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Rocco O. D'Ascenzo
Deputy General Counsel

VIA OVERNIGHT DELIVERY

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February 13, 2020

FEB 14 2020

Mr. Kent Chandler
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

**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 Mr. Chandler:

Enclosed please find Duke Energy Kentucky's financial statements for the end of December 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 December 31, 2019
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Assets				
Utility Plant in Service	1,973,640,906	635,593,775	23,837,155	2,633,071,836
Construction Work in Progress	84,267,137	30,375,330	-	114,642,467
Less: Accumulated Depreciation	<u>(820,946,561)</u>	<u>(176,328,797)</u>	<u>(7,968,555)</u>	<u>(1,005,243,913)</u>
Net Utility Plant	<u>1,236,961,482</u>	<u>489,640,308</u>	<u>15,868,600</u>	<u>1,742,470,390</u>
Nonutility Property	-	-	1,231,001	1,231,001
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	9,774,894	9,774,894
Long Term Portion of Derivative Instrument Assets	-	-	749,242	749,242
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>11,756,637</u>	<u>11,756,637</u>
Cash	5,349,816	2,196,434	(400,586)	7,145,664
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	3,857,013	1,045,205	-	4,902,218
Other Accounts Receivable	1,892,285	776,902	(141,691)	2,527,496
Less: Provision for Uncollectibles	<u>(247,006)</u>	<u>(66,936)</u>	<u>-</u>	<u>(313,942)</u>
Notes Receivable from Assoc. Co.	12,000,706	4,927,041	(898,594)	16,029,153
Accounts Receivable from Assoc. Co.	7,552,144	3,100,627	(565,493)	10,087,278
Fuel Stock	24,296,506	1,637,376	3,040,840	28,974,722
Gas Stored Underground Inventory	-	2,660,533	-	2,660,533
Plant Materials & Operating Supplies	17,482,772	324,033	-	17,806,805
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,188,572	22,029	-	1,210,601
Prepayments	286,872	135,807	-	422,679
Emission Allowances	20,854	-	-	20,854
Derivative Instrument Assets	2,757,949	-	-	2,757,949
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	6,405,394	-	-	6,405,394
Rents Receivable	6,211	-	-	6,211
Total Current & Accrued Assets	<u>82,850,088</u>	<u>16,759,051</u>	<u>1,034,476</u>	<u>100,643,615</u>
Unamortized Debt Expense	2,310,133	948,454	(172,979)	3,085,608
Other Regulatory Assets	114,508,702	17,596,920	-	132,105,622
Preliminary Survey & Investigation	266,010	109,213	(19,918)	355,305
Clearing Accounts	3,398	1,190	-	4,588
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,898,473	779,443	(142,155)	2,535,761
Unamortized Loss on Reacquired Debt	515,827	211,779	(38,624)	688,982
Accumulated Deferred Income Taxes	52,618,786	17,011,950	-	69,630,736
Unrecovered Purchased Gas Costs	-	<u>(4,298,839)</u>	<u>-</u>	<u>(4,298,839)</u>
Total Deferred Debits	<u>172,121,329</u>	<u>32,360,110</u>	<u>(373,676)</u>	<u>204,107,763</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,491,932,899</u>	<u>538,759,469</u>	<u>28,286,037</u>	<u>2,058,978,405</u>

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PUBLIC SERVICE
COMMISSION

Duke Energy Kentucky, Inc.

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

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Proprietary Capital				
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	296,079,059	65,296,230	57,444,175	418,819,464
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	465,485,975	134,848,372	44,759,247	645,093,594
Liabilities				
Bonds	476,699,530	195,714,993	(35,694,523)	636,720,000
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	25,000,000
Less: Unamortized Discount on Long-Term Debt	(148,662)	(61,035)	11,132	(198,565)
Total Long-Term Debt	495,267,868	203,338,458	(37,084,891)	661,521,435
Obligations Under Capital Leases - Noncurrent	6,372,844	2,616,415	-	8,989,259
Asset Retirement Obligation	41,917,195	7,862,656	-	49,779,851
Long-Term Portion of Derivative Instrument Liabilities	3,390,255	1,187,274	-	4,577,529
Accum. Misc. Operating Provisions	20,947,083	7,335,707	-	28,282,790
Total Other Noncurrent Liabilities	72,627,377	19,002,052	-	91,629,429
Accounts Payable	41,024,501	16,843,125	(3,071,851)	54,795,775
Notes Payable to Assoc. Co.	61,772,839	25,361,616	(4,625,455)	82,509,000
Accounts Payable to Assoc. Co.	9,380,776	3,851,396	(702,418)	12,529,754
Customer Deposits	6,238,652	4,195,622	-	10,434,274
Taxes Accrued	9,741,412	4,031,983	(568,482)	13,204,913
Interest Accrued	5,346,132	2,194,922	(400,310)	7,140,744
Tax Collections Payable	1,667,438	506,001	17,778	2,191,217
Misc. Current & Accrued Liabilities	7,665,189	2,684,364	-	10,349,553
Obligations Under Capital Leases - Current	191,091	78,453	-	269,544
Derivative Instrument Liabilities	3,919,804	1,372,722	-	5,292,526
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,390,255)	(1,187,274)	-	(4,577,529)
Total Current & Accrued Liabilities	143,557,579	59,932,930	(9,350,738)	194,139,771
Customer Advances for Construction	-	1,605,199	-	1,605,199
Accum. Deferred Investment Tax Credits	396,954	442,853	2,839,403	3,679,210
Other Deferred Credits	10,875,982	3,460,931	-	14,336,913
Other Regulatory Liabilities	101,890,181	43,747,585	-	145,637,766
Accumulated Deferred Income Taxes	201,830,983	72,381,089	27,123,016	301,335,088
Total Deferred Credits	314,994,100	121,637,657	29,962,419	466,594,176
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	1,491,932,899	538,759,469	28,286,037	2,058,978,405

