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Minna Sunderman
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VIA OVERNIGHT DELIVERY

RECEIVED

JUN 11 2019

**PUBLIC SERVICE
COMMISSION**

June 10, 2019

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

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 April 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,

Minna Sunderman

Enclosures: As stated

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JUN 11 2019

PUBLIC SERVICE
COMMISSIONDuke Energy Kentucky, Inc.Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of April 30, 2019
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,479,079,620
Construction Work in Progress	101,034,344
Less: Accumulated Depreciation	(994,878,657)
Net Utility Plant	<u>1,585,235,307</u>
Nonutility Property	1,095,948
Other Investments	1,500
Other Special Funds	6,594,198
Long Term Portion of Derivative Instrument Assets	374,067
Total Other Property & Investments	<u>8,065,713</u>
Cash	8,587,314
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,376,734
Other Accounts Receivable	4,468,163
Less: Provision for Uncollectibles	(290,754)
Notes Receivable from Assoc. Co.	4,347,893
Accounts Receivable from Assoc. Co.	1,059,177
Fuel Stock	22,523,097
Gas Stored Underground Inventory	1,084,838
Plant Materials & Operating Supplies	18,057,967
Other Materials & Supplies	-
Stores Expense Undistributed	1,888,771
Prepayments	564,959
Emission Allowances	23,499
Derivative Instrument Assets	659,633
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	5,780,935
Rents Receivable	3,711
Total Current & Accrued Assets	<u>72,135,937</u>
Unamortized Debt Expense	2,362,373
Other Regulatory Assets	133,604,041
Preliminary Survey & Investigation	174,734
Clearing Accounts	21,860
Temporary Facilities	526
Miscellaneous Deferred Debits	1,951,422
Unamortized Loss on Reacquired Debt	833,133
Accumulated Deferred Income Taxes	74,376,144
Unrecovered Purchased Gas Costs	(5,674,794)
Total Deferred Debits	<u>207,649,439</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,873,086,396</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of April 30, 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	389,346,283
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>615,620,413</u>
<u>Liabilities</u>	
Bonds	526,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(222,285)
Total Long-Term Debt	<u>551,497,715</u>
Obligations Under Capital Leases - Noncurrent	9,172,070
Asset Retirement Obligation	61,129,973
Long-Term Portion of Derivative Instrument Liabilities	4,000,896
Accum. Misc. Operating Provisions	20,341,086
Total Other Noncurrent Liabilities	<u>94,644,025</u>
Accounts Payable	33,386,405
Notes Payable to Assoc. Co.	58,235,000
Accounts Payable to Assoc. Co.	18,542,038
Customer Deposits	10,328,871
Taxes Accrued	12,871,411
Interest Accrued	3,582,949
Tax Collections Payable	1,465,007
Misc. Current & Accrued Liabilities	3,402,519
Obligations Under Capital Leases - Current	383,609
Derivative Instrument Liabilities	4,605,621
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,000,896)
Total Current & Accrued Liabilities	<u>142,802,534</u>
Customer Advances for Construction	1,574,916
Accum. Deferred Investment Tax Credits	3,504,756
Other Deferred Credits	14,912,242
Other Regulatory Liabilities	152,068,839
Accumulated Deferred Income Taxes	296,460,956
Total Deferred Credits	<u>468,521,709</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,873,086,396</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended April 30, 2019
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	145,633,136	68,582,657	214,215,793
Commercial Sales	128,243,623	25,348,637	153,592,260
Industrial Sales	61,050,735	1,730,626	62,781,361
Sales to Public Authorities	23,542,855	2,397,535	25,940,390
Public Street & Highway Lighting	1,647,058	994	1,648,052
Inter-Departmental Sales	70,539	30,123	100,662
Misc. Service Revenues	2,639,952	344,136	2,984,088
Revenues from Transportation	-	6,409,016	6,409,016
Sales for Resale	15,301,469	-	15,301,469
Rents from Property	1,159,580	(27)	1,159,553
Other Revenues	15,429,223	(639,729)	14,789,494
Total Revenues	394,718,170	104,203,968	498,922,138
<u>Operating Expenses</u>			
Operation Expense	204,025,538	67,258,533	271,284,071
Maintenance Expense	42,027,693	2,954,205	44,981,898
Depreciation Expense	61,645,273	10,198,299	71,843,572
Amortization and Depletion	2,593,337	2,837,286	5,430,623
Taxes Other than Income Taxes	11,470,870	3,618,431	15,089,301
Income Taxes - Federal & Other	(15,922,252)	(1,944,449)	(17,866,701)
Provision for Deferred Income Taxes - Net	26,411,768	4,420,521	30,832,289
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	332,252,227	89,342,826	421,595,053
NET OPERATING INCOME	62,465,943	14,861,142	77,327,085
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	927,626	200	927,826
Less: Expense of Merchandising, Jobbing and Contract Work	(96,826)	-	(96,826)
Revenues from Nonutility Operations	1,028,250	63,048	1,091,298
Interest & Dividend Income	1,386,184	438,814	1,824,998
AFUDC	2,160,900	241,059	2,401,959
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	(78,681)	-	(78,681)
Misc. Income Deductions	(2,403,574)	(808,947)	(3,212,521)
Taxes Other than Income Taxes	(80,793)	(27,773)	(108,566)
Income Taxes - Federal & Other	(2,261,688)	336,781	(1,924,907)
Provision for Deferred Income Taxes - Net	(516,341)	(54,739)	(571,080)
Total Other Income & Deductions	65,057	188,443	253,500
<u>Interest Charges</u>			
Interest on Long Term Debt	(14,540,200)	(5,357,143)	(19,897,343)
Amortization of Debt Disc. And Expense	(278,630)	(62,135)	(340,765)
Amortization of Loss on Reacquired Debt	(187,571)	(78,903)	(266,474)
Interest on Debt to Assoc. Co.	(1,444,376)	(601,107)	(2,045,483)
Other Interest Expense	(1,322,842)	(60,910)	(1,383,752)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,778,777	229,175	2,007,952
Net interest Charges	(15,994,842)	(5,931,023)	(21,925,865)
Extraordinary Items after Taxes	-	-	-
NET INCOME	46,536,158	9,118,562	55,654,720

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
April 30, 2019
(Unaudited)

	Actual March 2019	Activity	Actual April 2019
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	424,542,393	21,716	424,564,109
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,194,039	(21,969)	9,172,070
Total Long-term debt	458,736,432	(253)	458,736,179
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	20,849,982	(1,453,220)	19,396,762
Total Common Stock Equity	617,073,633	(1,453,220)	615,620,413
TOTAL CAPITALIZATION	1,075,810,065	(1,453,473)	1,074,356,592

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.