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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

June 10, 2020

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

RECEIVED

JUN 10 2020

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 April 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 April 30, 2020

(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	2,690,589,925
Construction Work in Progress	99,634,414
Less: Accumulated Depreciation	(1,011,922,681)
Net Utility Plant	1,778,301,658
Nonutility Property	1,218,901
Other Investments	1,500
Other Special Funds	10,668,834
Long Term Portion of Derivative Instrument Assets	771,474
Total Other Property & Investments	12,660,709
Cash	7,709,055
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,398,573
Other Accounts Receivable	2,338,981
Less: Provision for Uncollectibles	(692,495)
Notes Receivable from Assoc. Co.	2,689,848
Accounts Receivable from Assoc. Co.	2,208,612
Fuel Stock	27,389,615
Gas Stored Underground Inventory	600,157
Plant Materials & Operating Supplies	18,226,170
Other Materials & Supplies	-
Stores Expense Undistributed	1,307,368
Prepayments	834,313
Emission Allowances	20,619
Derivative Instrument Assets	274,844
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,939,237
Accrued Utility Revenue	-
Rents Receivable	7,592
Total Current & Accrued Assets	72,252,489
Unamortized Debt Expense	3,061,662
Other Regulatory Assets	132,702,478
Preliminary Survey & Investigation	606,532
Clearing Accounts	(15,535)
Temporary Facilities	(3,760)
Miscellaneous Deferred Debits	2,398,365
Unamortized Loss on Reacquired Debt	622,489
Accumulated Deferred Income Taxes	68,781,671
Unrecovered Purchased Gas Costs	(5,336,846)
Total Deferred Debits	202,817,056
TOTAL ASSETS AND OTHER DEBITS	2,066,031,912

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of April 30, 2020
(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	439,922,750
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>666,196,880</u>
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(194,477)
Total Long-Term Debt	<u>661,525,523</u>
Obligations Under Capital Leases - Noncurrent	8,894,914
Asset Retirement Obligation	50,174,233
Long-Term Portion of Derivative Instrument Liabilities	5,630,258
Accum. Misc. Operating Provisions	28,599,539
Total Other Noncurrent Liabilities	<u>93,298,944</u>
Accounts Payable	28,473,582
Notes Payable to Assoc. Co.	94,825,000
Accounts Payable to Assoc. Co.	12,287,749
Customer Deposits	10,260,305
Taxes Accrued	17,386,317
Interest Accrued	4,049,505
Tax Collections Payable	1,286,370
Misc. Current & Accrued Liabilities	6,801,588
Obligations Under Capital Leases - Current	277,157
Derivative Instrument Liabilities	6,587,605
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,630,258)
Total Current & Accrued Liabilities	<u>176,604,920</u>
Customer Advances for Construction	1,599,440
Accum. Deferred Investment Tax Credits	3,663,916
Other Deferred Credits	14,559,263
Other Regulatory Liabilities	142,841,138
Accumulated Deferred Income Taxes	305,741,888
Total Deferred Credits	<u>468,405,645</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>2,066,031,912</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	133,751,274	62,905,515	196,656,789
Commercial Sales	126,090,584	22,275,104	148,365,688
Industrial Sales	61,405,008	1,820,203	63,225,211
Sales to Public Authorities	22,266,233	1,891,162	24,157,395
Public Street & Highway Lighting	1,594,231	173	1,594,404
Inter-Departmental Sales	53,533	22,202	75,735
Misc. Service Revenues	(324,064)	751,907	427,843
Revenues from Transportation	-	6,993,502	6,993,502
Sales for Resale	10,076,249	-	10,076,249
Rents from Property	1,672,107	-	1,672,107
Other Revenues	6,283,010	48,696	6,331,706
Total Revenues	<u>362,868,165</u>	<u>96,708,464</u>	<u>459,576,629</u>
<u>Operating Expenses</u>			
Operation Expense	194,953,870	46,010,606	240,964,476
Maintenance Expense	39,467,008	2,364,526	41,831,534
Depreciation Expense	58,934,912	12,856,963	71,791,875
Amortization and Depletion	2,735,524	3,517,059	6,252,583
Taxes Other than Income Taxes	12,917,728	3,842,266	16,759,994
Income Taxes - Federal & Other	(4,101,386)	328,797	(3,772,589)
Provision for Deferred Income Taxes - Net	7,365,629	3,994,665	11,360,294
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>312,273,285</u>	<u>72,914,882</u>	<u>385,188,167</u>
NET OPERATING INCOME	<u>50,594,880</u>	<u>23,793,582</u>	<u>74,388,462</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,099,647	100	1,099,747
Less: Expense of Merchandising, Jobbing and Contract Work	(2,522)	-	(2,522)
Revenues from Nonutility Operations	2,419,183	(759)	2,418,424
Interest & Dividend Income	1,062,094	331,513	1,393,607
AFUDC	1,243,206	468,950	1,712,156
Gain on Disposition of Property	1,183	-	1,183
Loss on Disposition of Property	(23,647)	-	(23,647)
Misc. Income Deductions	(2,150,654)	(783,244)	(2,933,898)
Taxes Other than Income Taxes	(69,883)	(23,571)	(93,454)
Income Taxes - Federal & Other	(3,331,779)	102,225	(3,229,554)
Provision for Deferred Income Taxes - Net	1,986,413	(114,484)	1,871,929
Total Other Income & Deductions	<u>2,233,241</u>	<u>(19,270)</u>	<u>2,213,971</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,613,346)	(6,437,168)	(24,050,514)
Amortization of Debt Disc. And Expense	(307,823)	(71,425)	(379,248)
Amortization of Loss on Reacquired Debt	(149,964)	(60,680)	(210,644)
Interest on Debt to Assoc. Co.	(1,263,370)	(519,173)	(1,782,543)
Other Interest Expense	(1,273,313)	(46,908)	(1,320,221)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,240,388	476,815	1,717,203
Net interest Charges	<u>(19,367,428)</u>	<u>(6,658,539)</u>	<u>(26,025,967)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>33,460,693</u>	<u>17,115,773</u>	<u>50,576,466</u>

Duke Energy Kentucky, Inc.

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

	Actual March 2020	Activity	Actual April 2020
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,876,611	24,229	633,900,840
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,918,802	(23,888)	8,894,914
Total Long-term debt	<u>667,795,413</u>	<u>341</u>	<u>667,795,754</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	418,819,464	-	418,819,464
Unappropriated Retained Earnings - Current Year Net Income	<u>18,332,268</u>	<u>2,771,018</u>	<u>21,103,286</u>
Total Common Stock Equity	<u>663,425,862</u>	<u>2,771,018</u>	<u>666,196,880</u>
 TOTAL CAPITALIZATION	 1,331,221,275	 2,771,359	 1,333,992,633

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.