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**VIA EMAIL DELIVERY**

RECEIVED

November 9, 2020

NOV 09 2020

Mr. Kent Chandler  
Acting 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 Vice Chairman Chandler:

Enclosed please find Duke Energy Kentucky's financial statements for the end of September 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

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 1  
As of September 30, 2020  
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,065,896,835	659,296,339	38,913,626	2,764,106,800
Construction Work in Progress	64,752,295	53,661,115	-	118,413,410
Less: Accumulated Depreciation	(841,112,778)	(187,501,635)	(7,834,942)	(1,036,449,355)
Net Utility Plant	<u>1,289,536,352</u>	<u>525,455,819</u>	<u>31,078,684</u>	<u>1,846,070,855</u>
Nonutility Property	-	-	1,220,439	1,220,439
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	11,786,259	11,786,259
Long Term Portion of Derivative Instrument Assets	-	-	317,392	317,392
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>13,325,590</u>	<u>13,325,590</u>
Cash	4,075,866	1,673,399	(305,195)	5,444,070
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	3,189,314	881,839	-	4,071,153
Other Accounts Receivable	1,626,802	667,903	(121,812)	2,172,893
Less: Provision for Uncollectibles	(356,237)	(98,499)	-	(454,736)
Notes Receivable from Assoc. Co.	8,399,482	3,448,513	(628,941)	11,219,054
Accounts Receivable from Assoc. Co.	1,069,221	438,982	(80,062)	1,428,141
Fuel Stock	20,467,100	1,754,676	3,258,684	25,480,460
Gas Stored Underground Inventory	-	2,163,369	-	2,163,369
Plant Materials & Operating Supplies	17,464,049	350,818	-	17,814,867
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	11,774	237	-	12,011
Prepayments	1,010,886	478,558	-	1,489,444
Emission Allowances	20,047	-	-	20,047
Derivative Instrument Assets	1,810,605	-	-	1,810,605
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	7,228,535	-	-	7,228,535
Rents Receivable	11,388	-	-	11,388
Total Current & Accrued Assets	<u>66,028,832</u>	<u>11,759,795</u>	<u>2,122,674</u>	<u>79,911,301</u>
Unamortized Debt Expense	2,361,265	969,447	(176,807)	3,153,905
Other Regulatory Assets	114,428,025	18,068,121	-	132,496,146
Preliminary Survey & Investigation	333,035	136,732	(24,937)	444,830
Clearing Accounts	14,799	5,854	-	20,653
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,908,201	783,436	(142,883)	2,548,754
Unamortized Loss on Reacquired Debt	413,620	169,816	(30,971)	552,465
Accumulated Deferred Income Taxes	51,995,964	16,855,806	-	68,851,770
Unrecovered Purchased Gas Costs	-	(3,447,436)	-	(3,447,436)
Total Deferred Debits	<u>171,454,909</u>	<u>33,541,776</u>	<u>(375,598)</u>	<u>204,621,087</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u><u>1,527,020,093</u></u>	<u><u>570,757,390</u></u>	<u><u>46,151,350</u></u>	<u><u>2,143,928,833</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of September 30, 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)	8,779,995
Premium on Capital Stock	14,104,342	5,790,715	(1,056,111)	18,838,946
Other Paid-in Capital Stock	167,446,167	68,747,132	(12,538,110)	223,655,189
Retained Earnings	296,958,008	84,362,459	78,134,485	459,454,952
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>485,081,924</u>	<u>161,599,101</u>	<u>64,048,057</u>	<u>710,729,082</u>
<u>Liabilities</u>				
Bonds	529,107,130	217,231,593	(39,618,723)	706,720,000
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	25,000,000
Less: Unamortized Discount on Long-Term Debt	(141,775)	(58,208)	10,616	(189,367)
Total Long-Term Debt	<u>547,682,355</u>	<u>224,857,885</u>	<u>(41,009,607)</u>	<u>731,530,633</u>
Obligations Under Capital Leases - Noncurrent	6,218,829	2,553,182	-	8,772,011
Asset Retirement Obligation	50,920,918	8,163,396	-	59,084,314
Long-Term Portion of Derivative Instrument Liabilities	3,896,339	1,541,298	-	5,437,637
Accum. Misc. Operating Provisions	21,370,720	8,453,745	-	29,824,465
Total Other Noncurrent Liabilities	<u>82,406,806</u>	<u>20,711,621</u>	<u>-</u>	<u>103,118,427</u>
Accounts Payable	23,205,310	9,527,232	(1,737,578)	30,994,964
Notes Payable to Assoc. Co.	29,769,014	12,222,044	(2,229,058)	39,762,000
Accounts Payable to Assoc. Co.	12,102,353	4,968,773	(906,205)	16,164,921
Customer Deposits	5,769,297	3,879,971	-	9,649,268
Taxes Accrued	11,035,874	5,126,136	(397,292)	15,764,718
Interest Accrued	4,818,546	1,978,315	(360,805)	6,436,056
Tax Collections Payable	1,243,262	370,881	12,197	1,626,340
Misc. Current & Accrued Liabilities	6,212,467	2,457,503	-	8,669,970
Obligations Under Capital Leases - Current	203,427	83,518	-	286,945
Derivative Instrument Liabilities	4,615,797	1,825,898	-	6,441,695
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,896,339)	(1,541,298)	-	(5,437,637)
Total Current & Accrued Liabilities	<u>95,079,008</u>	<u>40,898,973</u>	<u>(5,618,741)</u>	<u>130,359,240</u>
Customer Advances for Construction	-	1,595,027	-	1,595,027
Accum. Deferred Investment Tax Credits	396,633	397,293	2,839,402	3,633,328
Other Deferred Credits	11,237,793	3,576,065	-	14,813,858
Other Regulatory Liabilities	94,384,579	43,343,147	-	137,727,726
Accumulated Deferred Income Taxes	210,750,995	73,778,278	25,892,239	310,421,512
Total Deferred Credits	<u>316,770,000</u>	<u>122,689,810</u>	<u>28,731,641</u>	<u>468,191,451</u>
<b>TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS</b>	<u><u>1,527,020,093</u></u>	<u><u>570,757,390</u></u>	<u><u>46,151,350</u></u>	<u><u>2,143,928,833</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended September 30, 2020  
(Unaudited)

