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Rocco O. D'Ascenzo  
Deputy General Counsel

**VIA OVERNIGHT DELIVERY**

August 15, 2019

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

RECEIVED

AUG 16 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 June 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

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of June 30, 2019  
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	1,906,910,416	594,066,099	15,507,176	2,516,483,691
Construction Work in Progress	59,592,291	29,656,256	-	89,248,547
Less: Accumulated Depreciation	(802,307,864)	(175,561,849)	(7,961,333)	(985,831,046)
Net Utility Plant	<u>1,164,194,843</u>	<u>448,160,506</u>	<u>7,545,843</u>	<u>1,619,901,192</u>
Nonutility Property	-	-	1,224,528	1,224,528
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	8,458,976	8,458,976
Long Term Portion of Derivative Instrument Assets	-	-	92,067	92,067
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>9,777,071</u>	<u>9,777,071</u>
Cash	1,095,794	449,892	(82,051)	1,463,635
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	3,506,735	948,471	-	4,455,206
Other Accounts Receivable	2,666,992	1,094,968	(199,700)	3,562,260
Less: Provision for Uncollectibles	(256,061)	(69,257)	-	(325,318)
Notes Receivable from Assoc. Co.	7,085,943	2,909,223	(530,584)	9,464,582
Accounts Receivable from Assoc. Co.	1,541,770	632,992	(115,445)	2,059,317
Fuel Stock	21,698,455	1,253,722	2,328,338	25,280,515
Gas Stored Underground Inventory	-	1,841,540	-	1,841,540
Plant Materials & Operating Supplies	17,967,821	244,758	-	18,212,579
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,850,281	25,205	-	1,875,486
Prepayments	778,873	368,722	-	1,147,595
Emission Allowances	22,843	-	-	22,843
Derivative Instrument Assets	6,952,833	-	-	6,952,833
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	6,279,184	-	-	6,279,184
Rents Receivable	3,711	-	-	3,711
Total Current & Accrued Assets	<u>71,195,174</u>	<u>9,700,236</u>	<u>1,400,558</u>	<u>82,295,968</u>
Unamortized Debt Expense	1,732,243	711,194	(129,708)	2,313,729
Other Regulatory Assets	117,661,071	17,979,993	-	135,641,064
Preliminary Survey & Investigation	151,840	62,340	(11,370)	202,810
Clearing Accounts	88,493	24,983	-	113,476
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,846,661	758,170	(138,275)	2,466,556
Unamortized Loss on Reacquired Debt	590,499	242,437	(44,216)	788,720
Accumulated Deferred Income Taxes	57,656,385	17,205,351	-	74,861,736
Unrecovered Purchased Gas Costs	-	(5,421,150)	-	(5,421,150)
Total Deferred Debits	<u>179,727,192</u>	<u>31,563,318</u>	<u>(323,569)</u>	<u>210,966,941</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u><u>1,415,117,209</u></u>	<u><u>489,424,060</u></u>	<u><u>18,399,903</u></u>	<u><u>1,922,941,172</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of June 30, 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	295,781,438	60,230,626	40,528,989	396,541,053
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>465,188,354</u>	<u>129,782,768</u>	<u>27,844,061</u>	<u>622,815,183</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	(160,235)	(65,786)	11,998	(214,023)
Total Long-Term Debt	<u>412,901,495</u>	<u>169,521,908</u>	<u>(30,917,426)</u>	<u>551,505,977</u>
Obligations Under Capital Leases - Noncurrent	6,470,875	2,656,660	-	9,127,535
Asset Retirement Obligation	49,874,278	7,984,472	-	57,858,750
Long-Term Portion of Derivative Instrument Liabilities	3,740,729	1,056,062	-	4,796,791
Accum. Misc. Operating Provisions	20,689,220	5,840,862	-	26,530,082
Total Other Noncurrent Liabilities	<u>80,775,102</u>	<u>17,538,056</u>	<u>-</u>	<u>98,313,158</u>
Accounts Payable	23,419,647	9,615,231	(1,753,627)	31,281,251
Notes Payable to Assoc. Co.	64,152,622	26,338,667	(4,803,649)	85,687,640
Accounts Payable to Assoc. Co.	16,774,744	6,887,083	(1,256,067)	22,405,760
Customer Deposits	6,225,329	4,186,662	-	10,411,991
Taxes Accrued	3,476,112	1,539,122	(1,153,748)	3,861,486
Interest Accrued	4,618,909	1,896,351	(345,857)	6,169,403
Tax Collections Payable	1,324,895	410,725	522	1,736,142
Misc. Current & Accrued Liabilities	10,957,813	3,093,549	-	14,051,362
Obligations Under Capital Leases - Current	169,746	69,691	-	239,437
Derivative Instrument Liabilities	4,248,079	1,199,294	-	5,447,373
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,740,729)	(1,056,062)	-	(4,796,791)
