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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

October 6, 2020

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

RECEIVED

OCT 06 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 August 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 August 31, 2020
(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	2,751,443,702
Construction Work in Progress	108,658,858
Less: Accumulated Depreciation	(1,030,471,939)
Net Utility Plant	1,829,630,621
Nonutility Property	1,220,439
Other Investments	1,500
Other Special Funds	11,562,774
Long Term Portion of Derivative Instrument Assets	317,196
Total Other Property & Investments	13,101,909
Cash	5,785,950
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	3,972,436
Other Accounts Receivable	2,244,896
Less: Provision for Uncollectibles	(551,070)
Notes Receivable from Assoc. Co.	12,752,962
Accounts Receivable from Assoc. Co.	3,434,378
Fuel Stock	26,840,093
Gas Stored Underground Inventory	2,074,948
Plant Materials & Operating Supplies	17,935,798
Other Materials & Supplies	-
Stores Expense Undistributed	130,123
Prepayments	1,177,919
Emission Allowances	20,231
Derivative Instrument Assets	2,772,632
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	6,173,878
Accrued Utility Revenue	-
Rents Receivable	11,388
Total Current & Accrued Assets	84,776,562
Unamortized Debt Expense	2,970,023
Other Regulatory Assets	133,928,286
Preliminary Survey & Investigation	452,420
Clearing Accounts	12,582
Temporary Facilities	(2,033)
Miscellaneous Deferred Debits	2,514,023
Unamortized Loss on Reacquired Debt	565,815
Accumulated Deferred Income Taxes	68,868,598
Unrecovered Purchased Gas Costs	(3,783,439)
Total Deferred Debits	205,526,275
TOTAL ASSETS AND OTHER DEBITS	2,133,035,367

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
 Balance Sheet - Page 2
 As of August 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	223,655,189
Retained Earnings	458,219,611
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>709,493,741</u>
<u>Liabilities</u>	
Bonds	636,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(190,389)
Total Long-Term Debt	<u>661,529,611</u>
Obligations Under Capital Leases - Noncurrent	8,797,058
Asset Retirement Obligation	50,355,981
Long-Term Portion of Derivative Instrument Liabilities	5,900,184
Accum. Misc. Operating Provisions	29,475,691
Total Other Noncurrent Liabilities	<u>94,528,914</u>
Accounts Payable	33,928,635
Notes Payable to Assoc. Co.	107,038,000
Accounts Payable to Assoc. Co.	12,566,237
Customer Deposits	9,823,448
Taxes Accrued	15,540,458
Interest Accrued	8,180,869
Tax Collections Payable	1,529,528
Misc. Current & Accrued Liabilities	8,975,092
Obligations Under Capital Leases - Current	284,962
Derivative Instrument Liabilities	6,905,673
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,900,184)
Total Current & Accrued Liabilities	<u>198,872,718</u>
Customer Advances for Construction	1,595,026
Accum. Deferred Investment Tax Credits	3,648,623
Other Deferred Credits	14,651,601
Other Regulatory Liabilities	138,810,391
Accumulated Deferred Income Taxes	309,904,742
Total Deferred Credits	<u>468,610,383</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>2,133,035,367</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement

For the 12 Months Ended August 31, 2020
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	136,792,981	63,939,789	200,732,770
Commercial Sales	122,223,711	22,044,766	144,268,477
Industrial Sales	58,701,716	1,762,427	60,464,143
Sales to Public Authorities	20,742,933	1,849,392	22,592,325
Public Street & Highway Lighting	1,531,351	-	1,531,351
Inter-Departmental Sales	48,399	22,622	71,021
Misc. Service Revenues	(1,091,172)	805,505	(285,667)
Revenues from Transportation	-	6,683,297	6,683,297
Sales for Resale	8,263,966	-	8,263,966
Rents from Property	1,397,108	-	1,397,108
Other Revenues	5,840,203	53,758	5,893,961
Total Revenues	<u>354,451,196</u>	<u>97,161,556</u>	<u>451,612,752</u>
<u>Operating Expenses</u>			
Operation Expense	187,598,904	46,768,517	234,367,421
Maintenance Expense	37,813,217	2,069,877	39,883,094
Depreciation Expense	52,890,488	14,018,443	66,908,931
Amortization and Depletion	3,073,931	3,600,129	6,674,060
Taxes Other than Income Taxes	13,352,534	3,956,066	17,308,600
Income Taxes - Federal & Other	(745,626)	1,289,577	543,951
Provision for Deferred Income Taxes - Net	5,675,222	2,834,183	8,509,405
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>299,658,670</u>	<u>74,536,792</u>	<u>374,195,462</u>
NET OPERATING INCOME	<u>54,792,526</u>	<u>22,624,764</u>	<u>77,417,290</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,310,098	99	1,310,197
Less: Expense of Merchandising, Jobbing and Contract Work	(51,455)	-	(51,455)
Revenues from Nonutility Operations	2,444,563	(956)	2,443,607
Interest & Dividend Income	887,702	283,766	1,171,468
AFUDC	1,034,056	384,959	1,419,015
Gain on Disposition of Property	(78,681)	-	(78,681)
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(1,574,499)	(820,066)	(2,394,565)
Taxes Other than Income Taxes	(67,526)	(22,627)	(90,153)
Income Taxes - Federal & Other	(2,712,649)	88,083	(2,624,566)
Provision for Deferred Income Taxes - Net	1,391,080	(90,852)	1,300,228
Total Other Income & Deductions	<u>2,582,689</u>	<u>(177,594)</u>	<u>2,405,095</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,643,199)	(6,702,723)	(24,345,922)
Amortization of Debt Disc. And Expense	(314,934)	(74,860)	(389,794)
Amortization of Loss on Reacquired Debt	(134,550)	(55,109)	(189,659)
Interest on Debt to Assoc. Co.	(812,291)	(340,108)	(1,152,399)
Other Interest Expense	(1,337,593)	(32,011)	(1,369,604)
Less: Allowance for Borrowed Fund Used During Construction - Credit	917,838	390,382	1,308,220
Net interest Charges	<u>(19,324,729)</u>	<u>(6,814,429)</u>	<u>(26,139,158)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>38,050,486</u>	<u>15,632,741</u>	<u>53,683,227</u>

Duke Energy Kentucky, Inc.

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

	Actual 7/31/2020	Activity	Actual 8/31/2020
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	633,973,526	(6,837)	633,966,689
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,822,016	(24,958)	8,797,058
Total Long-term debt	<u>667,795,542</u>	<u>(31,795)</u>	<u>667,763,747</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	75,000,000	-	75,000,000
Unappropriated Retained Earnings Balance	418,819,464	-	418,819,464
Unappropriated Retained Earnings - Current Year Net Income	34,391,145	5,009,002	39,400,147
Total Common Stock Equity	<u>704,484,739</u>	<u>5,009,002</u>	<u>709,493,741</u>
 TOTAL CAPITALIZATION	 1,372,280,281	 4,977,207	 1,377,257,488

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.