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VIA OVERNIGHT DELIVERY

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JUL 12 2019

PUBLIC SERVICE
COMMISSION

July 11, 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

Duke Energy Kentucky, Inc.

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

	Total Company
<u>Assets</u>	
Utility Plant in Service	2,505,385,482
Construction Work in Progress	81,608,430
Less: Accumulated Depreciation	(982,279,627)
Net Utility Plant	1,604,714,285
Nonutility Property	1,220,612
Other Investments	1,500
Other Special Funds	6,782,261
Long Term Portion of Derivative Instrument Assets	374,068
Total Other Property & Investments	8,378,441
Cash	4,070,805
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,546,307
Other Accounts Receivable	4,171,882
Less: Provision for Uncollectibles	(297,299)
Notes Receivable from Assoc. Co.	2,228,936
Accounts Receivable from Assoc. Co.	703,263
Fuel Stock	24,343,535
Gas Stored Underground Inventory	1,793,534
Plant Materials & Operating Supplies	18,033,899
Other Materials & Supplies	-
Stores Expense Undistributed	1,677,580
Prepayments	422,873
Emission Allowances	23,383
Derivative Instrument Assets	7,562,075
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,446,642
Accrued Utility Revenue	-
Rents Receivable	3,712
Total Current & Accrued Assets	73,731,127
Unamortized Debt Expense	2,337,442
Other Regulatory Assets	132,489,335
Preliminary Survey & Investigation	190,783
Clearing Accounts	25,813
Temporary Facilities	(8,950)
Miscellaneous Deferred Debits	1,751,489
Unamortized Loss on Reacquired Debt	810,927
Accumulated Deferred Income Taxes	74,068,854
Unrecovered Purchased Gas Costs	(5,495,457)
Total Deferred Debits	206,170,236
TOTAL ASSETS AND OTHER DEBITS	1,892,994,089

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of May 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	393,201,228
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>619,475,358</u>
<u>Liabilities</u>	
Bonds	526,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(218,154)
Total Long-Term Debt	<u>551,501,846</u>
Obligations Under Capital Leases - Noncurrent	9,149,843
Asset Retirement Obligation	59,775,750
Long-Term Portion of Derivative Instrument Liabilities	4,000,896
Accum. Misc. Operating Provisions	20,436,584
Total Other Noncurrent Liabilities	<u>93,363,073</u>
Accounts Payable	36,815,448
Notes Payable to Assoc. Co.	67,918,000
Accounts Payable to Assoc. Co.	14,539,380
Customer Deposits	10,331,849
Taxes Accrued	7,614,673
Interest Accrued	5,286,203
Tax Collections Payable	1,357,834
Misc. Current & Accrued Liabilities	10,532,600
Obligations Under Capital Leases - Current	369,083
Derivative Instrument Liabilities	4,605,621
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,000,896)
Total Current & Accrued Liabilities	<u>155,369,795</u>
Customer Advances for Construction	1,593,310
Accum. Deferred Investment Tax Credits	3,493,184
Other Deferred Credits	15,331,719
Other Regulatory Liabilities	151,944,507
Accumulated Deferred Income Taxes	300,921,297
Total Deferred Credits	<u>473,284,017</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,892,994,089</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	144,421,658	68,789,889	213,211,547
Commercial Sales	128,543,461	25,356,007	153,899,468
Industrial Sales	61,165,565	1,744,759	62,910,324
Sales to Public Authorities	23,588,907	2,414,842	26,003,749
Public Street & Highway Lighting	1,559,563	999	1,560,562
Inter-Departmental Sales	74,470	28,443	102,913
Misc. Service Revenues	3,796,719	338,279	4,134,998
Revenues from Transportation	-	6,501,261	6,501,261
Sales for Resale	15,477,120	-	15,477,120
Rents from Property	1,324,422	(70)	1,324,352
Other Revenues	14,487,560	(380,555)	14,107,005
Total Revenues	<u>394,439,445</u>	<u>104,793,854</u>	<u>499,233,299</u>
<u>Operating Expenses</u>			
Operation Expense	207,071,995	66,816,321	273,888,316
Maintenance Expense	39,198,152	3,036,215	42,234,367
Depreciation Expense	60,344,668	9,925,553	70,270,221
Amortization and Depletion	2,598,191	2,982,701	5,580,892
Taxes Other than Income Taxes	11,610,838	3,627,325	15,238,163
Income Taxes - Federal & Other	(18,570,714)	(1,850,353)	(20,421,067)
Provision for Deferred Income Taxes - Net	28,654,465	4,125,676	32,780,141
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>330,907,595</u>	<u>88,663,438</u>	<u>419,571,033</u>
NET OPERATING INCOME	<u>63,531,850</u>	<u>16,130,416</u>	<u>79,662,266</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	902,567	150	902,717
Less: Expense of Merchandising, Jobbing and Contract Work	(85,922)	-	(85,922)
Revenues from Nonutility Operations	864,374	57,054	921,428
Interest & Dividend Income	1,374,432	433,102	1,807,534
AFUDC	1,892,748	236,776	2,129,524
Gain on Disposition of Property	78,681	-	78,681
Loss on Disposition of Property	(78,681)	-	(78,681)
Misc. Income Deductions	(2,392,301)	(797,255)	(3,189,556)
Taxes Other than Income Taxes	(81,454)	(27,927)	(109,381)
Income Taxes - Federal & Other	(2,158,629)	69,955	(2,088,674)
Provision for Deferred Income Taxes - Net	(956,040)	(55,458)	(1,011,498)
Total Other Income & Deductions	<u>(640,225)</u>	<u>(83,603)</u>	<u>(723,828)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(14,840,733)	(5,438,569)	(20,279,302)
Amortization of Debt Disc. And Expense	(280,604)	(62,874)	(343,478)
Amortization of Loss on Recquired Debt	(187,917)	(78,557)	(266,474)
Interest on Debt to Assoc. Co.	(1,457,865)	(602,824)	(2,060,689)
Other Interest Expense	(1,373,546)	(59,436)	(1,432,982)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,681,066	242,892	1,923,958
Net interest Charges	<u>(16,459,599)</u>	<u>(5,999,368)</u>	<u>(22,458,967)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>46,432,026</u>	<u>10,047,445</u>	<u>56,479,471</u>

Duke Energy Kentucky, Inc.

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

	Actual April 2019	Activity	Actual May 2019
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	424,564,109	21,715	424,585,824
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,172,070	(22,227)	9,149,843
Total Long-term debt	458,736,179	(512)	458,735,667
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	19,396,762	3,854,945	23,251,707
Total Common Stock Equity	615,620,413	3,854,945	619,475,358
TOTAL CAPITALIZATION	1,074,356,592	3,854,433	1,078,211,025

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.