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VIA EMAIL DELIVERY

RECEIVED

July 10, 2020

JUL 10 2020

Mr. Kent Chandler
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 Mr. Chandler:

Enclosed please find Duke Energy Kentucky, Inc.'s financial statements for the end of May 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 May 31, 2020
(Unaudited)

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,701,264,314
Construction Work in Progress	99,407,429
Less: Accumulated Depreciation	(1,012,343,575)
Net Utility Plant	<u>1,788,328,168</u>
Nonutility Property	1,220,439
Other Investments	1,500
Other Special Funds	10,892,319
Long Term Portion of Derivative Instrument Assets	771,474
Total Other Property & Investments	<u>12,885,732</u>
Cash	4,150,546
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	2,710,552
Other Accounts Receivable	2,327,416
Less: Provision for Uncollectibles	(647,055)
Notes Receivable from Assoc. Co.	3,911,510
Accounts Receivable from Assoc. Co.	1,708,753
Fuel Stock	28,999,922
Gas Stored Underground Inventory	923,714
Plant Materials & Operating Supplies	18,088,211
Other Materials & Supplies	-
Stores Expense Undistributed	950,759
Prepayments	677,439
Emission Allowances	20,619
Derivative Instrument Assets	3,360,980
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,086,535
Accrued Utility Revenue	-
Rents Receivable	11,388
Total Current & Accrued Assets	<u>73,281,289</u>
Unamortized Debt Expense	3,030,986
Other Regulatory Assets	131,906,771
Preliminary Survey & Investigation	511,789
Clearing Accounts	(7,464)
Temporary Facilities	(4,002)
Miscellaneous Deferred Debits	2,421,058
Unamortized Loss on Reacquired Debt	605,866
Accumulated Deferred Income Taxes	68,781,670
Unrecovered Purchased Gas Costs	(5,021,543)
Total Deferred Debits	<u>202,225,131</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>2,076,720,320</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of May 31, 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	443,264,344
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>669,538,474</u>
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(193,455)
Total Long-Term Debt	<u>661,526,545</u>
Obligations Under Capital Leases - Noncurrent	8,870,752
Asset Retirement Obligation	50,245,674
Long-Term Portion of Derivative Instrument Liabilities	5,630,258
Accum. Misc. Operating Provisions	28,661,977
Total Other Noncurrent Liabilities	<u>93,408,661</u>
Accounts Payable	30,829,054
Notes Payable to Assoc. Co.	95,412,000
Accounts Payable to Assoc. Co.	11,317,270
Customer Deposits	10,236,844
Taxes Accrued	18,709,638
Interest Accrued	5,948,036
Tax Collections Payable	1,272,895
Misc. Current & Accrued Liabilities	9,670,259
Obligations Under Capital Leases - Current	279,091
Derivative Instrument Liabilities	6,587,605
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,630,258)
Total Current & Accrued Liabilities	<u>184,632,434</u>
Customer Advances for Construction	1,599,440
Accum. Deferred Investment Tax Credits	3,663,915
Other Deferred Credits	14,529,152
Other Regulatory Liabilities	142,079,811
Accumulated Deferred Income Taxes	305,741,888
Total Deferred Credits	<u>467,614,206</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>2,076,720,320</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	133,286,149	63,675,689	196,961,838
Commercial Sales	124,520,570	22,260,260	146,780,830
Industrial Sales	60,384,040	1,824,884	62,208,924
Sales to Public Authorities	21,786,953	1,886,766	23,673,719
Public Street & Highway Lighting	1,672,240	89	1,672,329
Inter-Departmental Sales	49,791	22,167	71,958
Misc. Service Revenues	(1,390,933)	765,379	(625,554)
Revenues from Transportation	-	6,906,899	6,906,899
Sales for Resale	9,249,284	-	9,249,284
Rents from Property	1,506,745	16	1,506,761
Other Revenues	6,303,780	49,348	6,353,128
Total Revenues	<u>357,368,619</u>	<u>97,391,497</u>	<u>454,760,116</u>
<u>Operating Expenses</u>			
Operation Expense	189,740,658	46,272,783	236,013,441
Maintenance Expense	38,862,773	2,256,648	41,119,421
Depreciation Expense	58,343,055	13,507,635	71,850,690
Amortization and Depletion	2,758,290	3,521,200	6,279,490
Taxes Other than Income Taxes	13,043,729	3,883,479	16,927,208
Income Taxes - Federal & Other	919,158	362,269	1,281,427
Provision for Deferred Income Taxes - Net	3,332,901	3,974,175	7,307,076
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>307,000,564</u>	<u>73,778,189</u>	<u>380,778,753</u>
NET OPERATING INCOME	<u>50,368,055</u>	<u>23,613,308</u>	<u>73,981,363</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,089,601	100	1,089,701
Less: Expense of Merchandising, Jobbing and Contract Work	(5,522)	-	(5,522)
Revenues from Nonutility Operations	2,424,648	(1,074)	2,423,574
Interest & Dividend Income	1,026,603	319,996	1,346,599
AFUDC	1,116,484	437,271	1,553,755
Gain on Disposition of Property	(77,498)	-	(77,498)
Loss on Disposition of Property	(23,647)	-	(23,647)
Misc. Income Deductions	(2,081,970)	(770,670)	(2,852,640)
Taxes Other than Income Taxes	(69,299)	(23,335)	(92,634)
Income Taxes - Federal & Other	(2,955,325)	92,036	(2,863,289)
Provision for Deferred Income Taxes - Net	1,782,768	(96,200)	1,686,568
Total Other Income & Deductions	<u>2,226,843</u>	<u>(41,876)</u>	<u>2,184,967</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,660,057)	(6,518,642)	(24,178,699)
Amortization of Debt Disc. And Expense	(309,601)	(72,284)	(381,885)
Amortization of Loss on Reacquired Debt	(145,852)	(59,209)	(205,061)
Interest on Debt to Assoc. Co.	(1,178,791)	(486,049)	(1,664,840)
Other Interest Expense	(1,279,236)	(43,772)	(1,323,008)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,170,317	479,962	1,650,279
Net interest Charges	<u>(19,403,220)</u>	<u>(6,699,994)</u>	<u>(26,103,214)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u><u>33,191,678</u></u>	<u><u>16,871,438</u></u>	<u><u>50,063,116</u></u>

Duke Energy Kentucky, Inc.

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

	Actual April 2020	Activity	Actual May 2020
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,900,840	24,229	633,925,068
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,894,914	(24,162)	8,870,752
Total Long-term debt	<u>667,795,754</u>	<u>67</u>	<u>667,795,820</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	21,103,286	3,341,594	24,444,880
Total Common Stock Equity	<u>666,196,880</u>	<u>3,341,594</u>	<u>669,538,474</u>
 TOTAL CAPITALIZATION	 1,333,992,633	 3,341,661	 1,337,334,294

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.