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	135,585,369	64,037,213		199,622,582
Commercial Sales	122,752,475	21,971,480		144,723,955
Industrial Sales	58,485,316	1,740,756		60,226,072
Sales to Public Authorities	20,137,263	1,819,275		21,956,538
Public Street & Highway Lighting	1,650,024	-		1,650,024
Inter-Departmental Sales	48,063	22,642		70,705
Misc. Service Revenues	(1,100,473)	25,339	793,383	(281,751)
Revenues from Transportation	-	6,679,214		6,679,214
Sales for Resale	7,307,109	-		7,307,109
Rents from Property	1,402,283	-		1,402,283
Other Revenues	5,055,729	50,862		5,106,591
Total Revenues	<u>351,323,158</u>	<u>96,346,781</u>	<u>793,383</u>	<u>448,463,322</u>
<u>Operating Expenses</u>				
Operation Expense	187,085,871	46,886,284	27,412	233,999,567
Maintenance Expense	38,095,211	1,993,764	48,730	40,137,705
Depreciation Expense	50,742,463	14,163,226	-	64,905,689
Amortization and Depletion	3,200,054	3,743,451	-	6,943,505
Taxes Other than Income Taxes	12,924,129	3,855,435	126,788	16,906,352
Income Taxes - Federal & Other	(2,864,706)	2,218,993	(1,665)	(647,378)
Provision for Deferred Income Taxes - Net	6,708,536	1,714,247	436,075	8,858,858
Investment Tax Credit Adjustment	-	(3,104)	3,104	-
Total Operating Expenses	<u>295,891,558</u>	<u>74,572,296</u>	<u>640,444</u>	<u>371,104,298</u>
NET OPERATING INCOME	<u>55,431,600</u>	<u>21,774,485</u>	<u>152,939</u>	<u>77,359,024</u>
<u>Other Income &amp; Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,304,267	1,304,267
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(54,263)	(54,263)
Revenues from Nonutility Operations	-	-	2,420,495	2,420,495
Interest & Dividend Income	-	-	1,089,166	1,089,166
AFUDC	(252,828)	367,510	-	114,682
Gain on Disposition of Property	-	-	(78,681)	(78,681)
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(2,347,269)	(2,347,269)
Taxes Other than Income Taxes	-	-	(89,292)	(89,292)
Income Taxes - Federal & Other	-	-	(2,723,135)	(2,723,135)
Provision for Deferred Income Taxes - Net	-	-	1,647,581	1,647,581
Total Other Income & Deductions	<u>(252,828)</u>	<u>367,510</u>	<u>1,168,869</u>	<u>1,283,551</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(18,235,558)	(7,486,838)	1,365,450	(24,356,946)
Amortization of Debt Disc. And Expense	(293,235)	(120,392)	21,957	(391,670)
Amortization of Loss on Reacquired Debt	(139,543)	(57,292)	10,449	(186,386)
Interest on Debt to Assoc. Co.	(762,281)	(312,963)	57,078	(1,018,166)
Other Interest Expense	(1,050,916)	(431,467)	78,691	(1,403,692)
Less: Allowance for Borrowed Fund Used During Construction - Credit	(67,307)	362,350	-	295,043
Net interest Charges	<u>(20,548,840)</u>	<u>(8,046,602)</u>	<u>1,533,625</u>	<u>(27,061,817)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>34,629,932</u>	<u>14,095,393</u>	<u>2,855,433</u>	<u>51,580,758</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Capital Structure  
September 30, 2020  
(Unaudited)

	Actual Aug-20	Activity	Actual Sep-20
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,966,689	69,809,670	703,776,359
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,797,058	(25,047)	8,772,011
Total Long-term debt	667,763,747	69,784,623	737,548,369
	-		-
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	39,400,147	1,235,342	40,635,489
Total Common Stock Equity	709,493,741	1,235,342	710,729,083
	-		-
TOTAL CAPITALIZATION	1,377,257,488	71,019,964	1,448,277,452

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.