



139 East Fourth Street-1303-Main
Cincinnati, Ohio 45202
Tel: 513-287-4320
Fax: 513-287-4385
Rocco.D'Ascenzo@duke-energy.com

Rocco O. D'Ascenzo
Deputy General Counsel

VIA OVERNIGHT DELIVERY

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January 14, 2020

JAN 15 2020

Ms. Gwen R. Pinson
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 Ms. Pinson:

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

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PUBLIC SERVICE
COMMISSIONDuke Energy Kentucky, Inc.Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of November 30, 2019
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,605,858,347
Construction Work in Progress	127,699,792
Less: Accumulated Depreciation	(1,007,677,171)
Net Utility Plant	<u>1,725,880,968</u>
Nonutility Property	1,231,001
Other Investments	1,500
Other Special Funds	8,391,528
Long Term Portion of Derivative Instrument Assets	301,662
Total Other Property & Investments	<u>9,925,691</u>
Cash	2,673,306
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	4,219,501
Other Accounts Receivable	3,303,705
Less: Provision for Uncollectibles	(323,804)
Notes Receivable from Assoc. Co.	13,799,024
Accounts Receivable from Assoc. Co.	2,701,212
Fuel Stock	29,139,309
Gas Stored Underground Inventory	2,729,560
Plant Materials & Operating Supplies	18,102,599
Other Materials & Supplies	-
Stores Expense Undistributed	966,293
Prepayments	545,217
Emission Allowances	20,884
Derivative Instrument Assets	4,613,801
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,849,096
Accrued Utility Revenue	-
Rents Receivable	3,711
Total Current & Accrued Assets	<u>89,343,414</u>
Unamortized Debt Expense	3,116,161
Other Regulatory Assets	136,810,763
Preliminary Survey & Investigation	324,408
Clearing Accounts	226,509
Temporary Facilities	2,329
Miscellaneous Deferred Debits	2,518,890
Unamortized Loss on Reacquired Debt	705,605
Accumulated Deferred Income Taxes	71,641,088
Unrecovered Purchased Gas Costs	(3,734,325)
Total Deferred Debits	<u>211,611,428</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>2,036,761,501</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of November 30, 2019
(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	414,232,473
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>640,506,603</u>
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(199,587)
Total Long-Term Debt	<u>661,520,413</u>
Obligations Under Capital Leases - Noncurrent	9,012,575
Asset Retirement Obligation	53,864,129
Long-Term Portion of Derivative Instrument Liabilities	4,865,841
Accum. Misc. Operating Provisions	28,948,181
Total Other Noncurrent Liabilities	<u>96,690,726</u>
Accounts Payable	47,585,415
Notes Payable to Assoc. Co.	61,629,000
Accounts Payable to Assoc. Co.	21,444,703
Customer Deposits	10,425,047
Taxes Accrued	10,696,945
Interest Accrued	6,004,413
Tax Collections Payable	1,509,487
Misc. Current & Accrued Liabilities	5,906,496
Obligations Under Capital Leases - Current	267,660
Derivative Instrument Liabilities	5,602,306
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,865,841)
Total Current & Accrued Liabilities	<u>166,205,631</u>
Customer Advances for Construction	1,605,199
Accum. Deferred Investment Tax Credits	3,676,739
Other Deferred Credits	14,987,639
Other Regulatory Liabilities	145,941,778
Accumulated Deferred Income Taxes	305,626,773
Total Deferred Credits	<u>471,838,128</u>
 TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	 <u><u>2,036,761,501</u></u>

Duke Energy Kentucky, Inc.
 Monthly Supplemental Financial Statements
 Income Statement
 For the 12 Months Ended November 30, 2019
 (Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	139,045,609	66,878,425	205,924,034
Commercial Sales	128,167,692	24,727,335	152,895,027
Industrial Sales	61,937,573	2,040,664	63,978,237
Sales to Public Authorities	23,132,063	2,328,079	25,460,142
Public Street & Highway Lighting	1,617,826	559	1,618,385
Inter-Departmental Sales	69,913	28,494	98,407
Misc. Service Revenues	1,160,529	305,733	1,466,262
Revenues from Transportation	-	6,840,102	6,840,102
Sales for Resale	13,881,126	-	13,881,126
Rents from Property	1,534,455	(54)	1,534,401
Other Revenues	7,484,545	32,151	7,516,696
Total Revenues	<u>378,031,331</u>	<u>103,181,488</u>	<u>481,212,819</u>
<u>Operating Expenses</u>			
Operation Expense	201,051,667	62,509,797	263,561,464
Maintenance Expense	42,257,438	2,843,385	45,100,823
Depreciation Expense	63,124,474	11,010,693	74,135,167
Amortization and Depletion	2,556,655	3,311,401	5,868,056
Taxes Other than Income Taxes	12,468,942	3,693,588	16,162,530
Income Taxes - Federal & Other	(5,694,918)	(1,763,640)	(7,458,558)
Provision for Deferred Income Taxes - Net	10,300,802	4,291,281	14,592,083
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>326,065,060</u>	<u>85,896,505</u>	<u>411,961,565</u>
NET OPERATING INCOME	<u>51,966,271</u>	<u>17,284,983</u>	<u>69,251,254</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,044,884	150	1,045,034
Less: Expense of Merchandising, Jobbing and Contract Work	(25,088)	-	(25,088)
Revenues from Nonutility Operations	992,599	22,656	1,015,255
Interest & Dividend Income	1,318,273	404,787	1,723,060
AFUDC	1,982,381	464,609	2,446,990
Gain on Disposition of Property	158,544	-	158,544
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(2,330,004)	(818,845)	(3,148,849)
Taxes Other than Income Taxes	(85,185)	(28,848)	(114,033)
Income Taxes - Federal & Other	(3,573,390)	(29,950)	(3,603,340)
Provision for Deferred Income Taxes - Net	2,216,718	(97,663)	2,119,055
Total Other Income & Deductions	<u>1,699,732</u>	<u>(83,104)</u>	<u>1,616,628</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(16,956,706)	(6,055,657)	(23,012,363)
Amortization of Debt Disc. And Expense	(298,241)	(67,528)	(365,769)
Amortization of Loss on Reacquired Debt	(170,056)	(68,503)	(238,559)
Interest on Debt to Assoc. Co.	(1,317,529)	(530,581)	(1,848,110)
Other Interest Expense	(1,268,189)	(53,222)	(1,321,411)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,606,568	391,870	1,998,438
Net interest Charges	<u>(18,404,153)</u>	<u>(6,383,621)</u>	<u>(24,787,774)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>35,261,850</u>	<u>10,818,258</u>	<u>46,080,108</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
November 30, 2019
(Unaudited)

	Actual October 2019	Activity	Actual November 2019
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,771,598	10,996	633,782,594
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	9,035,807	(23,232)	9,012,575
Total Long-term debt	<u>667,807,405</u>	<u>(12,236)</u>	<u>667,795,169</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	369,949,521	-	369,949,521
Unappropriated Retained Earnings - Current Year Net Income	38,441,492	5,841,460	44,282,952
Total Common Stock Equity	<u>634,665,143</u>	<u>5,841,460</u>	<u>640,506,603</u>
TOTAL CAPITALIZATION	1,302,472,548	5,829,224	1,308,301,772

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.