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Rocco O. D'Ascenzo  
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**VIA EMAIL DELIVERY**

May 14, 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 March 2020, per order by the Commission in the above-referenced case.

The original copy will be filed with the Commission within 30 days of the lifting of the current state of emergency. 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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MAY 14 2020

PUBLIC SERVICE  
COMMISSION

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of March 31, 2020  
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,019,928,767	640,064,769	25,869,108	2,685,862,644
Construction Work in Progress	52,036,538	39,790,174	-	91,826,712
Less: Accumulated Depreciation	(819,328,182)	(181,075,187)	(7,746,853)	(1,008,150,222)
Net Utility Plant	<u>1,252,637,123</u>	<u>498,779,756</u>	<u>18,122,255</u>	<u>1,769,539,134</u>
Nonutility Property	-	-	1,218,901	1,218,901
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	10,445,349	10,445,349
Long Term Portion of Derivative Instrument Assets	-	-	771,474	771,474
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>12,437,224</u>	<u>12,437,224</u>
Cash	5,847,338	2,400,698	(437,839)	7,810,197
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	2,808,982	743,230	-	3,552,212
Other Accounts Receivable	1,808,317	742,428	(135,404)	2,415,341
Less: Provision for Uncollectibles	(544,916)	(144,179)	-	(689,095)
Notes Receivable from Assoc. Co.	6,799,400	2,791,579	(509,129)	9,081,850
Accounts Receivable from Assoc. Co.	1,605,289	659,072	(120,202)	2,144,159
Fuel Stock	19,466,263	1,754,676	3,258,684	24,479,623
Gas Stored Underground Inventory	-	323,004	-	323,004
Plant Materials & Operating Supplies	17,938,718	339,209	-	18,277,927
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,306,446	24,704	-	1,331,150
Prepayments	678,173	321,050	-	999,223
Emission Allowances	20,690	-	-	20,690
Derivative Instrument Assets	274,844	-	-	274,844
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	6,939,236	-	-	6,939,236
Rents Receivable	10,092	-	-	10,092
Total Current & Accrued Assets	<u>64,958,872</u>	<u>9,955,471</u>	<u>2,056,110</u>	<u>76,970,453</u>
Unamortized Debt Expense	2,315,172	950,523	(173,355)	3,092,340
Other Regulatory Assets	115,403,503	17,753,544	-	133,157,047
Preliminary Survey & Investigation	419,171	172,096	(31,387)	559,880
Clearing Accounts	20,684	10,023	-	30,707
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,753,511	719,926	(131,300)	2,342,137
Unamortized Loss on Reacquired Debt	478,491	196,450	(35,829)	639,112
Accumulated Deferred Income Taxes	51,715,060	17,066,610	-	68,781,670
Unrecovered Purchased Gas Costs	-	(5,643,586)	-	(5,643,586)
Total Deferred Debits	<u>172,105,592</u>	<u>31,225,586</u>	<u>(371,871)</u>	<u>202,959,307</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u><u>1,489,701,587</u></u>	<u><u>539,960,813</u></u>	<u><u>32,243,718</u></u>	<u><u>2,061,906,118</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of March 31, 2020  
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Proprietary Capital</u>				
Common Stock Issued	6,573,407	2,698,795	(492,207)	<b>8,779,995</b>
Premium on Capital Stock	14,104,342	5,790,715	(1,056,111)	<b>18,838,946</b>
Other Paid-in Capital Stock	148,729,167	61,062,632	(11,136,610)	<b>198,655,189</b>
Retained Earnings	307,715,194	68,732,940	60,703,598	<b>437,151,732</b>
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>477,122,110</u>	<u>138,285,082</u>	<u>48,018,670</u>	<u><b>663,425,862</b></u>
<u>Liabilities</u>				
Bonds	476,699,530	195,714,994	(35,694,524)	<b>636,720,000</b>
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	<b>25,000,000</b>
Less: Unamortized Discount on Long-Term Debt	(146,366)	(60,092)	10,959	<b>(195,499)</b>
Total Long-Term Debt	<u>495,270,164</u>	<u>203,339,402</u>	<u>(37,085,065)</u>	<u><b>661,524,501</b></u>
Obligations Under Capital Leases - Noncurrent	6,322,896	2,595,907	-	<b>8,918,803</b>
Asset Retirement Obligation	42,109,784	7,961,603	-	<b>50,071,387</b>
Long-Term Portion of Derivative Instrument Liabilities	3,792,542	1,837,716	-	<b>5,630,258</b>
Accum. Misc. Operating Provisions	19,228,460	9,317,352	-	<b>28,545,812</b>
Total Other Noncurrent Liabilities	<u>71,453,682</u>	<u>21,712,578</u>	<u>-</u>	<u><b>93,166,260</b></u>
Accounts Payable	20,967,195	8,608,346	(1,569,991)	<b>28,005,550</b>
Notes Payable to Assoc. Co.	67,090,712	27,544,937	(5,023,649)	<b>89,612,000</b>
Accounts Payable to Assoc. Co.	11,058,193	4,540,081	(828,020)	<b>14,770,254</b>
Customer Deposits	6,157,706	4,141,183	-	<b>10,298,889</b>
Taxes Accrued	10,904,355	4,880,191	(470,742)	<b>15,313,804</b>
Interest Accrued	4,843,731	1,988,655	(362,691)	<b>6,469,695</b>
Tax Collections Payable	1,329,355	382,423	12,908	<b>1,724,686</b>
Misc. Current & Accrued Liabilities	4,533,732	2,196,868	-	<b>6,730,600</b>
Obligations Under Capital Leases - Current	195,127	80,110	-	<b>275,237</b>
Derivative Instrument Liabilities	4,437,411	2,150,194	-	<b>6,587,605</b>
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,792,542)	(1,837,716)	-	<b>(5,630,258)</b>
Total Current & Accrued Liabilities	<u>127,724,975</u>	<u>54,675,272</u>	<u>(8,242,185)</u>	<u><b>174,158,062</b></u>
Customer Advances for Construction	-	1,599,440	-	<b>1,599,440</b>
Accum. Deferred Investment Tax Credits	396,847	427,666	2,839,403	<b>3,663,916</b>
Other Deferred Credits	11,114,208	3,536,738	-	<b>14,650,946</b>
Other Regulatory Liabilities	100,676,173	43,299,070	-	<b>143,975,243</b>
Accumulated Deferred Income Taxes	205,943,428	73,085,565	26,712,895	<b>305,741,888</b>
Total Deferred Credits	<u>318,130,656</u>	<u>121,948,479</u>	<u>29,552,298</u>	<u><b>469,631,433</b></u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,489,701,587</u></u>	<u><u>539,960,813</u></u>	<u><u>32,243,718</u></u>	<u><u>2,061,906,118</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended March 31, 2020  
(Unaudited)

