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Rocco O. D'Ascenzo  
Deputy General Counsel

**VIA EMAIL DELIVERY**

February 9, 2021

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

RECEIVED

FEB 09 2021

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 December 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 December 31, 2020  
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,129,976,670	711,660,566	39,854,590	2,881,491,826
Construction Work in Progress	50,024,340	20,421,781	-	70,446,121
Less: Accumulated Depreciation	<u>(843,163,171)</u>	<u>(193,540,999)</u>	<u>(8,038,468)</u>	<u>(1,044,742,638)</u>
Net Utility Plant	<u>1,336,837,839</u>	<u>538,541,348</u>	<u>31,816,122</u>	<u>1,907,195,309</u>
Nonutility Property	-	-	1,220,439	1,220,439
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	12,851,866	12,851,866
Long Term Portion of Derivative Instrument Assets	-	-	317,782	317,782
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>14,391,587</u>	<u>14,391,587</u>
Cash	3,217,058	1,320,804	(240,888)	4,296,974
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	4,852,859	1,381,049	-	6,233,908
Other Accounts Receivable	1,483,341	609,004	(111,070)	1,981,275
Less: Provision for Uncollectibles	(252,293)	(71,799)	-	(324,092)
Notes Receivable from Assoc. Co.	15,745,308	6,464,435	(1,178,984)	21,030,759
Accounts Receivable from Assoc. Co.	1,498,267	615,132	(112,188)	2,001,211
Fuel Stock	25,034,725	1,745,264	3,241,205	30,021,194
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	17,215,332	360,775	-	17,576,107
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	82,973	1,739	-	84,712
Prepayments	291,074	137,796	-	428,870
Emission Allowances	19,921	-	-	19,921
Derivative Instrument Assets	1,061,596	-	-	1,061,596
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	6,171,037	1,692,954	-	7,863,991
Rents Receivable	21,480	-	-	21,480
Total Current & Accrued Assets	<u>76,442,678</u>	<u>14,257,153</u>	<u>1,598,075</u>	<u>92,297,906</u>
Unamortized Debt Expense	2,331,976	957,422	(174,615)	3,114,783
Other Regulatory Assets	116,785,300	19,365,102	-	136,150,402
Preliminary Survey & Investigation	334,809	137,460	(25,070)	447,199
Clearing Accounts	3	1	-	4
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,614,259	662,754	(120,872)	2,156,141
Unamortized Loss on Reacquired Debt	387,220	158,978	(28,994)	517,204
Accumulated Deferred Income Taxes	55,843,006	17,377,717	-	73,220,723
Unrecovered Purchased Gas Costs	-	(3,514,021)	-	(3,514,021)
Total Deferred Debits	<u>177,296,573</u>	<u>35,145,413</u>	<u>(349,551)</u>	<u>212,092,435</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u><u>1,590,577,090</u></u>	<u><u>587,943,914</u></u>	<u><u>47,456,233</u></u>	<u><u>2,225,977,237</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements  
Balance Sheet - Page 2  
As of December 31, 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	302,240,702	82,179,687	82,542,371	466,962,760
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>490,364,618</u>	<u>159,416,329</u>	<u>68,455,943</u>	<u>718,236,890</u>
<u>Liabilities</u>				
Bonds	529,107,129	217,231,594	(39,618,723)	706,720,000
Advances from Associated Companies	18,717,000	7,684,500	(1,401,500)	25,000,000
Less: Unamortized Discount on Long-Term Debt	(139,480)	(57,265)	10,444	(186,301)
Total Long-Term Debt	<u>547,684,649</u>	<u>224,858,829</u>	<u>(41,009,779)</u>	<u>731,533,699</u>
Obligations Under Capital Leases - Noncurrent	6,165,171	2,531,152	-	8,696,323
Asset Retirement Obligation	67,438,254	8,673,559	-	76,111,813
Long-Term Portion of Derivative Instrument Liabilities	3,652,905	1,637,327	-	5,290,232
Accum. Misc. Operating Provisions	21,645,205	9,701,942	-	31,347,147
Total Other Noncurrent Liabilities	<u>98,901,535</u>	<u>22,543,980</u>	<u>-</u>	<u>121,445,515</u>
Accounts Payable	30,745,700	12,623,033	(2,302,191)	41,066,542
Notes Payable to Assoc. Co.	56,504,377	23,198,583	(4,230,960)	75,472,000
Accounts Payable to Assoc. Co.	12,424,469	5,101,022	(930,325)	16,595,166
Customer Deposits	5,462,987	3,673,971	-	9,136,958
Taxes Accrued	13,704,740	5,516,602	(436,644)	18,784,698
Interest Accrued	5,698,673	2,339,662	(426,708)	7,611,627
Tax Collections Payable	1,634,710	449,875	15,405	2,099,990
Misc. Current & Accrued Liabilities	5,703,587	2,556,496	-	8,260,083
