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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

May 10, 2021

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

RECEIVED

MAY 10 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 March 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 March 31, 2021
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,139,581,663	717,860,323	39,651,320	2,897,093,306
Construction Work in Progress	55,057,217	24,847,702	-	79,904,919
Less: Accumulated Depreciation	(853,445,393)	(197,289,360)	(8,230,762)	(1,058,965,515)
Net Utility Plant	<u>1,341,193,487</u>	<u>545,418,665</u>	<u>31,420,558</u>	<u>1,918,032,710</u>
Nonutility Property	-	-	1,220,439	1,220,439
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	13,595,662	13,595,662
Long Term Portion of Derivative Instrument Assets	-	-	317,782	317,782
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>15,135,383</u>	<u>15,135,383</u>
Cash	7,208,845	2,959,682	(539,787)	9,628,740
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	5,280,280	1,574,741	-	6,855,021
Other Accounts Receivable	1,565,336	642,669	(117,210)	2,090,795
Less: Provision for Uncollectibles	(241,931)	(72,151)	-	(314,082)
Notes Receivable from Assoc. Co.	8,652,869	3,552,544	(647,913)	11,557,500
Accounts Receivable from Assoc. Co.	(92,602)	(38,019)	6,935	(123,686)
Fuel Stock	21,446,951	1,730,482	3,213,750	26,391,183
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	17,293,108	333,431	-	17,626,539
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	66,949	1,291	-	68,240
Prepayments	785,304	371,767	-	1,157,071
Emission Allowances	19,731	-	-	19,731
Derivative Instrument Assets	259,151	-	-	259,151
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	6,023,412	496,602	-	6,520,014
Rents Receivable	15,237	-	-	15,237
Total Current & Accrued Assets	<u>68,282,640</u>	<u>11,553,039</u>	<u>1,915,775</u>	<u>81,751,454</u>
Unamortized Debt Expense	2,310,606	948,649	(173,015)	3,086,240
Other Regulatory Assets	116,502,590	18,582,852	-	135,085,442
Preliminary Survey & Investigation	254,967	104,680	(19,092)	340,555
Clearing Accounts	21,050	8,569	-	29,619
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,727,401	709,207	(129,345)	2,307,263
Unamortized Loss on Reacquired Debt	364,250	149,547	(27,274)	486,523
Accumulated Deferred Income Taxes	54,489,874	17,279,310	-	71,769,184
Unrecovered Purchased Gas Costs	-	(3,005,007)	-	(3,005,007)
Total Deferred Debits	<u>175,670,738</u>	<u>34,777,807</u>	<u>(348,726)</u>	<u>210,099,819</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,585,146,865</u></u>	<u><u>591,749,511</u></u>	<u><u>48,122,990</u></u>	<u><u>2,225,019,366</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of March 31, 2021
(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	316,883,828	93,572,217	78,573,493	489,029,538
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>505,007,744</u>	<u>170,808,859</u>	<u>64,487,065</u>	<u>740,303,668</u>
<u>Liabilities</u>				
Bonds	529,107,130	217,231,593	(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	(137,185)	(56,323)	10,272	(183,236)
Total Long-Term Debt	<u>547,686,945</u>	<u>224,859,770</u>	<u>(41,009,951)</u>	<u>731,536,764</u>
Obligations Under Capital Leases - Noncurrent	6,110,927	2,508,882	-	8,619,809
Asset Retirement Obligation	67,507,357	8,778,853	-	76,286,210
Long-Term Portion of Derivative Instrument Liabilities	2,861,512	1,164,874	-	4,026,386
Accum. Misc. Operating Provisions	22,547,114	9,178,552	-	31,725,666
Total Other Noncurrent Liabilities	<u>99,026,910</u>	<u>21,631,161</u>	<u>-</u>	<u>120,658,071</u>
Accounts Payable	18,831,967	7,731,701	(1,410,109)	25,153,559
Notes Payable to Assoc. Co.	59,743,167	24,528,309	(4,473,476)	79,798,000
Accounts Payable to Assoc. Co.	13,442,052	5,518,803	(1,006,520)	17,954,335
Customer Deposits	5,389,614	3,624,626	-	9,014,240
Taxes Accrued	7,821,009	2,810,226	(171,044)	10,460,191
Interest Accrued	4,720,340	1,937,995	(353,452)	6,304,883
Tax Collections Payable	1,651,516	462,362	14,714	2,128,592
Misc. Current & Accrued Liabilities	4,114,821	1,675,075	-	5,789,896
Obligations Under Capital Leases - Current	211,968	87,025	-	298,993
Derivative Instrument Liabilities	3,575,488	1,455,521	-	5,031,009
Less: Long-Term Portion of Derivative Instrument Liabilities	(2,861,512)	(1,164,874)	-	(4,026,386)
Total Current & Accrued Liabilities	<u>116,640,430</u>	<u>48,666,769</u>	<u>(7,399,887)</u>	<u>157,907,312</u>
Customer Advances for Construction	-	1,643,017	-	1,643,017
Accum. Deferred Investment Tax Credits	396,419	366,919	2,839,403	3,602,741
Other Deferred Credits	10,985,398	3,495,748	-	14,481,146
Other Regulatory Liabilities	92,067,408	44,160,961	-	136,228,369
Accumulated Deferred Income Taxes	213,335,611	76,116,307	29,206,360	318,658,278
Total Deferred Credits	<u>316,784,836</u>	<u>125,782,952</u>	<u>32,045,763</u>	<u>474,613,551</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u>1,585,146,865</u>	<u>591,749,511</u>	<u>48,122,990</u>	<u>2,225,019,366</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended March 31, 2021
(Unaudited)