Total Current & Accrued Liabilities	<u>131,627,167</u>	<u>54,180,313</u>	<u>(9,312,426)</u>	<u>176,495,054</u>
Customer Advances for Construction	-	1,602,637	-	1,602,637
Accum. Deferred Investment Tax Credits	178,897	469,098	2,839,403	3,487,398
Other Deferred Credits	11,656,862	3,709,420	-	15,366,282
Other Regulatory Liabilities	106,540,476	44,021,937	-	150,562,413
Accumulated Deferred Income Taxes	206,248,856	68,597,923	27,946,291	302,793,070
Total Deferred Credits	<u>324,625,091</u>	<u>118,401,015</u>	<u>30,785,694</u>	<u>473,811,800</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,415,117,209</u>	<u>489,424,060</u>	<u>18,399,903</u>	<u>1,922,941,172</u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	142,590,235	68,831,651		211,421,886
Commercial Sales	128,001,842	25,422,452		153,424,294
Industrial Sales	61,345,876	1,770,802		63,116,678
Sales to Public Authorities	23,385,878	2,420,675		25,806,553
Public Street & Highway Lighting	1,666,602	1,001		1,667,603
Inter-Departmental Sales	70,241	28,546		98,787
Misc. Service Revenues	2,814,897	31,524	300,825	3,147,246
Revenues from Transportation	-	6,575,864		6,575,864
Sales for Resale	15,415,870	-		15,415,870
Rents from Property	1,459,868	-		1,459,868
Other Revenues	12,182,752	(187,841)		11,994,911
Total Revenues	<u>388,934,061</u>	<u>104,894,674</u>	<u>300,825</u>	<u>494,129,560</u>
<u>Operating Expenses</u>				
Operation Expense	206,326,659	66,017,763	194,517	272,538,939
Maintenance Expense	38,964,882	2,887,089	53,954	41,905,925
Depreciation Expense	61,529,633	9,978,160	-	71,507,793
Amortization and Depletion	2,600,191	3,120,714	-	5,720,905
Taxes Other than Income Taxes	11,664,595	3,616,092	4,599	15,285,286
Income Taxes - Federal & Other	(21,749,401)	(1,363,616)	(72,711)	(23,185,728)
Provision for Deferred Income Taxes - Net	29,403,737	6,301,386	(2,536,302)	33,168,821
Investment Tax Credit Adjustment	-	(53,675)	53,675	-
Total Operating Expenses	<u>328,740,296</u>	<u>90,503,913</u>	<u>(2,302,268)</u>	<u>416,941,941</u>
NET OPERATING INCOME	<u>60,193,765</u>	<u>14,390,761</u>	<u>2,603,093</u>	<u>77,187,619</u>
<u>Other Income &amp; Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	964,004	964,004
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(50,737)	(50,737)
Revenues from Nonutility Operations	-	-	993,377	993,377
Interest & Dividend Income	-	-	1,797,541	1,797,541
AFUDC	1,708,854	240,512		1,949,366
Gain on Disposition of Property	-	-	78,681	78,681
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(3,156,013)	(3,156,013)
Taxes Other than Income Taxes	-	-	(110,102)	(110,102)
Income Taxes - Federal & Other	-	-	(3,107,576)	(3,107,576)
Provision for Deferred Income Taxes - Net	-	-	(590,008)	(590,008)
Total Other Income & Deductions	<u>1,708,854</u>	<u>240,512</u>	<u>(3,180,833)</u>	<u>(1,231,467)</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(15,459,511)	(6,347,097)	1,157,584	(20,649,024)
Amortization of Debt Disc. And Expense	(259,886)	(106,699)	19,460	(347,125)
Amortization of Loss on Reacquired Debt	(199,504)	(81,909)	14,939	(266,474)
Interest on Debt to Assoc. Co.	(1,545,544)	(634,543)	115,728	(2,064,359)
Other Interest Expense	(1,034,127)	(424,574)	77,434	(1,381,267)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,603,941	269,207	-	1,873,148
Net Interest Charges	<u>(16,894,631)</u>	<u>(7,325,615)</u>	<u>1,385,145</u>	<u>(22,835,101)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>45,007,988</u>	<u>7,305,658</u>	<u>807,405</u>	<u>53,121,051</u>

Duke Energy Kentucky, Inc.

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

	Actual May-19	Activity	Actual Jun-19
<b>Liabilities and Shareholders' Equity</b>			
<b>Non-Current Liabilities</b>			
* Long-term debt	424,585,824	20,498	424,606,322
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,149,843	(22,308)	9,127,535
Total Long-term debt	<u>458,735,667</u>	<u>(1,810)</u>	<u>458,733,857</u>
<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	369,949,521	-	369,949,521
Unappropriated Retained Earnings - Current Year Net Income	23,251,707	3,339,825	26,591,532
Common Dividend Declared			
Total Common Stock Equity	<u>619,475,358</u>	<u>3,339,825</u>	<u>622,815,183</u>
		-	
TOTAL CAPITALIZATION	1,078,211,025	3,338,015	1,081,549,040

**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.