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Rocco O. D'Ascenzo  
Deputy General Counsel

**VIA OVERNIGHT DELIVERY**

November 14, 2019

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

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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 September 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 Charquel Simien at (980) 373-6856.

Very Truly Yours,

Rocco O. D'Ascenzo

Enclosures

Duke Energy Kentucky, Inc.

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

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<b>Assets</b>				
Utility Plant in Service	1,909,450,884	619,745,139	16,940,792	2,546,136,815
Construction Work in Progress	80,219,297	27,145,811	-	107,365,108
Less: Accumulated Depreciation	(793,523,585)	(176,800,689)	(7,488,908)	(977,813,182)
Net Utility Plant	1,196,146,596	470,090,261	9,451,884	1,675,688,741
Nonutility Property	-	-	1,231,001	1,231,001
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	9,023,165	9,023,165
Long Term Portion of Derivative Instrument Assets	-	-	301,662	301,662
Total Other Property & Investments	-	-	10,557,328	10,557,328
Cash	2,275,439	934,210	(170,381)	3,039,268
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	3,811,732	1,055,412	-	4,867,144
Other Accounts Receivable	2,512,726	1,031,631	(188,149)	3,356,208
Less: Provision for Uncollectibles	(236,002)	(65,345)	-	(301,347)
Notes Receivable from Assoc. Co.	72,361,238	29,708,817	(5,418,298)	96,651,757
Accounts Receivable from Assoc. Co.	1,164,571	478,129	(87,201)	1,555,499
Fuel Stock	18,275,943	1,650,859	3,065,881	22,992,683
Gas Stored Underground Inventory	-	2,950,256	-	2,950,256
Plant Materials & Operating Supplies	17,735,160	252,890	-	17,988,050
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,300,047	18,538	-	1,318,585
Prepayments	513,045	242,878	-	755,923
Emission Allowances	21,387	-	-	21,387
Derivative Instrument Assets	4,613,801	-	-	4,613,801
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	6,849,096	-	-	6,849,096
Rents Receivable	3,711	-	-	3,711
Total Current & Accrued Assets	131,201,894	38,258,275	(2,798,148)	166,662,021
Unamortized Debt Expense	2,340,688	960,999	(175,267)	3,126,420
Other Regulatory Assets	118,008,431	18,899,559	-	136,907,990
Preliminary Survey & Investigation	216,060	88,706	(16,178)	288,588
Clearing Accounts	99,087	34,700	-	133,787
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,788,461	734,276	(133,917)	2,388,820
Unamortized Loss on Reacquired Debt	553,163	227,108	(41,420)	738,851
Accumulated Deferred Income Taxes	55,157,038	17,264,218	-	72,421,256
Unrecovered Purchased Gas Costs	-	(4,138,756)	-	(4,138,756)
Total Deferred Debits	178,162,928	34,070,810	(366,782)	211,866,956
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>1,505,511,418</b>	<b>542,419,346</b>	<b>16,844,282</b>	<b>2,064,775,046</b>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 2

As of September 30, 2019

--(Unaudited)

