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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

April 14, 2021

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

RECEIVED

APR 14 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 February 2021, 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 February 28, 2021
(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	2,888,437,727
Construction Work in Progress	79,017,930
Less: Accumulated Depreciation	(1,056,616,046)
Net Utility Plant	1,910,839,611
Nonutility Property	1,220,439
Other Investments	1,500
Other Special Funds	13,347,730
Long Term Portion of Derivative Instrument Assets	317,782
Total Other Property & Investments	14,887,451
Cash	5,530,115
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	6,589,879
Other Accounts Receivable	2,108,449
Less: Provision for Uncollectibles	(338,266)
Notes Receivable from Assoc. Co.	27,771,654
Accounts Receivable from Assoc. Co.	(850,644)
Fuel Stock	25,902,339
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,792,066
Other Materials & Supplies	-
Stores Expense Undistributed	64,329
Prepayments	1,354,717
Emission Allowances	19,788
Derivative Instrument Assets	1,061,596
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	7,100,308
Accrued Utility Revenue	-
Rents Receivable	26,624
Total Current & Accrued Assets	94,132,954
Unamortized Debt Expense	3,023,486
Other Regulatory Assets	135,381,128
Preliminary Survey & Investigation	525,945
Clearing Accounts	19,734
Temporary Facilities	15,570
Miscellaneous Deferred Debits	2,284,226
Unamortized Loss on Reacquired Debt	496,750
Accumulated Deferred Income Taxes	73,220,723
Unrecovered Purchased Gas Costs	(2,454,739)
Total Deferred Debits	212,512,823
TOTAL ASSETS AND OTHER DEBITS	2,232,372,839

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of February 28, 2021
(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	483,936,268
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	735,210,398
<u>Liabilities</u>	
Bonds	706,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(184,258)
Total Long-Term Debt	731,535,742
Obligations Under Capital Leases - Noncurrent	8,645,406
Asset Retirement Obligation	76,261,321
Long-Term Portion of Derivative Instrument Liabilities	5,290,232
Accum. Misc. Operating Provisions	31,425,368
Total Other Noncurrent Liabilities	121,622,327
Accounts Payable	30,724,385
Notes Payable to Assoc. Co.	79,904,000
Accounts Payable to Assoc. Co.	10,619,039
Customer Deposits	9,048,857
Taxes Accrued	20,904,385
Interest Accrued	9,075,750
Tax Collections Payable	2,147,169
Misc. Current & Accrued Liabilities	7,409,405
Obligations Under Capital Leases - Current	296,967
Derivative Instrument Liabilities	6,298,964
Less: Long-Term Portion of Derivative Instrument Liabilities	(5,290,232)
Total Current & Accrued Liabilities	171,138,689
Customer Advances for Construction	1,643,017
Accum. Deferred Investment Tax Credits	3,618,035
Other Deferred Credits	14,364,550
Other Regulatory Liabilities	137,638,224
Accumulated Deferred Income Taxes	315,601,857
Total Deferred Credits	472,865,683
 TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	 2,232,372,839

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended February 28, 2021
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	141,391,106	68,981,847	210,372,953
Commercial Sales	123,945,107	24,189,580	148,134,687
Industrial Sales	55,037,303	1,747,624	56,784,927
Sales to Public Authorities	12,925,663	1,037,782	13,963,445
Public Street & Highway Lighting	1,654,220	-	1,654,220
Inter-Departmental Sales	45,782	23,042	68,824
Misc. Service Revenues	(677,395)	926,601	249,206
Revenues from Transportation	-	6,580,778	6,580,778
Sales for Resale	11,262,573	-	11,262,573
Rents from Property	1,454,064	-	1,454,064
Other Revenues	6,329,265	53,837	6,383,102
Total Revenues	<u>353,367,688</u>	<u>103,541,091</u>	<u>456,908,779</u>
<u>Operating Expenses</u>			
Operation Expense	192,423,723	51,390,411	243,814,134
Maintenance Expense	32,804,925	2,189,960	34,994,885
Depreciation Expense	50,247,343	16,496,699	66,744,042
Amortization and Depletion	3,730,571	3,956,799	7,687,370
Taxes Other than Income Taxes	13,355,788	3,820,827	17,176,615
Income Taxes - Federal & Other	800,840	2,147,398	2,948,238
Provision for Deferred Income Taxes - Net	5,607,794	1,307,368	6,915,162
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>298,970,984</u>	<u>81,309,462</u>	<u>380,280,446</u>
NET OPERATING INCOME	<u>54,396,704</u>	<u>22,231,629</u>	<u>76,628,333</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,324,027	-	1,324,027
Less: Expense of Merchandising, Jobbing and Contract Work	(98,627)	-	(98,627)
Revenues from Nonutility Operations	997,282	(2,498)	994,784
Interest & Dividend Income	690,657	216,914	907,571
AFUDC	(644,029)	345,340	(298,689)
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	23,647	-	23,647
Misc. Income Deductions	(1,170,376)	(668,883)	(1,839,259)
Taxes Other than Income Taxes	(64,432)	(21,476)	(85,908)
Income Taxes - Federal & Other	(2,790,882)	128,528	(2,662,354)
Provision for Deferred Income Taxes - Net	2,149,091	(83,482)	2,065,609
Total Other Income & Deductions	<u>416,358</u>	<u>(85,557)</u>	<u>330,801</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,738,460)	(7,125,313)	(24,863,773)
Amortization of Debt Disc. And Expense	(347,831)	(78,992)	(426,823)
Amortization of Loss on Reacquired Debt	(112,064)	(46,922)	(158,986)
Interest on Debt to Assoc. Co.	(348,891)	(145,414)	(494,305)
Other Interest Expense	(1,338,985)	(14,515)	(1,353,500)
Less: Allowance for Borrowed Fund Used During Construction - Credit	(462,819)	270,571	(192,248)
Net interest Charges	<u>(20,349,050)</u>	<u>(7,140,585)</u>	<u>(27,489,635)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>34,464,012</u>	<u>15,005,487</u>	<u>49,469,499</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
February 28, 2021
(Unaudited)

	Actual 1/31/2021	Activity	Actual 2/28/2021
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	653,975,045	23,678	653,998,723
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,670,910	(25,504)	8,645,406
Total Long-term debt	<u>687,645,955</u>	<u>(1,826)</u>	<u>687,644,129</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	466,962,760	-	466,962,760
Unappropriated Retained Earnings - Current Year Net Income	10,287,630	6,685,879	16,973,508
Total Common Stock Equity	<u>728,524,520</u>	<u>6,685,879</u>	<u>735,210,398</u>
 TOTAL CAPITALIZATION	 1,416,170,475	 6,684,053	 1,422,854,527

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.