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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

August 13, 2020

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

RECEIVED

AUG 13 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 Vice Chairman Chandler:

Enclosed please find Duke Energy Kentucky's financial statements for the end of June 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 June 30, 2020
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,044,114,279	654,265,004	37,863,599	2,736,242,882
Construction Work in Progress	51,546,878	38,762,145	-	90,309,023
Less: Accumulated Depreciation	(825,043,223)	(184,012,014)	(7,934,228)	(1,016,989,465)
Net Utility Plant	<u>1,270,617,934</u>	<u>509,015,135</u>	<u>29,929,371</u>	<u>1,809,562,440</u>
Nonutility Property	-	-	1,220,439	1,220,439
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	11,115,804	11,115,804
Long Term Portion of Derivative Instrument Assets	-	-	317,196	317,196
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>12,654,939</u>	<u>12,654,939</u>
Cash	2,619,353	1,075,408	(196,133)	3,498,628
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	1,951,588	537,629	-	2,489,217
Other Accounts Receivable	1,830,123	751,380	(137,036)	2,444,467
Less: Provision for Uncollectibles	(472,070)	(130,049)	-	(602,119)
Notes Receivable from Assoc. Co.	5,951,119	2,443,304	(445,610)	7,948,813
Accounts Receivable from Assoc. Co.	1,644,315	675,095	(123,124)	2,196,286
Fuel Stock	22,504,708	1,754,676	3,258,684	27,518,068
Gas Stored Underground Inventory	-	1,240,363	-	1,240,363
Plant Materials & Operating Supplies	17,539,024	368,437	-	17,907,461
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	606,915	12,749	-	619,664
Prepayments	967,464	458,002	-	1,425,466
Emission Allowances	20,616	-	-	20,616
Derivative Instrument Assets	2,772,632	-	-	2,772,632
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	6,173,878	-	-	6,173,878
Rents Receivable	11,388	-	-	11,388
Total Current & Accrued Assets	<u>64,121,053</u>	<u>9,186,994</u>	<u>2,356,781</u>	<u>75,664,828</u>
Unamortized Debt Expense	2,246,272	922,235	(168,197)	3,000,310
Other Regulatory Assets	115,474,221	17,910,568	-	133,384,789
Preliminary Survey & Investigation	404,429	166,044	(30,283)	540,190
Clearing Accounts	422	185	-	607
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,843,863	757,021	(138,066)	2,462,818
Unamortized Loss on Reacquired Debt	443,605	182,127	(33,216)	592,516
Accumulated Deferred Income Taxes	51,974,395	16,923,516	-	68,897,911
Unrecovered Purchased Gas Costs	-	(4,271,728)	-	(4,271,728)
Total Deferred Debits	<u>172,387,207</u>	<u>32,589,968</u>	<u>(369,762)</u>	<u>204,607,413</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,507,126,194</u></u>	<u><u>550,792,097</u></u>	<u><u>44,571,329</u></u>	<u><u>2,102,489,620</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of June 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	301,474,137	70,665,672	74,920,101	447,059,910
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>489,598,053</u>	<u>147,902,314</u>	<u>60,833,673</u>	<u>698,334,040</u>
<u>Liabilities</u>				
Bonds	476,699,530	195,714,993	(35,694,523)	636,720,000
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	25,000,000
Less: Unamortized Discount on Long-Term Debt	(144,071)	(59,150)	10,788	(192,433)
Total Long-Term Debt	<u>495,272,459</u>	<u>203,340,343</u>	<u>(37,085,235)</u>	<u>661,527,567</u>
Obligations Under Capital Leases - Noncurrent	6,271,639	2,574,863	-	8,846,502
Asset Retirement Obligation	42,177,425	8,061,843	-	50,239,268
Long-Term Portion of Derivative Instrument Liabilities	4,103,873	1,796,311	-	5,900,184
Accum. Misc. Operating Provisions	20,403,717	8,930,934	-	29,334,651
Total Other Noncurrent Liabilities	<u>72,956,654</u>	<u>21,363,951</u>	<u>-</u>	<u>94,320,605</u>
Accounts Payable	27,786,572	11,408,126	(2,080,615)	37,114,083
Notes Payable to Assoc. Co.	60,388,529	24,793,271	(4,521,800)	80,660,000
Accounts Payable to Assoc. Co.	15,009,929	6,162,515	(1,123,920)	20,048,524
Customer Deposits	6,068,763	4,081,368	-	10,150,131
Taxes Accrued	6,840,639	2,884,940	(207,909)	9,517,670
Interest Accrued	5,288,833	2,171,397	(396,020)	7,064,210
Tax Collections Payable	1,166,434	335,747	11,008	1,513,189
Misc. Current & Accrued Liabilities	7,005,153	3,066,233	-	10,071,386
Obligations Under Capital Leases - Current	199,235	81,797	-	281,032
