



139 East Fourth Street
1303-Main
Cincinnati, Ohio 45202

o: 513-287-4320
f: 513-287-4385

Rocco.D'Ascenzo@duke-energy.com
Rocco O. D'Ascenzo
Deputy General Counsel

RECEIVED

SEP 14 2020

PUBLIC SERVICE
COMMISSION

VIA EMAIL DELIVERY

September 14, 2020

Mr. Kent Chandler
Acting 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 Vice Chairman Chandler:

Enclosed please find Duke Energy Kentucky, Inc.'s financial statements for the end of July 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 D'Ascenzo

Enclosures

Duke Energy Kentucky, Inc.

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

	Total Company
<u>Assets</u>	
Utility Plant in Service	2,741,503,290
Construction Work in Progress	100,255,498
Less: Accumulated Depreciation	(1,020,982,473)
Net Utility Plant	1,820,776,315
Nonutility Property	1,220,439
Other Investments	1,500
Other Special Funds	11,339,289
Long Term Portion of Derivative Instrument Assets	317,196
Total Other Property & Investments	12,878,424
Cash	5,121,506
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,121,562
Other Accounts Receivable	2,307,867
Less: Provision for Uncollectibles	(599,401)
Notes Receivable from Assoc. Co.	12,142,853
Accounts Receivable from Assoc. Co.	2,196,069
Fuel Stock	28,955,565
Gas Stored Underground Inventory	1,767,789
Plant Materials & Operating Supplies	17,991,791
Other Materials & Supplies	-
Stores Expense Undistributed	414,148
Prepayments	1,295,619
Emission Allowances	20,443
Derivative Instrument Assets	2,772,632
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,173,878
Accrued Utility Revenue	-
Rents Receivable	15,184
Total Current & Accrued Assets	83,697,505
Unamortized Debt Expense	2,969,633
Other Regulatory Assets	134,207,862
Preliminary Survey & Investigation	425,735
Clearing Accounts	(3,413)
Temporary Facilities	1,278
Miscellaneous Deferred Debits	2,480,221
Unamortized Loss on Reacquired Debt	579,166
Accumulated Deferred Income Taxes	68,868,599
Unrecovered Purchased Gas Costs	(4,211,332)
Total Deferred Debits	205,317,749
TOTAL ASSETS AND OTHER DEBITS	2,122,669,993

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements

Balance Sheet - Page 2

As of July 31, 2020

(Unaudited)

	Total Company
<u>Proprietary Capital</u>	
Common Stock Issued	8,779,995
Premium on Capital Stock	18,838,946
Other Paid-in Capital Stock	223,655,189
Retained Earnings	453,210,609
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	704,484,739
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(191,411)
Total Long-Term Debt	661,528,589
Obligations Under Capital Leases - Noncurrent	8,822,016
Asset Retirement Obligation	50,265,922
Long-Term Portion of Derivative Instrument Liabilities	5,900,184
Accum. Misc. Operating Provisions	29,423,007
Total Other Noncurrent Liabilities	94,411,129
Accounts Payable	38,375,435
Notes Payable to Assoc. Co.	102,213,000
Accounts Payable to Assoc. Co.	11,038,101
Customer Deposits	9,976,544
Taxes Accrued	11,435,633
Interest Accrued	6,250,987
Tax Collections Payable	1,363,783
Misc. Current & Accrued Liabilities	10,382,647
Obligations Under Capital Leases - Current	282,986
Derivative Instrument Liabilities	6,905,673
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,900,184)
Total Current & Accrued Liabilities	192,324,605
Customer Advances for Construction	1,595,027
Accum. Deferred Investment Tax Credits	3,648,623
Other Deferred Credits	14,732,492
Other Regulatory Liabilities	140,040,047
Accumulated Deferred Income Taxes	309,904,742
Total Deferred Credits	469,920,931
 TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	 2,122,669,993

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	135,234,648	63,870,491	199,105,139
Commercial Sales	122,063,971	22,093,583	144,157,554
Industrial Sales	58,652,733	1,805,582	60,458,315
Sales to Public Authorities	20,937,374	1,860,299	22,797,673
Public Street & Highway Lighting	1,630,480	(74)	1,630,406
Inter-Departmental Sales	48,117	22,614	70,731
Misc. Service Revenues	(1,307,325)	792,249	(515,076)
Revenues from Transportation	-	6,776,612	6,776,612
Sales for Resale	8,337,818	-	8,337,818
Rents from Property	1,392,695	-	1,392,695
Other Revenues	6,072,783	53,974	6,126,757
Total Revenues	<u>353,063,294</u>	<u>97,275,330</u>	<u>450,338,624</u>
<u>Operating Expenses</u>			
Operation Expense	186,894,059	46,845,688	233,739,747
Maintenance Expense	39,014,413	2,166,194	41,180,607
Depreciation Expense	54,714,532	13,874,513	68,589,045
Amortization and Depletion	3,017,614	3,586,985	6,604,599
Taxes Other than Income Taxes	13,269,694	3,936,966	17,206,660
Income Taxes - Federal & Other	(425,720)	(825,111)	(1,250,831)
Provision for Deferred Income Taxes - Net	4,462,118	4,996,730	9,458,848
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>300,946,710</u>	<u>74,581,965</u>	<u>375,528,675</u>
NET OPERATING INCOME	<u>52,116,584</u>	<u>22,693,365</u>	<u>74,809,949</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,278,872	100	1,278,972
Less: Expense of Merchandising, Jobbing and Contract Work	(29,933)	-	(29,933)
Revenues from Nonutility Operations	2,440,506	(761)	2,439,745
Interest & Dividend Income	925,583	295,918	1,221,501
AFUDC	1,058,805	382,076	1,440,881
Gain on Disposition of Property	(78,681)	-	(78,681)
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(1,636,872)	(840,323)	(2,477,195)
Taxes Other than Income Taxes	(68,096)	(22,863)	(90,959)
Income Taxes - Federal & Other	(3,094,211)	140,985	(2,953,226)
Provision for Deferred Income Taxes - Net	1,727,152	(108,032)	1,619,120
Total Other Income & Deductions	<u>2,523,125</u>	<u>(152,900)</u>	<u>2,370,225</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,708,861)	(6,662,390)	(24,371,251)
Amortization of Debt Disc. And Expense	(313,156)	(74,002)	(387,158)
Amortization of Loss on Reacquired Debt	(136,988)	(55,944)	(192,932)
Interest on Debt to Assoc. Co.	(915,016)	(380,967)	(1,295,983)
Other Interest Expense	(1,326,120)	(35,641)	(1,361,761)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,015,921	414,744	1,430,665
Net interest Charges	<u>(19,384,220)</u>	<u>(6,794,200)</u>	<u>(26,178,420)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>35,255,489</u>	<u>15,746,265</u>	<u>51,001,754</u>

Duke Energy Kentucky, Inc.

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

	Actual 6/30/2020	Activity	Actual 7/31/2020
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,949,297	24,228	633,973,526
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,846,502	(24,486)	8,822,016
Total Long-term debt	<u>667,795,799</u>	<u>(258)</u>	<u>667,795,542</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	75,000,000	-	75,000,000
Unappropriated Retained Earnings Balance	418,819,464	-	418,819,464
Unappropriated Retained Earnings - Current Year Net Income	28,240,446	6,150,699	34,391,145
Total Common Stock Equity	<u>698,334,040</u>	<u>6,150,699</u>	<u>704,484,739</u>
 TOTAL CAPITALIZATION	 1,366,129,839	 6,150,441	 1,372,280,281

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.