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**VIA EMAIL DELIVERY**

April 13, 2020

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

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 February 2020, 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 Charquele Simien at (980) 373-6856.

Very Truly Yours,

/s/Rocco O. D'Ascenzo

Rocco O. D'Ascenzo

Enclosures

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COMMISSION

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of February 29, 2020  
(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	2,670,038,033
Construction Work in Progress	103,061,409
Less: Accumulated Depreciation	(1,015,822,776)
Net Utility Plant	1,757,276,666
Nonutility Property	1,218,899
Other Investments	1,500
Other Special Funds	10,221,864
Long Term Portion of Derivative Instrument Assets	749,242
Total Other Property & Investments	12,191,505
Cash	6,654,697
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,464,776
Other Accounts Receivable	2,365,501
Less: Provision for Uncollectibles	(320,914)
Notes Receivable from Assoc. Co.	14,442,134
Accounts Receivable from Assoc. Co.	3,391,127
Fuel Stock	23,941,997
Gas Stored Underground Inventory	1,205,286
Plant Materials & Operating Supplies	17,696,517
Other Materials & Supplies	-
Stores Expense Undistributed	1,307,282
Prepayments	1,164,132
Emission Allowances	20,664
Derivative Instrument Assets	2,757,949
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,405,395
Accrued Utility Revenue	-
Rents Receivable	6,296
Total Current & Accrued Assets	84,502,839
Unamortized Debt Expense	3,027,399
Other Regulatory Assets	131,728,547
Preliminary Survey & Investigation	411,744
Clearing Accounts	21,991
Temporary Facilities	(2,208)
Miscellaneous Deferred Debits	2,706,354
Unamortized Loss on Reacquired Debt	655,736
Accumulated Deferred Income Taxes	69,630,737
Unrecovered Purchased Gas Costs	(5,738,009)
Total Deferred Debits	202,442,291
TOTAL ASSETS AND OTHER DEBITS	2,056,413,301

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of February 29, 2020  
(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	434,466,770
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>660,740,900</u>
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(196,521)
Total Long-Term Debt	<u>661,523,479</u>
Obligations Under Capital Leases - Noncurrent	8,942,373
Asset Retirement Obligation	49,982,953
Long-Term Portion of Derivative Instrument Liabilities	4,577,529
Accum. Misc. Operating Provisions	28,436,329
Total Other Noncurrent Liabilities	<u>91,939,184</u>
Accounts Payable	30,225,953
Notes Payable to Assoc. Co.	76,699,000
Accounts Payable to Assoc. Co.	17,660,679
Customer Deposits	10,464,286
Taxes Accrued	20,236,528
Interest Accrued	8,267,529
Tax Collections Payable	1,881,992
Misc. Current & Accrued Liabilities	10,247,757
Obligations Under Capital Leases - Current	273,332
Derivative Instrument Liabilities	5,292,525
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,577,529)
Total Current & Accrued Liabilities	<u>176,672,052</u>
Customer Advances for Construction	1,599,440
Accum. Deferred Investment Tax Credits	3,679,210
Other Deferred Credits	14,205,446
Other Regulatory Liabilities	144,726,594
Accumulated Deferred Income Taxes	301,326,996
Total Deferred Credits	<u>465,537,686</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>2,056,413,301</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended February 29, 2020  
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	135,349,559	64,550,903	199,900,462
Commercial Sales	128,160,809	23,327,041	151,487,850
Industrial Sales	62,054,641	1,891,344	63,945,985
Sales to Public Authorities	22,871,064	2,026,722	24,897,786
Public Street & Highway Lighting	1,606,568	297	1,606,865
Inter-Departmental Sales	69,992	24,983	94,975
Misc. Service Revenues	708,992	724,876	1,433,868
Revenues from Transportation	-	7,121,159	7,121,159
Sales for Resale	10,967,837	-	10,967,837
Rents from Property	1,677,297	(16)	1,677,281
Other Revenues	6,503,499	46,293	6,549,792
Total Revenues	<u>369,970,258</u>	<u>99,713,602</u>	<u>469,683,860</u>
<u>Operating Expenses</u>			
Operation Expense	196,043,121	50,328,434	246,371,555
Maintenance Expense	42,412,016	2,518,044	44,930,060
Depreciation Expense	60,676,519	12,307,458	72,983,977
Amortization and Depletion	2,538,213	3,416,426	5,954,639
Taxes Other than Income Taxes	12,948,769	3,882,042	16,830,811
Income Taxes - Federal & Other	(1,891,053)	579,763	(1,311,290)
Provision for Deferred Income Taxes - Net	5,929,761	4,017,790	9,947,551
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>318,657,346</u>	<u>77,049,957</u>	<u>395,707,303</u>
NET OPERATING INCOME	<u>51,312,912</u>	<u>22,663,645</u>	<u>73,976,557</u>
<u>Other Income &amp; Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,064,284	100	1,064,384
Less: Expense of Merchandising, Jobbing and Contract Work	(1,614)	-	(1,614)
Revenues from Nonutility Operations	2,396,509	5,336	2,401,845
Interest & Dividend Income	1,195,678	364,912	1,560,590
AFUDC	1,602,243	498,666	2,100,909
Gain on Disposition of Property	1,183	-	1,183
Loss on Disposition of Property	(23,647)	-	(23,647)
Misc. Income Deductions	(2,241,112)	(808,490)	(3,049,602)
Taxes Other than Income Taxes	(71,110)	(24,043)	(95,153)
Income Taxes - Federal & Other	(2,724,809)	90,643	(2,634,166)
Provision for Deferred Income Taxes - Net	1,463,448	(92,328)	1,371,120
Total Other Income & Deductions	<u>2,661,053</u>	<u>34,796</u>	<u>2,695,849</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,383,404)	(6,274,221)	(23,657,625)
Amortization of Debt Disc. And Expense	(304,267)	(69,708)	(373,975)
Amortization of Loss on Reacquired Debt	(158,190)	(63,620)	(221,810)
Interest on Debt to Assoc. Co.	(1,322,867)	(532,226)	(1,855,093)
Other Interest Expense	(1,294,339)	(49,490)	(1,343,829)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,395,943	443,854	1,839,797
Net interest Charges	<u>(19,067,124)</u>	<u>(6,545,411)</u>	<u>(25,612,535)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>34,906,841</u>	<u>16,153,030</u>	<u>51,059,871</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
February 29, 2020  
(Unaudited)

	Actual December 2019	Activity	Actual January 2020
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,828,154	24,229	633,852,383
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,965,858	(23,485)	8,942,373
Total Long-term debt	<u>667,794,012</u>	<u>744</u>	<u>667,794,756</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	418,819,464	-	418,819,464
Unappropriated Retained Earnings - Current Year Net Income	8,948,759	6,698,547	15,647,306
Total Common Stock Equity	<u>654,042,353</u>	<u>6,698,547</u>	<u>660,740,900</u>
 TOTAL CAPITALIZATION	 1,321,836,365	 6,699,291	 1,328,535,656

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.