Derivative Instrument Liabilities	4,803,241	2,102,432	-	6,905,673
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,103,873)	(1,796,311)	-	(5,900,184)
Total Current & Accrued Liabilities	<u>130,453,455</u>	<u>55,291,515</u>	<u>(8,319,256)</u>	<u>177,425,714</u>
Customer Advances for Construction	-	1,599,440	-	1,599,440
Accum. Deferred Investment Tax Credits	396,740	412,480	2,839,403	3,648,623
Other Deferred Credits	11,231,128	3,573,945	-	14,805,073
Other Regulatory Liabilities	97,570,514	43,353,302	-	140,923,816
Accumulated Deferred Income Taxes	209,647,191	73,954,807	26,302,744	309,904,742
Total Deferred Credits	<u>318,845,573</u>	<u>122,893,974</u>	<u>29,142,147</u>	<u>470,881,694</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,507,126,194</u></u>	<u><u>550,792,097</u></u>	<u><u>44,571,329</u></u>	<u><u>2,102,489,620</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	134,398,459	63,859,163		198,257,622
Commercial Sales	122,942,109	22,217,261		145,159,370
Industrial Sales	59,293,755	1,817,316		61,111,071
Sales to Public Authorities	21,243,266	1,872,330		23,115,596
Public Street & Highway Lighting	1,632,959	6		1,632,965
Inter-Departmental Sales	49,801	22,556		72,357
Misc. Service Revenues	(1,953,171)	30,428	748,329	(1,174,414)
Revenues from Transportation	-	6,851,538		6,851,538
Sales for Resale	8,621,843	-		8,621,843
Rents from Property	1,401,772	-		1,401,772
Other Revenues	6,201,887	55,904		6,257,791
Total Revenues	<u>353,832,680</u>	<u>96,726,502</u>	<u>748,329</u>	<u>451,307,511</u>
<u>Operating Expenses</u>				
Operation Expense	186,541,196	47,115,609	25,651	233,682,456
Maintenance Expense	38,785,923	2,271,008	53,359	41,110,290
Depreciation Expense	56,749,897	13,711,616	-	70,461,513
Amortization and Depletion	2,795,667	3,556,747	-	6,352,414
Taxes Other than Income Taxes	13,146,947	3,784,235	124,067	17,055,249
Income Taxes - Federal & Other	(838,657)	(903,070)	24,414	(1,717,313)
Provision for Deferred Income Taxes - Net	4,834,944	4,348,745	681,359	9,865,048
Investment Tax Credit Adjustment	-	7,261	(7,261)	-
Total Operating Expenses	<u>302,015,917</u>	<u>73,892,151</u>	<u>901,589</u>	<u>376,809,657</u>
NET OPERATING INCOME	<u>51,816,763</u>	<u>22,834,351</u>	<u>(153,260)</u>	<u>74,497,854</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,254,964	1,254,964
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(25,422)	(25,422)
Revenues from Nonutility Operations	-	-	2,432,757	2,432,757
Interest & Dividend Income	-	-	1,280,778	1,280,778
AFUDC	1,068,272	363,930		1,432,202
Gain on Disposition of Property	-	-	(77,498)	(77,498)
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(2,754,064)	(2,754,064)
Taxes Other than Income Taxes	-	-	(91,812)	(91,812)
Income Taxes - Federal & Other	-	-	(2,878,187)	(2,878,187)
Provision for Deferred Income Taxes - Net	-	-	1,619,121	1,619,121
Total Other Income & Deductions	<u>1,068,272</u>	<u>363,930</u>	<u>760,637</u>	<u>2,192,839</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(18,191,636)	(7,468,805)	1,362,162	(24,298,279)
Amortization of Debt Disc. And Expense	(287,883)	(118,194)	21,556	(384,521)
Amortization of Loss on Reacquired Debt	(146,895)	(60,309)	10,999	(196,205)
Interest on Debt to Assoc. Co.	(1,108,109)	(454,947)	82,973	(1,480,083)
Other Interest Expense	(1,015,601)	(416,967)	76,047	(1,356,521)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,110,306	433,470	-	1,543,776
Net interest Charges	<u>(19,639,818)</u>	<u>(8,085,752)</u>	<u>1,553,737</u>	<u>(26,171,833)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>33,245,217</u>	<u>15,112,529</u>	<u>2,161,114</u>	<u>50,518,860</u>

Duke Energy Kentucky, Inc.

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

	Actual May-20	Activity	Actual Jun-20
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,925,068	24,229	633,949,297
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,870,752	(24,250)	8,846,502
Total Long-term debt	667,795,820	(21)	667,795,799
	-		-
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	25,000,000	75,000,000
Unappropriated Retained Earnings Balance	418,819,464	-	418,819,464
Unappropriated Retained Earnings - Current Year Net Income	24,444,880	3,795,567	28,240,446
Common Dividend Declared			
Total Common Stock Equity	669,538,474	28,795,567	698,334,040
	-		-
TOTAL CAPITALIZATION	1,337,334,294	28,795,546	1,366,129,839

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.