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	138,630,006	66,031,924		204,661,930
Commercial Sales	128,725,143	24,145,844		152,870,987
Industrial Sales	62,259,561	1,912,405		64,171,966
Sales to Public Authorities	23,164,787	2,252,452		25,417,239
Public Street & Highway Lighting	1,620,537	470		1,621,007
Inter-Departmental Sales	70,142	26,371		96,513
Misc. Service Revenues	1,314,201	33,988	662,094	2,010,283
Revenues from Transportation	-	6,969,369		6,969,369
Sales for Resale	11,732,514	-		11,732,514
Rents from Property	1,538,083	-		1,538,083
Other Revenues	7,606,857	36,016		7,642,873
Total Revenues	376,661,831	101,408,839	662,094	478,732,764
<u>Operating Expenses</u>				
Operation Expense	201,803,440	57,510,824	219,213	259,533,477
Maintenance Expense	42,829,506	2,802,987	64,152	45,696,645
Depreciation Expense	61,605,832	11,425,745	-	73,031,577
Amortization and Depletion	2,537,133	3,344,359	-	5,881,492
Taxes Other than Income Taxes	12,169,852	3,693,067	129,754	15,992,673
Income Taxes - Federal & Other	(4,794,828)	(515,685)	(19,934)	(5,330,447)
Provision for Deferred Income Taxes - Net	9,137,510	3,657,177	401,965	13,196,652
Investment Tax Credit Adjustment	-	7,268	(7,268)	-
Total Operating Expenses	325,288,445	81,925,742	787,882	408,002,069
NET OPERATING INCOME	51,373,386	19,483,097	(125,788)	70,730,695
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,075,625	1,075,625
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(13,975)	(13,975)
Revenues from Nonutility Operations	-	-	2,481,124	2,481,124
Interest & Dividend Income	-	-	1,703,080	1,703,080
AFUDC	1,995,503	509,944		2,505,447
Gain on Disposition of Property	-	-	1,183	1,183
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(3,155,491)	(3,155,491)
Taxes Other than Income Taxes	-	-	(96,788)	(96,788)
Income Taxes - Federal & Other	-	-	(2,961,925)	(2,961,925)
Provision for Deferred Income Taxes - Net	-	-	1,583,302	1,583,302
Total Other Income & Deductions	1,995,503	509,944	616,135	3,121,582
<u>Interest Charges</u>				
Interest on Long Term Debt	(17,417,280)	(7,150,884)	1,304,179	(23,263,985)
Amortization of Debt Disc. And Expense	(270,299)	(110,975)	20,240	(361,034)
Amortization of Loss on Reacquired Debt	(174,425)	(71,612)	13,061	(232,976)
Interest on Debt to Assoc. Co.	(1,370,055)	(562,493)	102,588	(1,829,960)
Other Interest Expense	(978,637)	(401,792)	73,279	(1,307,150)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,595,340	417,432	-	2,012,772
Net interest Charges	(18,615,356)	(7,880,324)	1,513,347	(24,982,333)
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	34,753,533	12,112,717	2,003,694	48,869,944

Duke Energy Kentucky, Inc.

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

	Actual Nov-19	Activity	Actual Dec-19
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,782,594	24,229	633,806,823
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,012,575	(23,316)	8,989,259
Total Long-term debt	667,795,169	913	667,796,082
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	44,282,952	4,586,991	48,869,943
Common Dividend Declared			
Total Common Stock Equity	640,506,603	4,586,991	645,093,594
		-	
TOTAL CAPITALIZATION	1,308,301,772	4,587,904	1,312,889,676

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.