



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

March 13, 2020

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

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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 Mr. Chandler:

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

Rocco O. D'Ascenzo

Enclosures

Duke Energy Kentucky, Inc.

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

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,646,658,529
Construction Work in Progress	114,921,827
Less: Accumulated Depreciation	<u>(1,009,281,478)</u>
Net Utility Plant	<u>1,752,298,878</u>
Nonutility Property	1,231,003
Other Investments	1,500
Other Special Funds	9,715,563
Long Term Portion of Derivative Instrument Assets	<u>749,242</u>
Total Other Property & Investments	<u>11,697,308</u>
Cash	5,905,316
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,034,986
Other Accounts Receivable	2,378,452
Less: Provision for Uncollectibles	(318,080)
Notes Receivable from Assoc. Co.	13,289,689
Accounts Receivable from Assoc. Co.	3,571,936
Fuel Stock	24,745,778
Gas Stored Underground Inventory	1,918,108
Plant Materials & Operating Supplies	18,025,150
Other Materials & Supplies	-
Stores Expense Undistributed	1,362,860
Prepayments	1,329,042
Emission Allowances	20,728
Derivative Instrument Assets	2,757,949
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,405,394
Accrued Utility Revenue	-
Rents Receivable	6,211
Total Current & Accrued Assets	<u>84,433,519</u>
Unamortized Debt Expense	3,057,953
Other Regulatory Assets	132,561,107
Preliminary Survey & Investigation	382,189
Clearing Accounts	13,290
Temporary Facilities	(1,281)
Miscellaneous Deferred Debits	2,596,550
Unamortized Loss on Reacquired Debt	672,359
Accumulated Deferred Income Taxes	69,630,737
Unrecovered Purchased Gas Costs	<u>(4,913,681)</u>
Total Deferred Debits	<u>203,999,223</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>2,052,428,928</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of January 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	198,655,189
Retained Earnings	427,768,223
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	654,042,353
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(197,543)
Total Long-Term Debt	661,522,457
Obligations Under Capital Leases - Noncurrent	8,965,858
Asset Retirement Obligation	49,855,170
Long-Term Portion of Derivative Instrument Liabilities	4,577,529
Accum. Misc. Operating Provisions	28,258,803
Total Other Noncurrent Liabilities	91,657,360
Accounts Payable	34,447,204
Notes Payable to Assoc. Co.	53,160,000
Accounts Payable to Assoc. Co.	45,870,034
Customer Deposits	10,488,604
Taxes Accrued	14,447,175
Interest Accrued	6,336,308
Tax Collections Payable	2,269,086
Misc. Current & Accrued Liabilities	10,689,534
Obligations Under Capital Leases - Current	271,435
Derivative Instrument Liabilities	5,292,525
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,577,529)
Total Current & Accrued Liabilities	178,694,376
Customer Advances for Construction	1,605,199
Accum. Deferred Investment Tax Credits	3,679,210
Other Deferred Credits	14,233,156
Other Regulatory Liabilities	145,667,821
Accumulated Deferred Income Taxes	301,326,996
Total Deferred Credits	466,512,382
 TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	 2,052,428,928

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	136,076,031	64,248,856	200,324,887
Commercial Sales	128,526,386	23,486,932	152,013,318
Industrial Sales	62,163,673	1,883,218	64,046,891
Sales to Public Authorities	22,961,001	2,071,468	25,032,469
Public Street & Highway Lighting	1,617,101	380	1,617,481
Inter-Departmental Sales	70,934	26,471	97,405
Misc. Service Revenues	1,134,176	710,431	1,844,607
Revenues from Transportation	-	6,928,735	6,928,735
Sales for Resale	11,120,889	-	11,120,889
Rents from Property	1,835,243	(16)	1,835,227
Other Revenues	6,758,142	40,637	6,798,779
Total Revenues	372,263,576	99,397,112	471,660,688
<u>Operating Expenses</u>			
Operation Expense	197,831,777	52,778,799	250,610,576
Maintenance Expense	42,763,307	2,967,936	45,731,243
Depreciation Expense	61,247,953	11,913,116	73,161,069
Amortization and Depletion	2,548,548	3,382,630	5,931,178
Taxes Other than Income Taxes	12,762,153	3,831,462	16,593,615
Income Taxes - Federal & Other	(4,794,828)	(535,619)	(5,330,447)
Provision for Deferred Income Taxes - Net	9,137,509	4,059,143	13,196,652
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	321,496,419	78,397,467	399,893,886
NET OPERATING INCOME	50,767,157	20,999,645	71,766,802
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,103,220	100	1,103,320
Less: Expense of Merchandising, Jobbing and Contract Work	(7,359)	-	(7,359)
Revenues from Nonutility Operations	2,373,434	11,086	2,384,520
Interest & Dividend Income	1,254,558	383,746	1,638,304
AFUDC	1,854,667	515,748	2,370,415
Gain on Disposition of Property	1,183	-	1,183
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(2,257,269)	(814,294)	(3,071,563)
Taxes Other than Income Taxes	(129,999)	(24,279)	(154,278)
Income Taxes - Federal & Other	(3,069,382)	107,457	(2,961,925)
Provision for Deferred Income Taxes - Net	1,687,335	(104,035)	1,583,300
Total Other Income & Deductions	2,810,388	75,529	2,885,917
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,269,870)	(6,192,747)	(23,462,617)
Amortization of Debt Disc. And Expense	(302,506)	(68,849)	(371,355)
Amortization of Loss on Reacquired Debt	(162,302)	(65,091)	(227,393)
Interest on Debt to Assoc. Co.	(1,322,132)	(518,868)	(1,841,000)
Other Interest Expense	(1,293,250)	(50,196)	(1,343,446)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,503,227	427,542	1,930,769
Net interest Charges	(18,846,833)	(6,468,209)	(25,315,042)
Extraordinary Items after Taxes	-	-	-
NET INCOME	34,730,712	14,606,965	49,337,677

Duke Energy Kentucky, Inc.

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

	Actual December 2019	Activity	Actual January 2020
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,806,823	21,331	633,828,154
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,989,259	(23,401)	8,965,858
Total Long-term debt	<u>667,796,082</u>	<u>(2,070)</u>	<u>667,794,012</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	48,869,943	418,819,464
Unappropriated Retained Earnings - Current Year Net Income	48,869,943	(39,921,184)	8,948,759
Total Common Stock Equity	<u>645,093,594</u>	<u>8,948,759</u>	<u>654,042,353</u>
TOTAL CAPITALIZATION	1,312,889,676	8,946,689	1,321,836,365

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.