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	133,244,223	62,773,967		196,018,190
Commercial Sales	128,100,928	22,633,434		150,734,362
Industrial Sales	62,109,219	1,826,319		63,935,538
Sales to Public Authorities	22,778,260	1,899,260		24,677,520
Public Street & Highway Lighting	1,586,548	218		1,586,766
Inter-Departmental Sales	55,848	23,792		79,640
Misc. Service Revenues	234,744	35,066	703,275	973,085
Revenues from Transportation	-	7,040,259		7,040,259
Sales for Resale	10,407,561	-		10,407,561
Rents from Property	1,677,714	-		1,677,714
Other Revenues	6,350,796	48,974		6,399,770
Total Revenues	<u>366,545,841</u>	<u>96,281,289</u>	<u>703,275</u>	<u>463,530,405</u>
<u>Operating Expenses</u>				
Operation Expense	198,354,105	47,436,784	31,417	245,822,306
Maintenance Expense	41,933,374	2,273,689	54,771	44,261,834
Depreciation Expense	60,432,393	13,028,509	-	73,460,902
Amortization and Depletion	2,704,187	3,477,366	-	6,181,553
Taxes Other than Income Taxes	12,796,742	3,681,313	124,259	16,602,314
Income Taxes - Federal & Other	(4,485,071)	20,574	18,474	(4,446,023)
Provision for Deferred Income Taxes - Net	7,738,455	3,481,268	546,771	11,766,494
Investment Tax Credit Adjustment	-	7,265	(7,265)	-
Total Operating Expenses	<u>319,474,185</u>	<u>73,406,768</u>	<u>768,427</u>	<u>393,649,380</u>
NET OPERATING INCOME	<u>47,071,656</u>	<u>22,874,521</u>	<u>(65,152)</u>	<u>69,881,025</u>
<u>Other Income &amp; Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,138,610	1,138,610
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(1,452)	(1,452)
Revenues from Nonutility Operations	-	-	2,411,043	2,411,043
Interest & Dividend Income	-	-	1,490,790	1,490,790
AFUDC	1,356,924	484,365		1,841,289
Gain on Disposition of Property	-	-	1,183	1,183
Loss on Disposition of Property	-	-	(23,647)	(23,647)
Misc. Income Deductions	-	-	(3,003,008)	(3,003,008)
Taxes Other than Income Taxes	-	-	(94,347)	(94,347)
Income Taxes - Federal & Other	-	-	(3,159,972)	(3,159,972)
Provision for Deferred Income Taxes - Net	-	-	1,871,929	1,871,929
Total Other Income & Deductions	<u>1,356,924</u>	<u>484,365</u>	<u>631,129</u>	<u>2,472,418</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(17,886,557)	(7,343,552)	1,339,318	(23,890,791)
Amortization of Debt Disc. And Expense	(281,962)	(115,763)	21,113	(376,612)
Amortization of Loss on Reacquired Debt	(161,885)	(66,464)	12,122	(216,227)
Interest on Debt to Assoc. Co.	(1,387,732)	(569,750)	103,911	(1,853,571)
Other Interest Expense	(1,051,929)	(431,882)	78,767	(1,405,044)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,281,678	459,353	-	1,741,031
Net interest Charges	<u>(19,488,387)</u>	<u>(8,068,058)</u>	<u>1,555,231</u>	<u>(26,001,214)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>28,940,193</u>	<u>15,290,828</u>	<u>2,121,208</u>	<u>46,352,229</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
March 31, 2020  
(Unaudited)

	Actual Feb-20	Activity	Actual Mar-20
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,852,382	24,229	633,876,611
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,942,373	(23,571)	8,918,802
Total Long-term debt	667,794,755	658	667,795,413
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	15,647,306	2,684,962	18,332,268
Common Dividend Declared			
Total Common Stock Equity	660,740,900	2,684,962	663,425,862
		-	
TOTAL CAPITALIZATION	1,328,535,655	2,685,620	1,331,221,275

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.