,787
Long Term Portion of Derivative Instrument Assets	-	-	374,068	374,068
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>9,343,198</u>	<u>9,343,198</u>
Cash	5,577,425	2,289,882	(417,629)	7,449,678
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	2,789,581	750,051	-	3,539,632
Other Accounts Receivable	3,675,135	1,508,873	(275,189)	4,908,819
Less: Provision for Uncollectibles	(224,888)	(60,468)	-	(285,356)
Notes Receivable from Assoc. Co.	11,974,160	4,916,142	(896,607)	15,993,695
Accounts Receivable from Assoc. Co.	308,354	126,598	(23,089)	411,863
Fuel Stock	16,420,369	1,253,722	2,328,338	20,002,429
Gas Stored Underground Inventory	-	601,283	-	601,283
Plant Materials & Operating Supplies	17,494,635	291,946	-	17,786,581
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	2,181,443	36,403	-	2,217,846
Prepayments	474,852	224,798	-	699,650
Emission Allowances	23,604	-	-	23,604
Derivative Instrument Assets	659,633	-	-	659,633
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	5,780,935	-	-	5,780,935
Rents Receivable	3,711	-	-	3,711
Total Current & Accrued Assets	<u>67,138,949</u>	<u>11,939,230</u>	<u>715,824</u>	<u>79,794,003</u>
Unamortized Debt Expense	1,787,326	733,810	(133,832)	2,387,304
Other Regulatory Assets	116,044,272	16,688,040	-	132,732,312
Preliminary Survey & Investigation	130,412	53,542	(9,764)	174,190
Clearing Accounts	6,824	1,780	-	8,604
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	2,366,375	971,546	(177,191)	3,160,730
Unamortized Loss on Reacquired Debt	640,375	262,914	(47,950)	855,339
Accumulated Deferred Income Taxes	57,773,711	16,602,433	-	74,376,144
Unrecovered Purchased Gas Costs	-	(4,386,980)	-	(4,386,980)
Total Deferred Debits	<u>178,749,295</u>	<u>30,927,085</u>	<u>(368,737)</u>	<u>209,307,643</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,377,849,049</u></u>	<u><u>471,397,089</u></u>	<u><u>16,759,119</u></u>	<u><u>1,866,005,257</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of March 31, 2019
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Proprietary Capital</u>				
Common Stock Issued	6,573,407	2,698,795	(492,207)	8,779,995
Premium on Capital Stock	14,104,342	5,790,715	(1,056,111)	18,838,946
Other Paid-in Capital Stock	148,729,167	61,062,632	(11,136,610)	198,655,189
Retained Earnings	296,306,076	57,005,134	37,488,293	390,799,503
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>465,712,992</u>	<u>126,557,276</u>	<u>24,803,365</u>	<u>617,073,633</u>
<u>Liabilities</u>				
Bonds	394,344,730	161,903,194	(29,527,924)	526,720,000
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	25,000,000
Less: Unamortized Discount on Long-Term Debt	(169,513)	(69,596)	12,693	(226,416)
Total Long-Term Debt	<u>412,892,217</u>	<u>169,518,098</u>	<u>(30,916,731)</u>	<u>551,493,584</u>
Obligations Under Capital Leases - Noncurrent	6,518,022	2,676,017	-	9,194,039
Asset Retirement Obligation	54,660,794	7,884,585	-	62,545,379
Long-Term Portion of Derivative Instrument Liabilities	3,173,111	827,785	-	4,000,896
Accum. Misc. Operating Provisions	17,604,465	4,592,565	-	22,197,030
Total Other Noncurrent Liabilities	<u>81,956,392</u>	<u>15,980,952</u>	<u>-</u>	<u>97,937,344</u>
Accounts Payable	22,764,032	9,346,060	(1,704,536)	30,405,556
Notes Payable to Assoc. Co.	39,489,334	16,212,843	(2,956,900)	52,745,277
Accounts Payable to Assoc. Co.	8,423,426	3,458,344	(630,733)	11,251,037
Customer Deposits	6,171,529	4,150,480	-	10,322,009
Taxes Accrued	11,911,195	4,620,021	(2,789,891)	13,741,325
Interest Accrued	4,209,053	1,728,080	(315,167)	5,621,966
Tax Collections Payable	1,340,449	419,109	7,655	1,767,213
Misc. Current & Accrued Liabilities	4,505,780	1,175,446	-	5,681,226
Obligations Under Capital Leases - Current	282,233	115,873	-	398,106
Derivative Instrument Liabilities	3,652,718	952,903	-	4,605,621
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,173,111)	(827,785)	-	(4,000,896)
Total Current & Accrued Liabilities	<u>99,576,638</u>	<u>41,351,374</u>	<u>(8,389,572)</u>	<u>132,538,440</u>