Obligations Under Capital Leases - Current	207,675	85,262	-	292,937
Derivative Instrument Liabilities	4,349,435	1,949,529	-	6,298,964
Less: Long-Term Portion of Derivative Instrument Liabilities	(3,652,905)	(1,637,327)	-	(5,290,232)
Total Current & Accrued Liabilities	<u>132,783,448</u>	<u>55,856,708</u>	<u>(8,311,423)</u>	<u>180,328,733</u>
Customer Advances for Construction	-	1,595,027	-	1,595,027
Accum. Deferred Investment Tax Credits	396,526	382,106	2,839,403	3,618,035
Other Deferred Credits	11,092,740	3,529,907	-	14,622,647
Other Regulatory Liabilities	94,468,528	44,526,306	-	138,994,834
Accumulated Deferred Income Taxes	214,885,046	75,234,722	25,482,089	315,601,857
Total Deferred Credits	<u>320,842,840</u>	<u>125,268,068</u>	<u>28,321,492</u>	<u>474,432,400</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,590,577,090</u>	<u>587,943,914</u>	<u>47,456,233</u>	<u>2,225,977,237</u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	136,674,631	65,909,529		202,584,160
Commercial Sales	122,611,845	22,498,622		145,110,467
Industrial Sales	55,859,125	1,678,705		57,537,830
Sales to Public Authorities	15,397,543	1,468,306		16,865,849
Public Street & Highway Lighting	1,650,852	-		1,650,852
Inter-Departmental Sales	45,621	22,783		68,404
Misc. Service Revenues	(1,117,702)	11,038	879,133	(227,531)
Revenues from Transportation	-	6,249,753		6,249,753
Sales for Resale	9,230,641	-		9,230,641
Rents from Property	1,326,735	-		1,326,735
Other Revenues	5,399,116	55,297		5,454,413
Total Revenues	<u>347,078,407</u>	<u>97,894,033</u>	<u>879,133</u>	<u>445,851,573</u>
<u>Operating Expenses</u>				
Operation Expense	188,908,729	46,874,357	17,334	235,800,420
Maintenance Expense	33,864,250	1,859,449	55,769	35,779,468
Depreciation Expense	50,420,698	15,253,723	-	65,674,421
Amortization and Depletion	3,600,538	3,871,018	-	7,471,556
Taxes Other than Income Taxes	13,169,657	3,624,311	124,104	16,918,072
Income Taxes - Federal & Other	(168,822)	2,447,854	37,668	2,316,700
Provision for Deferred Income Taxes - Net	5,385,834	1,329,066	16,627	6,731,527
Investment Tax Credit Adjustment	-	(3,361)	3,361	-
Total Operating Expenses	<u>295,180,884</u>	<u>75,256,417</u>	<u>254,863</u>	<u>370,692,164</u>
NET OPERATING INCOME	<u>51,897,523</u>	<u>22,637,616</u>	<u>624,270</u>	<u>75,159,409</u>
<u>Other Income &amp; Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,300,787	1,300,787
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(79,842)	(79,842)
Revenues from Nonutility Operations	-	-	1,003,383	1,003,383
Interest & Dividend Income	-	-	965,254	965,254
AFUDC	(529,625)	404,984	-	(124,641)
Gain on Disposition of Property	-	-	-	-
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(1,970,132)	(1,970,132)
Taxes Other than Income Taxes	-	-	(104,393)	(104,393)
Income Taxes - Federal & Other	-	-	(2,725,430)	(2,725,430)
Provision for Deferred Income Taxes - Net	-	-	2,065,610	2,065,610
Total Other Income & Deductions	<u>(529,625)</u>	<u>404,984</u>	<u>455,237</u>	<u>330,596</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(18,466,716)	(7,581,743)	1,382,759	(24,665,700)
Amortization of Debt Disc. And Expense	(294,105)	(120,748)	22,022	(392,831)
Amortization of Loss on Reacquired Debt	(128,607)	(52,801)	9,630	(171,778)
Interest on Debt to Assoc. Co.	(565,914)	(232,344)	42,375	(755,883)
Other Interest Expense	(1,018,376)	(418,107)	76,254	(1,360,229)
Less: Allowance for Borrowed Fund Used During Construction - Credit	(335,218)	334,930	-	(288)
Net interest Charges	<u>(20,808,936)</u>	<u>(8,070,813)</u>	<u>1,533,040</u>	<u>(27,346,709)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>30,558,962</u>	<u>14,971,787</u>	<u>2,612,547</u>	<u>48,143,296</u>

Duke Energy Kentucky, Inc.

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

	Actual Nov-20	Activity	Actual Dec-20
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	703,784,494	(49,988,357)	653,796,137
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,721,643	(25,321)	8,696,322
Total Long-term debt	737,506,137	(50,013,678)	687,492,459
	-		-
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	45,043,901	3,099,395	48,143,296
Total Common Stock Equity	715,137,495	3,099,395	718,236,890
	-		-
TOTAL CAPITALIZATION	1,452,643,631	(46,914,283)	1,405,729,348

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.