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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

December 1, 2020

Ms. Linda Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

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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 Ms. Bridwell:

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

	<u>Total Company</u>
<u>Assets</u>	
Utility Plant in Service	2,775,173,057
Construction Work in Progress	129,290,251
Less: Accumulated Depreciation	(1,043,996,555)
Net Utility Plant	<u>1,860,466,753</u>
Nonutility Property	1,220,439
Other Investments	1,500
Other Special Funds	12,009,744
Long Term Portion of Derivative Instrument Assets	317,392
Total Other Property & Investments	<u>13,549,075</u>
Cash	5,421,413
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	4,439,565
Other Accounts Receivable	2,150,788
Less: Provision for Uncollectibles	(407,464)
Notes Receivable from Assoc. Co.	7,495,386
Accounts Receivable from Assoc. Co.	(55,235)
Fuel Stock	26,947,078
Gas Stored Underground Inventory	2,515,040
Plant Materials & Operating Supplies	17,740,294
Other Materials & Supplies	-
Stores Expense Undistributed	(109,828)
Prepayments	1,375,816
Emission Allowances	19,947
Derivative Instrument Assets	1,810,605
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	7,228,535
Accrued Utility Revenue	-
Rents Receivable	11,388
Total Current & Accrued Assets	<u>76,583,328</u>
Unamortized Debt Expense	3,134,937
Other Regulatory Assets	132,193,093
Preliminary Survey & Investigation	462,455
Clearing Accounts	28,997
Temporary Facilities	(1,558)
Miscellaneous Deferred Debits	2,582,392
Unamortized Loss on Reacquired Debt	539,115
Accumulated Deferred Income Taxes	68,851,769
Unrecovered Purchased Gas Costs	(2,884,729)
Total Deferred Debits	<u>204,906,471</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>2,155,505,627</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of October 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	223,655,189
Retained Earnings	460,255,928
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	<u>711,530,058</u>
<u>Liabilities</u>	
Bonds	706,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(188,345)
Total Long-Term Debt	<u>731,531,655</u>
Obligations Under Capital Leases - Noncurrent	8,746,872
Asset Retirement Obligation	59,050,989
Long-Term Portion of Derivative Instrument Liabilities	5,437,636
Accum. Misc. Operating Provisions	29,855,047
Total Other Noncurrent Liabilities	<u>103,090,544</u>
Accounts Payable	35,473,501
Notes Payable to Assoc. Co.	49,867,000
Accounts Payable to Assoc. Co.	15,601,445
Customer Deposits	9,426,507
Taxes Accrued	17,014,976
Interest Accrued	4,183,326
Tax Collections Payable	1,200,988
Misc. Current & Accrued Liabilities	7,397,900
Obligations Under Capital Leases - Current	288,935
Derivative Instrument Liabilities	7,138,718
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,437,637)
Total Current & Accrued Liabilities	<u>142,155,659</u>
Customer Advances for Construction	1,595,027
Accum. Deferred Investment Tax Credits	3,633,329
Other Deferred Credits	14,765,818
Other Regulatory Liabilities	136,782,026
Accumulated Deferred Income Taxes	310,421,511
Total Deferred Credits	<u>467,197,711</u>
 TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	 <u><u>2,155,505,627</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	136,676,904	64,450,538	201,127,442
Commercial Sales	122,139,081	22,117,846	144,256,927
Industrial Sales	57,532,219	1,717,048	59,249,267
Sales to Public Authorities	18,735,763	1,770,126	20,505,889
Public Street & Highway Lighting	1,652,246		1,652,246
Inter-Departmental Sales	46,360	22,659	69,019
Misc. Service Revenues	(1,041,658)	825,497	(216,161)
Revenues from Transportation		6,653,950	6,653,950
Sales for Resale	7,698,525		7,698,525
Rents from Property	1,317,893		1,317,893
Other Revenues	5,366,812	49,670	5,416,482
Total Revenues	<u>350,124,145</u>	<u>97,607,334</u>	<u>447,731,479</u>
<u>Operating Expenses</u>			
Operation Expense	185,115,703	46,466,041	231,581,744
Maintenance Expense	39,401,663	1,933,418	41,335,081
Depreciation Expense	50,122,702	14,343,926	64,466,628
Amortization and Depletion	3,435,793	3,791,185	7,226,978
Taxes Other than Income Taxes	13,020,055	4,007,133	17,027,188
Income Taxes - Federal & Other	(2,942,425)	2,408,947	(533,478)
Provision for Deferred Income Taxes - Net	6,710,710	2,165,282	8,875,992
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>294,864,201</u>	<u>75,115,932</u>	<u>369,980,133</u>
NET OPERATING INCOME	<u>55,259,944</u>	<u>22,491,402</u>	<u>77,751,346</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,255,649	100	1,255,749
Less: Expense of Merchandising, Jobbing and Contract Work	(56,875)	-	(56,875)
Revenues from Nonutility Operations	2,414,761	(1,504)	2,413,257
Interest & Dividend Income	805,436	257,906	1,063,342
AFUDC	(281,475)	398,818	117,343
Gain on Disposition of Property	(157,362)	-	(157,362)
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(1,454,200)	(771,230)	(2,225,430)
Taxes Other than Income Taxes	(66,350)	(22,155)	(88,505)
Income Taxes - Federal & Other	(2,776,114)	92,174	(2,683,940)
Provision for Deferred Income Taxes - Net	1,737,897	(90,316)	1,647,581
Total Other Income & Deductions	<u>1,421,367</u>	<u>(136,207)</u>	<u>1,285,160</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,628,216)	(6,817,444)	(24,445,660)
Amortization of Debt Disc. And Expense	(317,180)	(76,076)	(393,256)
Amortization of Loss on Reacquired Debt	(129,674)	(53,439)	(183,113)
Interest on Debt to Assoc. Co.	(688,029)	(282,717)	(970,746)
Other Interest Expense	(1,328,882)	(24,586)	(1,353,468)
Less: Allowance for Borrowed Fund Used During Construction - Credit	(166,578)	341,230	174,652
Net interest Charges	<u>(20,258,559)</u>	<u>(6,913,032)</u>	<u>(27,171,591)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>36,422,752</u>	<u>15,442,163</u>	<u>51,864,915</u>

Duke Energy Kentucky, Inc.

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

	Actual 9/30/2020	Activity	Actual 10/31/2020
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	703,776,359	12,520	703,788,878
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,772,011	(25,138)	8,746,872
Total Long-term debt	<u>737,548,369</u>	<u>(12,619)</u>	<u>737,535,751</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	40,635,489	800,975	41,436,464
Total Common Stock Equity	<u>710,729,083</u>	<u>800,975</u>	<u>711,530,058</u>
 TOTAL CAPITALIZATION	 1,448,277,452	 788,356	 1,449,065,808

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.