Customer Advances for Construction	-	1,574,916	-	1,574,916
Accum. Deferred Investment Tax Credits	179,004	486,349	2,839,403	3,504,756
Other Deferred Credits	11,364,379	3,616,347	-	14,980,726
Other Regulatory Liabilities	106,057,660	44,383,242	-	150,440,902
Accumulated Deferred Income Taxes	200,109,767	67,928,535	28,422,654	296,460,956
Total Deferred Credits	<u>317,710,810</u>	<u>117,989,389</u>	<u>31,262,057</u>	<u>466,962,256</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,377,849,049</u>	<u>471,397,089</u>	<u>16,759,119</u>	<u>1,866,005,257</u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	145,791,275	70,243,413		216,034,688
Commercial Sales	127,450,207	25,911,760		153,361,967
Industrial Sales	60,507,876	1,760,712		62,268,588
Sales to Public Authorities	23,469,084	2,453,688		25,922,772
Public Street & Highway Lighting	1,638,360	1,028		1,639,388
Inter-Departmental Sales	68,497	31,338		99,835
Misc. Service Revenues	2,579,180	32,708	275,048	2,886,936
Revenues from Transportation	-	6,389,186		6,389,186
Sales for Resale	15,786,847	-		15,786,847
Rents from Property	1,186,288	-		1,186,288
Other Revenues	15,580,133	(1,146,267)		14,433,866
Total Revenues	<u>394,057,747</u>	<u>105,677,566</u>	<u>275,048</u>	<u>500,010,361</u>
<u>Operating Expenses</u>				
Operation Expense	204,564,825	68,121,537	191,352	272,877,714
Maintenance Expense	42,827,054	2,915,750	53,280	45,796,084
Depreciation Expense	59,502,559	9,510,284	-	69,012,843
Amortization and Depletion	2,619,633	2,712,339	-	5,331,972
Taxes Other than Income Taxes	11,362,563	3,552,652	64,891	14,980,106
Income Taxes - Federal & Other	(15,922,252)	(1,850,174)	(94,275)	(17,866,701)
Provision for Deferred Income Taxes - Net	26,411,767	6,773,334	(2,352,813)	30,832,288
Investment Tax Credit Adjustment	-	(53,710)	53,710	-
Total Operating Expenses	<u>331,366,149</u>	<u>91,682,012</u>	<u>(2,083,855)</u>	<u>420,964,306</u>
NET OPERATING INCOME	<u>62,691,598</u>	<u>13,995,554</u>	<u>2,358,903</u>	<u>79,046,055</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	863,664	863,664
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(101,988)	(101,988)
Revenues from Nonutility Operations	-	-	1,007,796	1,007,796
Interest & Dividend Income	-	-	1,773,379	1,773,379
AFUDC	2,443,070	317,057		2,760,127
Gain on Disposition of Property	-	-	-	-
Loss on Disposition of Property	-	-	(78,681)	(78,681)
Misc. Income Deductions	-	-	(3,240,942)	(3,240,942)
Taxes Other than Income Taxes	-	-	(96,213)	(96,213)
Income Taxes - Federal & Other	-	-	(2,068,794)	(2,068,794)
Provision for Deferred Income Taxes - Net	-	-	(571,082)	(571,082)
Total Other Income & Deductions	<u>2,443,070</u>	<u>317,057</u>	<u>(2,512,861)</u>	<u>247,266</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(14,610,733)	(5,998,620)	1,094,029	(19,515,324)
Amortization of Debt Disc. And Expense	(253,093)	(103,911)	18,951	(338,053)
Amortization of Loss on Recquired Debt	(199,504)	(81,909)	14,939	(266,474)
Interest on Debt to Assoc. Co.	(1,476,446)	(606,173)	110,554	(1,972,065)
Other Interest Expense	(972,447)	(399,250)	72,815	(1,298,882)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,852,295	241,658	-	2,093,953
Net interest Charges	<u>(15,659,928)</u>	<u>(6,948,205)</u>	<u>1,311,288</u>	<u>(21,296,845)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>49,474,740</u>	<u>7,364,406</u>	<u>1,157,330</u>	<u>57,996,476</u>

Duke Energy Kentucky, Inc.

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

	Actual Feb-19	Activity	Actual Mar-19
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	424,521,069	21,324	424,542,393
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,399,715	(205,676)	9,194,039
Total Long-term debt	<u>458,920,784</u>	<u>(184,352)</u>	<u>458,736,432</u>
	-		
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	13,457,379	7,392,603	20,849,982
Common Dividend Declared			
Total Common Stock Equity	<u>609,681,030</u>	<u>7,392,603</u>	<u>617,073,633</u>
		-	
TOTAL CAPITALIZATION	1,068,601,814	7,208,251	1,075,810,065

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.