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	142,746,312	70,363,668		213,109,980
Commercial Sales	125,205,435	25,209,307		150,414,742
Industrial Sales	54,629,694	1,797,885		56,427,579
Sales to Public Authorities	11,866,993	890,908		12,757,901
Public Street & Highway Lighting	1,672,631	-		1,672,631
Inter-Departmental Sales	45,225	25,174		70,399
Misc. Service Revenues	(366,241)	12,162	941,307	587,228
Revenues from Transportation	-	6,565,234		6,565,234
Sales for Resale	10,513,189	-		10,513,189
Rents from Property	1,463,476	-		1,463,476
Other Revenues	7,186,203	55,202		7,241,405
Total Revenues	<u>354,962,917</u>	<u>104,919,540</u>	<u>941,307</u>	<u>460,823,764</u>
<u>Operating Expenses</u>				
Operation Expense	192,454,900	52,293,281	101,369	244,849,550
Maintenance Expense	32,088,593	2,183,159	59,184	34,330,936
Depreciation Expense	50,120,729	16,821,504	-	66,942,233
Amortization and Depletion	3,628,726	3,970,064	-	7,598,790
Taxes Other than Income Taxes	13,775,161	3,856,517	122,730	17,754,408
Income Taxes - Federal & Other	2,645,101	2,007,132	32,974	4,685,207
Provision for Deferred Income Taxes - Net	3,757,171	1,386,458	28,774	5,172,403
Investment Tax Credit Adjustment	-	(3,393)	3,393	-
Total Operating Expenses	<u>298,470,381</u>	<u>82,514,722</u>	<u>348,424</u>	<u>381,333,527</u>
NET OPERATING INCOME	<u>56,492,536</u>	<u>22,404,818</u>	<u>592,883</u>	<u>79,490,237</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,325,058	1,325,058
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(112,338)	(112,338)
Revenues from Nonutility Operations	-	-	984,227	984,227
Interest & Dividend Income	-	-	886,986	886,986
AFUDC	(717,492)	312,031	-	(405,461)
Gain on Disposition of Property	-	-	-	-
Loss on Disposition of Property	-	-	23,647	23,647
Misc. Income Deductions	-	-	(1,963,413)	(1,963,413)
Taxes Other than Income Taxes	-	-	(76,647)	(76,647)
Income Taxes - Federal & Other	-	-	(2,161,646)	(2,161,646)
Provision for Deferred Income Taxes - Net	-	-	1,612,538	1,612,538
Total Other Income & Deductions	<u>(717,492)</u>	<u>312,031</u>	<u>518,412</u>	<u>112,951</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(18,664,423)	(7,662,914)	1,397,563	(24,929,774)
Amortization of Debt Disc. And Expense	(331,000)	(135,896)	24,785	(442,111)
Amortization of Loss on Reacquired Debt	(114,240)	(46,903)	8,554	(152,589)
Interest on Debt to Assoc. Co.	(270,488)	(111,052)	20,254	(361,286)
Other Interest Expense	(1,143,448)	(469,457)	85,620	(1,527,285)
Less: Allowance for Borrowed Fund Used During Construction - Credit	(541,672)	229,335	-	(312,337)
Net interest Charges	<u>(21,065,271)</u>	<u>(8,196,887)</u>	<u>1,536,776</u>	<u>(27,725,382)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>34,709,773</u>	<u>14,519,962</u>	<u>2,648,071</u>	<u>51,877,806</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
March 31, 2021
(Unaudited)

	Actual Feb-21	Activity	Actual Mar-21
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	653,998,723	23,678	654,022,401
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,645,406	(25,597)	8,619,809
Total Long-term debt	687,644,129	(1,919)	687,642,210
	0		(0)
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	16,973,508	5,093,270	22,066,778
Total Common Stock Equity	735,210,398	5,093,270	740,303,668
		-	
TOTAL CAPITALIZATION	1,422,854,527	5,091,351	1,427,945,878

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.