	<u>Electric Jurisdictional</u>	<u>Gas Jurisdictional</u>	<u>Non- Jurisdictional</u>	<u>Total Company</u>
<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	293,794,092	65,077,052	49,003,054	407,874,198
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>463,201,008</u>	<u>134,629,194</u>	<u>36,318,126</u>	<u>634,148,328</u>
<u>Liabilities</u>				
Bonds	551,567,530	226,452,993	(41,300,523)	736,720,000
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	25,000,000
Less: Unamortized Discount on Long-Term Debt	(150,957)	(61,977)	11,303	(201,631)
Total Long-Term Debt	<u>570,133,573</u>	<u>234,075,516</u>	<u>(42,690,720)</u>	<u>761,518,369</u>
Obligations Under Capital Leases - Noncurrent	6,422,255	2,636,700	-	9,058,955
Asset Retirement Obligation	45,760,969	8,085,672	-	53,846,641
Long-Term Portion of Derivative Instrument Liabilities	3,603,788	1,262,053	-	4,865,841
Accum. Misc. Operating Provisions	21,805,146	7,636,203	-	29,441,349
Total Other Noncurrent Liabilities	<u>77,592,158</u>	<u>19,620,628</u>	<u>-</u>	<u>97,212,786</u>
Accounts Payable	28,083,356	11,529,975	(2,102,838)	37,510,493
Notes Payable to Assoc. Co.	-	-	-	-
Accounts Payable to Assoc. Co.	16,065,552	6,595,915	(1,202,964)	21,458,503
Customer Deposits	6,237,955	4,195,152	-	10,433,107
Taxes Accrued	10,984,294	5,250,615	(3,512,387)	12,722,522
Interest Accrued	4,528,710	1,859,319	(339,103)	6,048,926
Tax Collections Payable	1,191,051	356,823	141	1,548,015
Misc. Current & Accrued Liabilities	8,358,086	2,927,017	-	11,285,103
Obligations Under Capital Leases - Current	163,212	67,008	-	230,220
Derivative Instrument Liabilities	4,149,236	1,453,070	-	5,602,306
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,603,788)	(1,262,053)	-	(4,865,841)
Total Current & Accrued Liabilities	<u>76,157,664</u>	<u>32,972,841</u>	<u>(7,157,151)</u>	<u>101,973,354</u>
Customer Advances for Construction	-	1,609,612	-	1,609,612
Accum. Deferred Investment Tax Credits	397,061	451,847	2,839,403	3,688,311
Other Deferred Credits	11,760,002	3,742,242	-	15,502,244
Other Regulatory Liabilities	103,482,848	43,843,466	-	147,326,314
Accumulated Deferred Income Taxes	202,787,104	71,474,000	27,534,624	301,795,728
Total Deferred Credits	<u>318,427,015</u>	<u>121,121,167</u>	<u>30,374,027</u>	<u>469,922,209</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,505,511,418</u></u>	<u><u>542,419,346</u></u>	<u><u>16,844,282</u></u>	<u><u>2,064,775,046</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	140,961,751	68,601,155		209,562,906
Commercial Sales	127,359,932	25,470,848		152,830,780
Industrial Sales	61,346,290	2,194,405		63,540,695
Sales to Public Authorities	23,149,914	2,430,370		25,580,284
Public Street & Highway Lighting	1,630,473	765		1,631,238
Inter-Departmental Sales	69,266	28,564		97,830
Misc. Service Revenues	966,492	31,425	284,022	1,281,939
Revenues from Transportation	-	6,775,582		6,775,582
Sales for Resale	17,032,223	-		17,032,223
Rents from Property	1,439,819	-		1,439,819
Other Revenues	9,570,223	375,640		9,945,863
Total Revenues	<u>383,526,383</u>	<u>105,908,754</u>	<u>284,022</u>	<u>489,719,159</u>
<u>Operating Expenses</u>				
Operation Expense	205,227,058	64,919,869	206,107	270,353,034
Maintenance Expense	41,140,794	2,825,480	68,138	44,034,412
Depreciation Expense	64,742,560	10,382,861	-	75,125,421
Amortization and Depletion	2,591,073	3,249,157	-	5,840,230
Taxes Other than Income Taxes	12,085,143	3,620,551	1,433	15,707,127
Income Taxes - Federal & Other	(12,006,616)	(452,364)	(73,424)	(12,532,404)
Provision for Deferred Income Taxes - Net	17,458,861	5,214,881	(2,080,693)	20,593,049
Investment Tax Credit Adjustment	-	(43,000)	43,000	-
Total Operating Expenses	<u>331,238,873</u>	<u>89,717,435</u>	<u>(1,835,439)</u>	<u>419,120,869</u>
NET OPERATING INCOME	<u>52,287,510</u>	<u>16,191,319</u>	<u>2,119,461</u>	<u>70,598,290</u>
<u>Other Income &amp; Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	976,889	976,889
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(32,955)	(32,955)
Revenues from Nonutility Operations	-	-	993,047	993,047
Interest & Dividend Income	-	-	1,795,907	1,795,907
AFUDC	1,808,886	395,208		2,204,094
Gain on Disposition of Property	-	-	79,863	79,863
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(3,134,751)	(3,134,751)
Taxes Other than Income Taxes	-	-	(112,350)	(112,350)
Income Taxes - Federal & Other	-	-	(2,997,409)	(2,997,409)
Provision for Deferred Income Taxes - Net	-	-	(345,391)	(345,391)
Total Other Income & Deductions	<u>1,808,886</u>	<u>395,208</u>	<u>(2,777,150)</u>	<u>(573,056)</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(16,668,265)	(6,843,366)	1,248,094	(22,263,537)
Amortization of Debt Disc. And Expense	(269,211)	(110,528)	20,158	(359,581)
Amortization of Loss on Recquired Debt	(186,965)	(76,760)	14,000	(249,725)
Interest on Debt to Assoc. Co.	(1,483,705)	(609,154)	111,098	(1,981,761)
Other Interest Expense	(964,572)	(396,017)	72,226	(1,288,363)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,601,302	368,714	-	1,970,016
Net interest Charges	<u>(17,971,416)</u>	<u>(7,667,111)</u>	<u>1,465,576</u>	<u>(24,172,951)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>36,124,980</u>	<u>8,919,416</u>	<u>807,887</u>	<u>45,852,283</u>

Duke Energy Kentucky, Inc.

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

	Actual Aug-19	Activity	Actual Sep-19
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	464,618,346	169,165,639	633,783,985
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,082,020	(23,065)	9,058,955
Total Long-term debt	<u>498,700,366</u>	<u>169,142,574</u>	<u>667,842,940</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	34,586,865	3,337,812	37,924,677
Common Dividend Declared			
Total Common Stock Equity	<u>630,810,516</u>	<u>3,337,812</u>	<u>634,148,328</u>
		-	
TOTAL CAPITALIZATION	1,129,510,882	172,480,386	1,301,991,268

**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.